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Fameglow Holdings Limited

亮晴控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8603)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Fameglow Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 together with the comparative figure. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of interim results. This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.fameglow.com). The printed version of the Company’s 2023 interim report will be despatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Fameglow Holdings Limited
Mr. Yip Chun Kwok Danny, MH
Chairman and Executive Director

Hong Kong, 14 November 2023

As at the date of this announcement, the executive Directors are Mr. Yip Chun Kwok Danny, MH and Ms. Fu Chi Ching; and the independent non-executive Directors are Mr. Tan Pui Kwan, Mr. Kwok David and Mr. Yu Chi Wing.

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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.fameglow.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 “Director(s)”) of Fameglow Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “We”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yip Chun Kwok Danny, MH
(Chairman)

Ms. Fu Chi Ching
(Chief Executive Officer)

Independent Non-executive Directors

Mr. Tan Pui Kwan
Mr. Yu Chi Wing
Mr. Kwok David

Audit Committee

Mr. Yu Chi Wing (Chairman)
Mr. Tan Pui Kwan
Mr. Kwok David

Remuneration Committee

Mr. Kwok David (Chairman)
Mr. Tan Pui Kwan
Ms. Fu Chi Ching

Nomination Committee

Mr. Yip Chun Kwok Danny, MH
(Chairman)
Mr. Yu Chi Wing
Mr. Kwok David

AUTHORISED REPRESENTATIVES

Mr. Yip Chun Kwok Danny, MH
Ms. Fu Chi Ching

COMPANY SECRETARY

Ms. Tam Tsz Yan

COMPLIANCE OFFICER

Ms. Fu Chi Ching

AUDITOR

McMillan Woods (Hong Kong) CPA
Limited
Certified Public Accountants
24/F., Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 304, Global Gateway Tower
63 Wing Hong Street
Cheung Sha Wan
Kowloon, Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE IN THE
CAYMAN ISLANDS**

Conyers Trust Company (Cayman)
Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER
OFFICE**

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Bank of Communications Co., Ltd.
Hong Kong Branch
20 Pedder Street
Central, Hong Kong

COMPANY'S WEBSITE

www.fameglow.com

STOCK CODE

8603

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 September 2023 amounted to approximately HK\$116.6 million (six months ended 30 September 2022: approximately HK\$96.5 million).

The Group generated net profit of approximately HK\$1.5 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$2.0 million).

The board of directors (the “Board”) did not recommend a payment of dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

The Board is pleased to report the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Six months ended	
		30 September	
	NOTES	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	116,640	96,452
Cost of inventories and consumables		(15,059)	(13,409)
Other income	5	1,152	4,634
Staff costs		(44,915)	(39,825)
Rental and related expenses		(3,494)	(2,548)
Depreciation of property, plant and equipment		(12,929)	(12,761)
Depreciation of right-of-use assets		(9,774)	(9,395)
Other expenses		(28,505)	(18,881)
Finance costs		(1,618)	(2,112)
<hr/>			
Profit before taxation	6	1,498	2,155
Taxation	7	–	(148)
<hr/>			
Profit and total comprehensive income for the period		1,498	2,007
<hr/>			
Earnings per share			
– Basic (HK cents)	9	0.19	0.25
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

		As at 30 September 2023	As at 31 March 2023
	NOTES	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	10	69,049	97,887
Right-of-use assets	10	39,777	49,550
Deposits and prepayments		11,199	7,419
Deferred costs		–	1,566
		120,025	156,422
Current assets			
Inventories		9,975	7,058
Trade and other receivables	11	25,115	8,543
Deposits and prepayments		9,914	8,700
Contract costs		9,765	8,198
Bank balances and cash		22,211	19,220
Tax recoverable		1,157	–
		78,137	51,719

