StarGlory Holdings Company Limited
榮暉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

FIRST QUARTERLY REPORT
FOR THE THREE MONTHS ENDED
30 JUNE 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, 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 report 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 report misleading.*

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2023

Consolidated revenue of the Company and its subsidiaries (collectively the "**Group**") was approximately HK$31.1 million for the three months ended 30 June 2023, representing a decrease of approximately 20.9% compared with approximately HK$39.3 million recorded in the corresponding period last year.

Loss attributable to owners of the Company increased to approximately HK$6.0 million for the three months ended 30 June 2023 from approximately HK$0.5 million recorded in the corresponding period last year.

RESULTS

The board of Directors (the "**Board**") of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023, together with the comparative unaudited consolidated figures for the corresponding period last year:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2023

		For the three months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**31,059**	39,282
Cost of sales		**(15,502)**	(16,212)
Gross profit		**15,557**	23,070
Other income		**352**	4,506
Operating expenses		**(21,432)**	(27,405)
Operating (loss)/profit		**(5,523)**	171
Finance costs		**(1,125)**	(1,412)
Loss before income tax		**(6,648)**	(1,241)
Income tax credit/(expenses)	*3*	**571**	(51)
Loss for the period		**(6,077)**	(1,292)
Loss for the period attributable to:			
Owners of the Company		**(5,978)**	(531)
Non-controlling interests		**(99)**	(761)
		(6,077)	(1,292)
Loss per share *(HK cents)*	*4*		
– Basic		**(1.15)**	(0.1)
– Diluted		**(1.15)**	(0.1)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2023

	For the three months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Loss for the period	**(6,077)**	(1,292)
Other comprehensive income, net of tax:		
Item that may be subsequently reclassified to profit or loss:		
Exchange gain arising from translation of financial statements of foreign operations	**846**	827
Total comprehensive loss for the period	**(5,231)**	(465)
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(3,996)**	674
Non-controlling interests	**(1,235)**	(1,139)
	(5,231)	(465)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2023

	Attributable to owners of the Company									
	Share capital *HK$'000*	Accumulated losses *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000*	Exchange reserve *HK$'000*	Convertible bonds equity reserve *HK$'000*	Other reserve *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1.4.2022 (audited)	41,662	(410,285)	258,889	3,801	(675)	1,390	17	(105,201)	(1,254)	(106,455)
Acquisition of additional equity interest in a subsidiary	–	(1,126)	–	–	–	–	–	(1,126)	1,126	–
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	379	379
Total comprehensive (loss)/income										
Loss for the period	–	(531)	–	–	–	–	–	(531)	(761)	(1,292)
Other comprehensive income/(loss):–										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	–	–	–	–	1,205	–	–	1,205	(378)	827
Total comprehensive (loss)/income for the period	–	(531)	–	–	1,205	–	–	674	(1,139)	(465)
At 30.6.2022 (unaudited)	41,662	(411,942)	258,889	3,801	530	1,390	17	(104,527)	(888)	(106,541)
At 1.4.2023 (audited)	**41,662**	**(423,802)**	**258,889**	**3,801**	**1,265**	**1,390**	**17**	**(116,778)**	**(2,010)**	**(118,788)**
Total comprehensive (loss)/income										
Loss for the period	**–**	**(5,978)**	**–**	**–**	**–**	**–**	**–**	**(5,978)**	**(99)**	**(6,077)**
Other comprehensive income/(loss):–										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**1,982**	**–**	**–**	**1,982**	**(1,136)**	**846**
Total comprehensive (loss)/income for the period	**–**	**(5,978)**	**–**	**–**	**1,982**	**–**	**–**	**(3,996)**	**(1,235)**	**(5,231)**
At 30.6.2023 (unaudited)	**41,662**	**(429,780)**	**258,889**	**3,801**	**3,247**	**1,390**	**17**	**(120,774)**	**(3,245)**	**(124,019)**

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**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**HK(IFRIC) – Int**") 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 disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated quarterly results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2023, which have been prepared in accordance with HKFRSs.

