

# Fameglow Holdings Limited 亮晴控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8603



## Interim Report 2018

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*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. Chan Sing Nun

Mr. Khoo Wun Fat William

Mr. Yu Chi Wing

#### Audit Committee

Mr. Chan Sing Nun (*Chairman*)

Mr. Khoo Wun Fat William

Mr. Yu Chi Wing

#### Remuneration Committee

Mr. Khoo Wun Fat William (*Chairman*)

Mr. Chan Sing Nun

Ms. Fu Chi Ching

#### Nomination Committee

Mr. Yip Chun Kwok Danny, MH (*Chairman*)

Mr. Khoo Wun Fat William

Mr. Yu Chi Wing

### AUTHORISED REPRESENTATIVES

Mr. Yip Chun Kwok Danny, MH

Ms. Fu Chi Ching

### COMPANY SECRETARY

Ms. Lee Ka Man Carmen

### COMPLIANCE OFFICER

Ms. Fu Chi Ching

### AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

35/F, One Pacific Place

88 Queensway

Hong Kong

### COMPLIANCE ADVISER

Innovax Capital Limited

Room 2002, 20th Floor

Chinachem Century Tower

178 Gloucester Road

Wanchai, 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

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### PRINCIPAL BANKER

Bank of Communications Co., Ltd.

Hong Kong Branch

20 Pedder Street

Central, Hong Kong

### COMPANY'S WEBSITE

[www.fameglow.com](http://www.fameglow.com)

### STOCK CODE

8603

## FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 September 2018 amounted to approximately HK\$44.2 million.

The Group incurred net loss of approximately HK\$7.4 million for the six months ended 30 September 2018 mainly due to listing expenses of approximately HK\$15.4 million incurred by the Company during the period. Should this non-recurring listing expenses be excluded, the net profit after tax of the Group for the six months ended 30 September 2018 would amount to approximately HK\$8.0 million, representing an increase of 13.8% as compared to the six months ended 30 September 2017.

The board of directors (the “**Board**”) does not recommend a payment of an interim dividend for the six months ended 30 September 2018.

The Board is pleased to report the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
	NOTES	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	44,154	42,892
Cost of inventories and consumables		(3,653)	(3,523)
Other income	5	609	553
Staff costs		(16,213)	(16,046)
Rental and related expenses		(5,320)	(5,155)
Depreciation		(2,782)	(1,226)
Listing expenses		(15,390)	–
Other expenses		(6,882)	(8,567)
Finance costs		(510)	(425)
(Loss) profit before taxation	6	(5,987)	8,503
Taxation	7	(1,374)	(1,445)
(Loss) profit and total comprehensive (expense) income for the period		(7,361)	7,058
(Loss) earnings per share – Basic (HK cents)	9	(1.23)	1.18

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	NOTES	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		43,549	41,078
Deposits for acquisition of property, plant and equipment		–	317
Deposits and prepayments		21,133	20,993
Deferred costs		922	753
Deferred tax assets		–	177
		<b>65,604</b>	<b>63,318</b>
Current assets			
Inventories		5,559	2,864
Trade receivables	11	14,449	13,183
Deposits and prepayments		13,060	3,799
Deferred costs		2,393	1,924
Amounts due from controlling shareholders		–	279
Pledged bank deposit		2,381	–
Bank balances and cash		18,920	29,870
		<b>56,762</b>	<b>51,919</b>
Current liabilities			
Trade payables	12	514	221
Other payables and accruals		15,424	1,897
Deferred revenue		66,706	62,812
Tax payable		5,309	4,349
Bank borrowings		16,285	21,644
Obligations under finance leases		1,055	701
		<b>105,293</b>	<b>91,624</b>
Net current liabilities		<b>(48,531)</b>	<b>(39,705)</b>
Total assets less current liabilities		<b>17,073</b>	<b>23,613</b>

	NOTE	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
Non-current liabilities			
Obligations under finance leases		1,533	949
Provisions		715	715
Deferred tax liabilities		318	81
		<b>2,566</b>	1,745
Net assets		<b>14,507</b>	21,868
Capital and reserves			
Share capital	13	–	–
Reserves		14,507	21,868
Total equity		<b>14,507</b>	21,868

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Share capital HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
As at 1 April 2017	2,000	–	17,019	19,019
Profit and total comprehensive income for the period	–	–	7,058	7,058
Dividend recognised as distribution (note 8)	–	–	(6,000)	(6,000)
As at 30 September 2017 (unaudited)	2,000	–	18,077	20,077

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Accumulated profits HK\$'000	Total HK\$'000
As at 1 April 2018	–	–	2,000	19,868	21,868
Effect of reorganisation	–	23,026	(23,026)	–	–
Loss and total comprehensive expense for the period	–	–	–	(7,361)	(7,361)
As at 30 September 2018 (unaudited)	–	23,026	(21,026)	12,507	14,507