		As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
	NOTES		
Current liabilities			
Trade payables	12	1,944	1,671
Other payables and accruals		17,038	18,758
Contract liabilities		100,936	96,137
Tax payables		–	1,998
Bank borrowings		11,228	14,378
Lease liabilities		17,337	19,152
		148,483	152,094
Net current liabilities		(70,346)	(100,375)
Total assets less current liabilities		49,679	56,047
Non-current liabilities			
Lease liabilities		24,957	32,845
Provisions		3,138	3,116
Deferred tax liabilities		585	585
		28,680	36,546
Net assets		20,999	19,501
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		12,999	11,501
Total equity		20,999	19,501

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2023 (audited)	8,000	64,107	(21,026)	(31,580)	19,501
Loss and total comprehensive expense for the period	-	-	-	1,498	1,498
As at 30 September 2023 (unaudited)	8,000	64,107	(21,026)	(30,082)	20,999
As at 1 April 2022 (audited)	8,000	64,107	(21,026)	(47,949)	3,132
Profit and total comprehensive income for the period	-	-	-	2,007	2,007
As at 30 September 2022 (unaudited)	8,000	64,107	(21,026)	(45,942)	5,139

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	6,967	23,339
NET CASH USED IN INVESTING ACTIVITIES	(826)	(6,867)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(3,150)	1,177
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,991	17,649
CASH AND CASH EQUIVALENTS AS AT 1 APRIL	19,220	1,642
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER		
represented by bank balances and cash	22,211	19,291

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

Fameglow Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 2 March 2018 under the Companies Law Chapter 22 of the Cayman Islands. The shares of the Company were listed on GEM of The Stock Exchange on 15 October 2018 (the “Listing”). The immediate holding company of the Company is Equal Joy Holdings Limited (“Equal Joy”), which is incorporated in the British Virgin Islands (“BVI”), and is 50% and 50% owned by Ms. Fu Chi Ching (“Ms. Fu”) and Mr. Yip Chun Kwok Danny (“Mr. Yip”), spouse of Ms. Fu (Mr. Yip together with Ms. Fu collectively known as the “Controlling Shareholders”). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of this interim report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in provision of treatment services and sale of skincare products in Hong Kong. The Company and its subsidiaries hereinafter referred to as the “Group”. The condensed consolidated financial statements are presented in Hong Kong Dollar (“HK\$”) which is also the functional currency of the Company and its principal subsidiaries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

As at 30 September 2023, the Group recorded net current liabilities of HK\$70,346,000. The net current liabilities arose mainly from the contract liabilities of HK\$100,936,000, which represented services to be performed and shall not result in any cash outflow of the Group eventually. The Group has been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group’s revenue, proactively negotiating with bankers to obtain credit facility to finance the Group’s operation and the Controlling Shareholders agreed to provide financial support to finance the Group’s working capital requirements.

Taking into account the above consideration, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 April 2023. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the net amounts received and receivable arising from the provision of treatment services, sales of skincare products and the provision of training services in Hong Kong.

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from the provision of treatment services	114,539	94,961
Sale of skincare products	607	384
Revenue from expiry of prepaid treatments	1,332	872
Revenue from the provision of training services	162	235
	116,640	96,452

Segment information

The financial information reported to the executive directors of the Company, being the chief operating decision maker ("CODM") for the purpose of resources allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, the Group has one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

5. OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidies	174	4,272
Interest income from bank deposit	12	–
Interest income from rental deposit	199	181
Gain on disposal of a subsidiary (note 15)	755	–
Others	12	181
	1,152	4,634

6. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' remuneration	2,436	2,436
Other staff costs:		
Salaries, wages, commission, bonuses and allowances	41,164	36,249
Retirement benefit scheme contributions	1,315	1,140
Total staff costs	44,915	39,825
Consultancy fee for doctors (included in other expenses)	6,237	4,200
Depreciation of property, plant and equipment	12,929	12,761
Depreciation of right-of-use assets	9,774	9,395

7. TAXATION

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
Current tax	–	–
Deferred tax	–	148
Income tax charge	–	148

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2023, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000 of that subsidiary. The profits of other group entities not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%. (six months ended 30 September 2022: same).