These unaudited condensed consolidated quarterly results have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements of the Group, except for all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its annual period beginning on 1 April 2023. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited condensed consolidated 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$95,892,000 and HK$124,019,000 respectively as at 30 June 2023 as the Directors considered that:

(1) Ms. Huang Li, being the sole beneficial owner and director of the ultimate holding company of the Group, will provide continuing financial support to the Group; and

(2) On 14 June 2023, Mr. Tang Sing Ming Sherman, as a lender, who is also the sole beneficial owner of the convertible bonds issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$98,453,000 as at 14 June 2023 was extended (the "**Extension**") from 22 June 2023 to 22 June 2024 (the "**Extended Loan**"). The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang is 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 others and sales of healthcare products, net of discounts and value-added tax, during the period. An analysis of the revenue recorded for the period is set out below:

	For the three months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	**31,059**	39,218
– Sales of healthcare products	**–**	64
	31,059	39,282

3. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the three months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax	**(571)**	81
Deferred tax	**–**	(30)
Income tax (credit)/expenses	**(571)**	51

(i) Pursuant to the relevant 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 (2022: Hong Kong – 16.5% and PRC – 25% respectively).

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$5,978,000 (2022: approximately HK$531,000) and the weighted average number of ordinary shares of 520,771,875 (2022: ordinary shares of 520,771,875) in issue during the three months ended 30 June 2023.

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the three months ended 30 June 2023 (the "**Reporting Period**") (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the Reporting Period amounted to approximately HK$31.1 million (2022: approximately HK$39.3 million), representing a decrease of approximately 20.9% as compared to the corresponding period last year. Loss attributable to owners of the Company increased to approximately HK$6.0 million for the three months ended 30 June 2023 from approximately HK$0.5 million recorded in the corresponding period last year.

Industry Overview

During the first half of 2023, the global economy showed signs of improvement, albeit with a weak recovery momentum. Although a reduction in energy prices has contributed to a reduction in headline inflation, and China's earlier-than-expected reopening provided a boost to global economic activity, core inflation has remained stubbornly high and elevated interest rates has continued to hamper growth globally. The World Bank has forecast a slowdown in global growth from 3.1% in 2022 to 2.1% in 2023, with potential financial risks further complicating the outlook.

China's economic recovery weakened during the first half of 2023 amid lacklustre export demand, declining property prices and softening consumer confidence. According to the National Bureau of Statistics of China, gross domestic product ("**GDP**") in the first half of 2023 grew 5.5% year on year, which was below market expectations. Although retail sales of consumer goods grew by 8.2% and food and beverage sales surged 21.4% during the first half of the year, China's economy showed signs of stress, primarily due to consumer prices remaining stagnant since the previous year and a significant decline in wholesale prices.

In Hong Kong, the economy improved noticeably during the first quarter of 2023, driven by a robust resurgence of inbound tourism and domestic demand, resulting in 5.3% real GDP growth on a seasonally adjusted quarter-to-quarter basis. The government's implementation of stimulus measures, including the distribution of consumption vouchers and its staging of a series of "Happy Hong Kong" events, stimulated increased private consumption in the city. Hong Kong's Composite Consumer Price Index ("**CPI**") rose by 1.9% for the three months ending May 2023 from the same period a year earlier. Nevertheless, tight monetary policy conditions around the world continue to cast a shadow over the performance of the local economy, weighing heavily on external demand and constraining domestic demand.

Hong Kong's food and beverage industry has undergone significant changes due to the COVID-19 (the "**pandemic**"). Following the normalization of economic activity amid the reopening of the city's border with China, the local food and beverage industry welcomed a wave of emerging opportunities, yet was also met with challenges. Deliveroo's Restaurant Confidence Index showed that overall sentiment rose from 6.1 in the last quarter of 2022 to 6.5 in the first quarter of 2023. The number of licensed restaurants also recorded growth of 2.3% in the first two months of 2023, indicating brighter prospects for local food and beverage businesses but also stiffening competition. Meanwhile, the industry faces challenges including rising living costs, ongoing supply challenges, and a shortage of labour. Food and beverage operators in the city must therefore remain agile and innovative in their strategies to overcome the obstacles in this challenging climate.

China's oral care market is forecast to be worth more than US$7.4 billion in 2023, but it remains dominated by incumbent enterprises, with established, traditional oral care brands occupying a majority market share. Recent data from O&O Consulting reveal that the top 20 brands' retail sales in China accounted for almost two-thirds of all oral care products sales in China during the 12-month period from May 2022 to April 2023, confirming those brands' collective market dominance.

The e-cigarette industry's prospects have dimmed as the sector has confronted strict regulation globally. During the Reporting Period, Hong Kong's government introduced further restrictions on e-cigarettes, including banning the manufacture, import, sale and display of heated tobacco products that have not undergone health risk assessments. The e-cigarette industry's development is hindered by various uncertainties and risks, stemming primarily from the stringent regulatory oversight to which it is subjected.

Business Review

The Hong Kong economy is recovering but the pace is under anticipation. Even all the dine-in control, pandemic prevention measures, border closures, lockdowns and isolation orders have been released in last quarter, the results of the food and beverage industry of the Group are still struggling. Apart from the uplifting of food costs, the Group has also been facing the challenges from the shortage of labour supply and thus increasing in the labour costs.

On one hand, a series of cost control actions have been reviewed and taken. On the other hand, Italian Tomato, which we believed undoubtedly one of the well-recognized cake shops in Hong Kong, has promoted various seasonal and fancy cakes in order to broaden our shares in the market. The management of the Group will continue review the product mix and variety as well as the cost structure of the business in order to take advantage of economic recovery.

The pandemic has caused consumers to place an increased emphasis on healthcare products and services. In response to this market development, the Group has been capitalizing on opportunities in the healthcare sector since 2020, specializing in the sale and production of oral care products, with a focus on anti-inflammatory toothpastes. Nevertheless, due to intense competition and substantial entry barriers in China's oral care market, revenue contributed from sales of healthcare products which mainly represented by oral care products fell short of expectations during the last financial year. After careful consideration, the Group's management decided to temporarily suspend sales channels for its oral care products, starting in April 2023. Nevertheless, the Group has been actively exploring potential market opportunities and will continue to pursue these.

The Group has adopted a cautious approach to its e-cigarette business, considering the strict regulations imposed on e-cigarettes by the mainland Chinese and Hong Kong governments. Similar policies have been implemented by numerous countries to regulate the vaping industry, with some even banning e-cigarettes. Consequently, the commercial viability of e-cigarettes has been reduced. The Group will maintain a "wait and see" approach while actively seeking potential opportunities to foster the business's long-term growth.

Future Prospects

The International Monetary Fund (IMF) has issued an uncertain global economic outlook for the remainder of 2023, due to factors including financial turmoil, persistently high inflation, and the continued impact of Russia's invasion of Ukraine. It forecasts a decline in global growth from 3.4% in 2022 to 2.8% in 2023.

In China, concerns are growing over whether the country's economy is on the brink of deflation amid a fragile recovery in which property prices and exports are falling. Hong Kong's economic recovery is expected to remain stable, with inbound tourism and domestic demand remaining the principal drivers of growth. Hong Kong's government has maintained a forecast of 3.5-5.5% real GDP growth for 2023. Fuelled by the return of international tourism and an upturn in the local economy, the food and beverage industry in Hong Kong is also expected to enjoy healthy growth from 2023 to 2027.

To capture the opportunities presented by a revival in Hong Kong's food and beverage industry, the Group will place an increased emphasis on its principal business. The Group is dedicated to maximizing sales at its cake and restaurant chains through an array of promotions and marketing activities. It will continue to make every effort to refine its business strategies, focusing on margin improvements, labour efficiency and productivity gains in order to enhance profitability. Aligning with the latest market trends, the Group will introduce more limited-time offers with specially crafted cake and dining menus to enhance customers' stickiness.

Taking advantage of Hong Kong diners' growing interest in Japanese food products, the Group will closely monitor the changing Japanese product landscape and enhance its collaboration with Japanese prefectural institutions. In conjunction with the launch of the new phase of Hong Kong's Consumption Voucher Scheme and a series of "Happy Hong Kong" events, alongside upcoming festive occasions, the Group intends to introduce a wider range of seasonal specialties, such as early-bird festive promotional packages in collaboration with credit card companies, aiming to increase customer traffic and expand its customer base.

Recognizing the positive perceptions of takeaway food and online delivery services among local diners in Hong Kong, the Group will continue to strengthen its partnerships with popular local online food delivery platforms by periodically offering exclusive deals. The Group's ongoing digitalization efforts will also be instrumental in fostering brand loyalty, attracting new customers, and creating a frictionless, seamless customer experience. With this in mind, the Group plans to allocate additional resources to the development of its membership program, with the aim of building stronger relationships with loyal customers and driving sustainable growth in the long run.

The Group has decided to temporarily halt the development of its oral care business, primarily due to intense competition and the difficulties faced by new market entrants in mainland China. The contribution of this business to the Group's overall income is relatively limited, and the Group will instead explore fresh commercial opportunities to propel its overall growth.

The Group expects that the outlook for the e-cigarette industry will remain uncertain, even bleak, amid an increasingly restrictive regulatory environment worldwide. It will closely monitor market trends and promptly adjust its strategies to position itself to capitalize on any opportunities that may arise as the market evolves.

While remaining vigilant when it comes to potential challenges and obstacles, the Group remains committed to developing its business with an approach characterized by caution and expertise, with the ultimate goal of generating long-term value for its shareholders through strategic planning and the meticulous execution of business strategies.