8. DIVIDEND

The Board did not recommend a payment of dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period for the purposes of basic earnings per share	1,498	2,007

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	800,000,000	800,000,000

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

For the six months ended 30 September 2023, the Group acquired property, plant and equipment with aggregate cost of approximately HK\$4,400,000 (six months ended 30 September 2022: HK\$17,182,000). The Group disposed property, plant and equipment with carrying amount of approximately HK\$22,139,000 through a disposal of a subsidiary, for details please refer to note 15 of this report.

For the six months ended 30 September 2023, the Group did not recognise the additions to right-of-use assets (six months ended 30 September 2022: Nil).

11. TRADE RECEIVABLES AND OTHER RECEIVABLE

Trade Receivables

The customers usually settle the prepaid packages by credit cards and electronic payment system ("EPS"). For credit card payments, the banks will normally settle the amounts received, net of handling charges, within 90-180 days after trade date. Payment by EPS will normally be settled within one to two days. In addition, the trade receivables also include receivable from a department store for collecting customers' receipt of the sales counters on behalf of the Group where the credit period is 30 days.

An ageing analysis of the trade receivables, based on the invoice date, which approximate the revenue recognition date, is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	3,463	263
31-90 days	2,444	1,037
Over 90 days	2,708	7,243
	8,615	8,543

As at 30 September 2023 and 31 March 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$452,000 and HK\$2,638,000 respectively which are past due as at the reporting date. The directors of the Company do not consider the amount as significant increase in credit risk with reference to the historical records, past experience and also available reasonable and supportive forward-looking information of these debtors, and the recurring overdue records of these debtors with satisfactory settlement history.

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group measures lifetime ECL on trade receivables on individual basis at the end of the reporting period.

In view of the business nature, management of the Group considers that the credit risks of trade receivables are insignificant after considering the credit quality and financial ability of the relevant financial institutions and there is no history of default in settlement by them. In the opinion of the management of the Group, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant on 30 September 2023 and thus no impairment loss allowance was recognised for the six months ended 30 September 2023.

11. TRADE RECEIVABLES AND OTHER RECEIVABLE (Continued)

Other receivables

On 8 June 2023, Vendor entered into a SPA with Purchaser to dispose of entire issued shares capital of Target Company, at a consideration of HK\$23,000,000, which subject to adjustment by reference to the net assets value of the Target Company at the date of completion. In order to settle the purchase price, the Purchaser is required to settle the partial amount of the Consideration of HK\$2,000,000 in cash once the SPA was signed and the remaining amount of the Consideration will be settled by promissory note issued by the Purchaser at the date of completion. As at 6 July 2023, the disposal was completed with the final consideration of approximately HK\$23,070,000.

The Purchaser issued a HK\$ denominated promissory note with principal sum of HK\$21,070,000 on 6 July 2023 with 6% of interest rate per annum and matured on 5 July 2024. During the Period, principal amount of approximately HK\$4,570,000 was early redeemed by the Purchaser. As at 30 September 2023, the entire other receivable represented the promissory note receivable in relation to the disposal of approximately HK\$16,500,000. For further details of the disposal, please refer to note 15 of this report.

12. TRADE PAYABLES

The credit period of trade payables is ranging from 0 to 30 days.

An ageing analysis of trade payables, based on invoice date, is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0–30 days	1,910	1,671
31–90 days	34	–
	<hr/> 1,944	<hr/> 1,671

13. SHARE CAPITAL

Details of the Company's shares are disclosed as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	800,000,000	8,000

The new shares issued rank pari passu in all aspects with existing shares.

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management personnel during the six months ended 30 September 2023 and 2022, respectively were as follows:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,418	2,418
Post-employment benefits	18	18
	2,436	2,436

15. DISPOSAL OF A SUBSIDIARY

Fortune Marvel Limited

On 8 June 2023 and 14 June 2023, the Company announced that Dermaglow Limited ("Vendor"), its wholly-owned subsidiary, entered into a sales and purchase agreement ("SPA") with Flexcore Limited ("Purchaser"), an independent third-party to the Group, pursuant to which the Vendor agreed to disposal 100% equity interests in Fortune Marvel Limited ("Target Company"), a wholly-owned subsidiary of the Vendor together with the amount of the loan due or payable to the Vendor upon completion of the SPA, at consideration of HK\$23,000,000 ("Consideration"). As at 31 March 2023, Target Company had a property located in Hong Kong with carrying amount of HK\$22,424,000.

15. DISPOSAL OF A SUBSIDIARY (Continued)
Fortune Marvel Limited (Continued)

The Consideration is subject to adjustment by reference to the net assets value of the Target Company at the date of completion of the SPA. Once the SPA signed, the Purchaser is required to settle the partial amount of the Consideration of HK\$2,000,000 in cash and the remaining amount of the Consideration will be settled by promissory note issued by the Purchaser. Details of the above are set out in the Company's announcements dated 8 June 2023 and 14 June 2023. The disposal was completed on 6 July 2023 with the final consideration of approximately HK\$23,070,000.

The following table summarises the consideration received for the disposal of Fortune Marvel Limited and the net assets of Fortune Marvel Limited as at the date of disposal:

	HK\$'000 (Unaudited)
Consideration satisfied by:	
Cash	2,000
Promissory note receivable	21,070
	<hr/> 23,070
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	22,139
Cash and cash equivalents	50
Deposit and other receivables	126
	<hr/> 22,315
Net assets disposed of	<hr/> 22,315
Gain on disposal of Fortune Marvel Limited	
Consideration	23,070
Net assets disposed of	22,315
	<hr/> 75
Gain on disposal of a subsidiary	<hr/> 75
Net cash inflow arising on disposal:	
Cash consideration	2,000
Less: cash and cash equivalents disposed of	(50)
	<hr/> 1,950

16. EVENT AFTER THE REPORTING PERIOD

There was no significant event which took place after 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical aesthetic service provider in Hong Kong and operates medical aesthetic centres in prime locations of Causeway Bay, Tsim Sha Tsui, Mong Kok and Central providing non-surgical medical aesthetic services. We strive to provide holistic treatment solutions to our clients through our non-surgical medical aesthetic services, traditional beauty services and sale of skincare products to help our clients maintain and enhance their skin conditions and physical appearance.

The outlook of the medical aesthetic services industry remains optimistic with market demand growing fast in recent years, owed mainly to the increasing affordability and public acceptance of related services.

In order to seize the opportunity created by increasing customer demands, we expanded our operation scale by opening several new centres. In June 2022 and April 2023, we have launched two prime new centre in Tsim Sha Tsui and Central respectively, to facilitate the continuous growth of our business. The Group believes that the expansion will enable us to deepen our market penetration in Hong Kong and improve our Group's profitability. The Group will also take advantage of its enlarging geographical presence to attract new and more diverse customers. Along with the strategic expansion of its medical aesthetic centre network, the Group will sharpen its competitive advantage by extending the spectrum of our treatment services offered.

For the six months ended 30 September 2023, the business environment in Hong Kong was recovering as the Coronavirus Disease 2019 ("COVID-19") pandemic was contained as compared to the corresponding period in 2022, the Group's revenue amounted to approximately HK\$116.6 million, representing an increase of approximately HK\$20.1 million or 20.8% as compared with the corresponding period of 2022. Profit for the period amounted to approximately HK\$1.5 million, while profit for the corresponding period of approximately HK\$2.0 million. The increase of revenue was primarily attributable the medical aesthetic centres of the Group were compulsory closed for certain period due to the outbreak of COVID-19 during the corresponding period in 2022 while there was no such impact during the current period.

PROSPECTS

Despite the COVID-19 pandemic is still causing uncertainties to the business environment, the local economy has started on the path of recovery. As such, the outlook of medical aesthetic services remains positive and the Group will closely monitor the market conditions and will intensify its response and elaborate sustainable development strategies to capture opportunities under the current environment.