FINANCIAL REVIEW

Consolidated results of operations

For the Reporting Period, the Group recorded revenue of approximately HK$31.1 million (2022: approximately HK$39.3 million), which decreased by approximately 20.9% compared to the corresponding period last year mainly held back by the decrease in number of customers and fierce competition in the food and beverage market, despite a series of stimulated measures imposed by the local government. The resumption of outbound travel, leading to reduced consumption and posing challenges to local caterers, impacted consumers' local sentiment and consumption as the data indicated that the exodus of residents had caused operators in food and beverage industry to face challenges with a drop in business. Moreover, the operating environment became increasingly difficult as a large number of entrants entered into the food and beverage market, resulting in an even more intensified competition. Consequently, the Group's food and beverage business performance was inevitably affected.

Loss attributable to owners of the Company was approximately HK$6.0 million (2022: approximately HK$0.5 million). Such increase in loss was mainly due to the combined effect of (i) decrease in other income as (a) no wage subsidies under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region (the "**HKSAR Government**") were received and recognized as other income during the Reporting Period while subsidies in the sum of approximately HK$3.7 million under such a scheme was recorded in other income during the corresponding period last year and (b) no subsidy under the food licence holders subsidy scheme launched by the HKSAR Government were received and recognized as other income during the Reporting Period while a one-off subsidy of HK$400,000 under such a scheme was recorded in other income during the corresponding period last year; and (ii) decrease in revenue from provision of food and beverage services.

During the Reporting Period, the gross profit margin of the Group was approximately 50.1% (2022: approximately 58.7%), the decrease was mainly due to the increase in cost of sales during the Reporting Period as compared to corresponding period last year, resulting from the commencement of outsourcing of the Group's cakes manufacturing process, starting from the fourth quarter of last financial year. Despite a decrease in gross profit margin recorded, the management noted the benefit from the resources deployed in shop operation is more worthwhile than that in factory operations, the Group has thus started such strategy since the fourth quarter of last financial year with the aim to optimize the cost structure including staff costs and some other operating expenses. The move was implemented successfully as the Group recorded a reduction in total operating expenses by approximately 21.8% to approximately HK$21.4 million (2022: approximately HK$27.4 million). In addition, because of the unsatisfactory performance of the Group's healthcare business, the Group's management decided to temporarily suspend sales channels for its oral care products during the Reporting Period and cut back in operating expenses for this segment as a result.

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

During the three months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2023, so far as the Directors were aware, none of the directors and the chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

As at 30 June 2023, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons had, or were deemed or taken to have, 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 was recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares

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 held	Approximate percentage of interest in issued capital *(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, representing approximately 13.72% of the issued share capital of the Company as at 30 June 2023.

(3) Ms. Ho Ming Yee is the spouse of Mr. Tang Sing Ming Sherman, and is therefore deemed to be interested in the same number of shares of the Company held by Mr. Tang Sing Ming Sherman.

(4) Based on 520,771,875 ordinary shares of the Company in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, so far as the Directors were aware, the Directors were not aware of any other person 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 SCHEME

The Company adopted a share option scheme on 26 February 2003 which was expired on 25 February 2013 and a share option scheme on 20 July 2012 which was expired on 19 July 2022 (collectively referred to as "**the Share Option Schemes**").

In order to enable the Company to continue to grant share options to eligible participants as incentives or rewards for their contributions or potential contribution to the success of the Group, the Board will propose a new share option scheme to be adopted at the upcoming annual general meeting.

No share option was granted during the Reporting Period and corresponding period last year. And as at 30 June 2023 and as at 30 June 2022, there was no outstanding share option.

Save for the Share Option Schemes as disclosed above, the Group had no other share scheme (as defined under Chapter 23 of the GEM Listing Rules) in force during the Reporting Period and up to the date of this report.

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPETING INTERESTS

As at 30 June 2023, none of the Directors, the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, as at 30 June 2023, namely Mr. Chan Yee Ping Michael, Mr. Yang Haiyu and Mr. Zeng Shiquan. Following Mr. Zeng Shiquan and Mr. Yang Haiyu resigned with effect from 4 July 2023 and 28 July 2023 respectively, Mr. Feng Xingwei and Ms. Liao Sijie has been appointed as a member of the Audit Committee in his place respectively.

Up to the date of approval of the Group's unaudited results for the three months ended 30 June 2023, the Audit Committee had held one meeting and had reviewed the draft quarterly report and accounts for the three months ended 30 June 2023 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the three months ended 30 June 2023, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the 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 three months ended 30 June 2023.

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

Hong Kong, 10 August 2023

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

This report 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*