Nevertheless, the Group is confident of its capability to deliver quality service to our clients. Moving forward, the Group will apply its strengths, build on its solid customer base and established reputation to deliver stable business development and maximise the shareholders' value.

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately HK\$116.6 million and approximately HK\$96.5 million for the six months ended 30 September 2023 and 2022 respectively which represented an increase of approximately HK\$20.1 million or 20.8% as compared with the corresponding period of 2022. The increase was primarily attributable to the medical aesthetic centres of the Group were compulsory closed for certain period due to the outbreak of COVID-19 during the corresponding period in 2022 while there was no such impact during the current period.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK\$5.1 million and HK\$13.4 million for the six months ended 30 September 2023 and 2022 respectively. The increase was in line with the increase in revenue.

Other income

Other income amounted to approximately HK\$1.2 million and HK\$4.6 million for the six months ended 30 September 2023 and 2022 respectively. The decrease in other income was mainly attributable to the Government subsidies granted under the antiepidemic fund during the corresponding period in 2022.

Staff costs

Staff costs amounted to approximately HK\$44.9 million and HK\$39.8 million for the six months ended 30 September 2023 and 2022 respectively. The increase in staff costs was mainly due to the increased number of staff during the current period.

Rental and related expenses

Rental and related expenses amounted to approximately HK\$3.5 million and HK\$2.5 million for the six months ended 30 September 2023 and 2022 respectively, which comprised of management fees, rates and government rent and license fees for our medical aesthetic centres.

Depreciation of property, plant and equipment

Depreciation expenses amounted to approximately HK\$12.9 million and HK\$12.8 million for the six months ended 30 September 2023 and 2022 respectively. The increase was mainly due to the additions of the property, plant and equipment such as leasehold improvements and treatment devices.

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of approximately HK\$9.8 million and HK\$9.4 million for the six months ended 30 September 2023 and 2022 respectively. The increase was mainly due to certain rental concessions was granted for leases of medical aesthetic centres during the corresponding period in 2022 while there was no such impact for the current period.

Other expenses

The breakdown of the other expenses is as follows:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Marketing and promotion expenses	11,507	8,711
Card commission	3,023	2,351
Consultancy fees to doctors	6,237	4,200
Professional fees	618	467
Repair and maintenance fees	1,497	1,127
Others	5,623	2,025
	28,505	18,881

Other expenses amounted to approximately HK\$28.5 million and HK\$18.9 million for the six months ended 30 September 2023 and 2022 respectively. The increase was primarily due to the increment in promotional campaigns such as outdoor advertising and advertising on various social media platforms.

Profit/(loss) for the period

The Group generated a net profit of approximately HK\$1.5 million for the six months ended 30 September 2023 (six months end 30 September 2022: approximately HK\$2.0 million).

Capital structure, liquidity and financial resources

On 15 October 2018 (the "Listing Date"), the shares of the Company were listed on GEM by way of share offer. Please refer to the Company's prospectus dated 28 September 2018 (the "Prospectus") for more details of the share offer. The net proceeds from the share offer were approximately HK\$31.6 million, which was based on the share price of HK\$0.28 per share and the actual expenses related to the share offer. The Company believed that the funding from the share offer on the GEM would allow the Group to access the capital market for raising funds in the future. There has been no change on the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Company only comprises of ordinary shares.

The total equity of the Group as at 30 September 2023 was approximately HK\$21.0 million (31 March 2023: approximately HK\$19.5 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK\$22.2 million as at 30 September 2023 (31 March 2023: approximately HK\$19.2 million). The Group had total outstanding debts of HK\$33.4 million as at 30 September 2023 (31 March 2023: approximately HK\$66.4 million), which comprised lease liabilities amounting to HK\$42.2 million (31 March 2023: approximately HK\$52.0 million) and bank borrowings amounting to approximately HK\$11.2 million (31 March 2023: approximately HK\$14.4 million).

As at 30 September 2023, bank borrowings of HK\$4.4 million and HK\$6.8 million (31 March 2022: HK\$4.4 million and HK\$10.0 million) will mature within one year and in the second year or above respectively. The interest rate of the bank borrowings is 3.41% (31 March 2023: 3.41%).

As at 30 September 2023, lease liabilities of HK\$17.3 million, HK\$13.1 million and HK\$11.9 million (31 March 2023: HK\$19.2 million, HK\$14.3 million and HK\$18.6 million) will mature within one year, in the second year and in the third year or above respectively. The weighted average effective interest rates of the lease liabilities range from 0.01% to 8.67% (31 March 2023: 0.01% to 8.67%).

Capital expenditures

The Group purchased property, plant and equipment amounting to approximately HK\$4.4 million for the six months ended 30 September 2023 which comprised acquisition of treatment devices, furniture and fixtures and leasehold improvements (six months ended 30 September 2022: HK\$17.2 million).

Interim dividend

The Board did not recommend a payment of dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

Employees and remuneration policies

As at 30 September 2023, the Company had a total of 191 employees (31 March 2023: 201). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Company recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes basic salary, commission, discretionary bonus and retirement benefit scheme contributions.

Principal risks and uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group.

Government policies risk

Following certain adverse incidents in relation to the beauty service industry in recent years, the Hong Kong Government has been reviewing the existing legal framework and considering tightening its supervision over the beauty service industry by promulgating certain laws and regulations to regulate, among other things, the types of medical aesthetic procedures that should be performed by registered medical practitioners.

There is no assurance that the Hong Kong Government will not impose more stringent laws, rules, regulations or industry standards in connection with the provision of medical aesthetic services. Any change in the regulatory framework may render it more restrictive for us to conduct our business. There is also no assurance that we will be able to adapt to such changes in a timely manner. In addition, compliance with such new laws, rules, regulations or industry standards may significantly increase our operating costs, which may in turn lower our profit margins. Any of the above-mentioned circumstances may materially and adversely affect our business, results of operations, financial condition and prospects.

Risk of adverse economic, social or political conditions

All of our business operations are based in and we derive all of our revenue from Hong Kong. Our business operations and the demand for our medical aesthetic services are therefore subject to the economic, social and political conditions in Hong Kong. Furthermore, any incidence of social unrest, strike, riot, civil disturbance or disobedience in Hong Kong may cause inconvenience to clients who wish to visit our medical aesthetic centres and weaken their desire or willingness to undergo medical treatments. Any of the above circumstances may have a material and adverse impact on our business, results of operations and financial condition.

Future plans for material investments and capital assets

As at 30 September 2023, the Group does not have any plans for material investments and capital assets.

Significant investments, material acquisitions and disposal of subsidiaries and capital assets

On 8 June 2023 and 14 June 2023, the Company announced that Dermaglow Limited (“Vendor”), its wholly-owned subsidiary, entered into a sales and purchase agreement (“SPA”) with Flexcore Limited (“Purchaser”), an independent third-party to the Group, pursuant to which the Vendor agreed to disposal 100% equity interests in Fortune Marvel Limited (“Target Company”), a wholly-owned subsidiary of the Vendor together with the amount of the loan due or payable to the Vendor upon completion of the SPA, at consideration of HK\$23,000,000 (“Consideration”). As at 31 March 2023, Target Company had a property located in Hong Kong with carrying amount of HK\$22,424,000.

The Consideration is subject to adjustment by reference to the net assets value of the Target Company at the date of completion of the SPA. Once the SPA signed, the Purchaser is required to settle the partial amount of the Consideration of HK\$2,000,000 in cash and the remaining amount of the Consideration will be settled by promissory note issued by the Purchaser. Details of the above are set out in the Company’s announcements dated 8 June 2023 and 14 June 2023. The disposal was completed on 6 July 2023 with the final consideration of approximately HK\$23,070,000. For details, please refer to note 15 of this report.

Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the period.

Gearing ratio

The gearing ratio, which is based on the total amounts of total bank borrowings and lease liabilities divided by total equity, was 254.9% as at 30 September 2023 (31 March 2023: 340.4%).

Foreign exchange exposure and treasury policies

The Group carries out its business in Hong Kong and most of its transactions are denominated in Hong Kong Dollar. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the six months ended 30 September 2023 and 2022. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

Contingent liabilities

As at 30 September 2023, the Group had no significant contingent liabilities (31 March 2023: Nil).

Financial risk management

Risk management is carried out by the Group's finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management and specific areas, such as market risk, interest rate risk, credit risk and liquidity risk.

Bank borrowings

As at 30 September 2023, the Group had unsecured and guaranteed bank borrowings of approximately HK\$11.2 million (31 March 2023: approximately HK\$14.4 million). As at 30 September 2023, the entire bank borrowings were guaranteed by personal guarantees from the Controlling Shareholders and HKMC Insurance Limited (31 March 2023: same).

Pledge of assets

As at 30 September 2023, the carrying amount of right-of-use assets did not include treatment devices which were acquired under hire purchase arrangement (31 March 2023: approximately HK\$1.1 million).

Subsequent events

There was no significant event which took place after 30 September 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “Shareholders”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the six months ended 30 September 2023 and up to the date of this report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings for the six months ended 30 September 2023.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Yu Chi Wing (chairman), Mr. Kwok David and Mr. Tan Pui Kwan, all of them are independent non-executive Directors. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023 and the interim report. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure has been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long position in the shares of the Company:

Name of director/ chief executive	Capacity/Nature of interest	Number of Shares held (Note i)	Percentage of shareholding
Mr. Yip	Interest in controlled corporation (Note ii)	511,500,000 (L)	63.94%
Ms. Fu	Interest in controlled corporation (Note ii)	511,500,000 (L)	63.94%

Notes:

- (i) The letter "L" denotes the person's long position in the relevant Shares.
- (ii) All the issued shares of Equal Joy are legally and beneficially owned as to 50% by each of Mr. Yip and Ms. Fu. Accordingly, they are deemed to be interested in the 511,500,000 Shares held by Equal Joy by virtue of the SFO. Mr. Yip, Ms. Fu and Equal Joy together are a group of Controlling Shareholders of the Company.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are 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 which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, to the knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) who had or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/Nature of interest	Number of Shares held (Note i)	Percentage of shareholding
Equal Joy	Beneficial owner (Note ii)	511,500,000 (L)	63.94%

Notes:

- (i) The letter "L" denotes the person's long position in the relevant Shares.
- (ii) All the issued shares of Equal Joy are legally and beneficially owned as to 50% by each of Mr. Yip and Ms. Fu. Mr. Yip, Ms. Fu and Equal Joy together are a group of controlling shareholders of the Company.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

In order to incentivise and/or recognise and acknowledge the contributions that eligible persons have made or may make to the Group, the Company adopted the share option scheme pursuant to written resolutions of the Shareholders passed on 21 September 2018 (the "Share Option Scheme"). The Board may, at its discretion, offer to grant an option to any eligible persons.

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption.

The purpose of the Share Option Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The terms of the Share Option Scheme are in accordance with provisions of Chapter 23 of GEM Listing Rules.

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 30 September 2023 and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 September 2023 and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 September 2023, and up to the date of this report, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group and which requires disclosure pursuant to Rule 11.04 of GEM Listing Rules.

By Order of the Board
Fameglow Holdings Limited
Mr. Yip Chun Kwok Danny, MH
Chairman and Executive Director

Hong Kong, 14 November 2023

As at the date of this report, the executive Directors are Mr. Yip Chun Kwok Danny, MH and Ms. Fu Chi Ching; and the independent non-executive Directors are Mr. Tan Pui Kwan, Mr. Kwok David and Mr. Yu Chi Wing.