Note: Other reserve of HK\$21,026,000 represented (i) credit of HK\$2,000,000 resulting from the reorganisation as detailed in note 2(iv) stated in Appendix I of the Company's prospectus dated 28 September 2018 (the "Prospectus"), representing the difference between the share capital of Flourish Capital Holdings Limited issued during the year ended 31 March 2018 and the aggregate share capital of Dermaglow Limited, Worldwide Beauty Limited and Per Face Institute Limited; (ii) debit of HK\$23,026,000 resulting from the reorganisation as detailed in note 2(v) stated in Appendix I of the Prospectus, representing the difference between share capital of Flourish Capital Holdings Limited and the Company in issuance.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,480	(2,177)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(6,916)	5,927
NET CASH USED IN FINANCING ACTIVITIES	(7,514)	(9,499)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,950)	(5,749)
CASH AND CASH EQUIVALENTS AS AT 1 APRIL	29,870	9,740
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER, represented by bank balances and cash	<b>18,920</b>	3,991

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

## 1. GENERAL INFORMATION

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 registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit 304, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company's shares were listed on GEM of the Stock Exchange on 15 October 2018 (the "**Listing**")

The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of treatment services and sale of skincare products in Hong Kong.

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.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the 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.

## 2. REORGANISATION AND BASIS OF PREPARATION

Pursuant to the group reorganisation stated in the Prospectus in preparation for the Listing (the "**Reorganisation**"), the Company became the holding company of the subsidiaries now comprising the Group on 17 September 2018, the details of which are as set out in the Prospectus.

As the Group comprising the Company and its subsidiaries resulting from the Reorganisation continued to be controlled by Mr. Yip Chun Kwok Danny ("**Mr. Yip**") and Ms. Fu Chi Ching ("**Ms. Fu**") (the "**Controlling Shareholders**"), or through their control over Equal Joy Holdings Limited, the immediate holding company of the Company, and is regarded as a continuing entity, accordingly, the condensed consolidated financial statements have been prepared on the basis as if the Company had always been the holding company of the Group throughout the six months ended 30 September 2018 under the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting, Under Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 September 2018 and 2017 includes the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 September 2018 and 2017.

The condensed consolidated financial statement of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the Companies now comprising the Group as if the current group structure had always been in existence.

As of 30 September 2018, the Group recorded net current liabilities of HK\$48,531,000. The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK\$16,285,000 being classified as current liabilities as at 30 September 2018, due to the overriding right of demand clause as stipulated in the facility agreements of the bank borrowings. The directors of the Company believe that these loan facilities (including those unutilised bank facilities) will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of each of the reporting period. In addition, as at 30 September 2018, included in the current liabilities of the Group were deferred revenue of HK\$66,706,000, which represented services to be performed and shall not result in any cash outflow of the Group eventually.

Taking into account the above consideration and the Group's cash flow projection for the coming twelve months from the end of each reporting period, 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 each reporting period. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

### 3. SIGNIFICANT ACCOUNTING POLICES

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.

The significant accounting policies used in the preparation of these condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those followed in the preparation of the Group's financial information for each of the two years ended 31 March 2018 included in the accountants' report for inclusion in the Prospectus except as stated below.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2018.

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

There was no significant impact to the ECL on trade receivables as at 1 April 2018 upon application of HKFRS 9.

## 4. REVENUE AND SEGMENTAL INFORMATION

### Revenue

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

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from the provision of treatment services	42,306	41,061
Sale of skincare products	1,096	1,123
Revenue from expiry of prepaid treatments	752	708
	<b>44,154</b>	<b>42,892</b>

### 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	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from life insurance contracts	562	519
Others	47	34
	<b>609</b>	<b>553</b>

## 6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' remuneration	1,819	815
Salaries, wages, commission, bonuses and allowances	13,875	14,717
Retirement benefit scheme contributions	519	514
Total staff costs	<b>16,213</b>	<b>16,046</b>
Consultancy fee for doctors	2,456	2,422
Auditor's remuneration	50	50
Loss on written-off of property, plant and equipment	412	85
Operating leases payments in respect of tenancy agreement	4,313	4,138

## 7. TAXATION

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
Current tax	960	1,319
Deferred tax	414	126
Income tax charge	<b>1,374</b>	<b>1,445</b>

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands pursuant to the rules and regulations in those jurisdictions.

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 profit tax rates regime. The Bill was gazetted on 29 March 2018.

Under the two tiered profits tax rates regime, the first HK\$2.0 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%. For the period ended 30 September 2018, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. For the period ended 30 September 2017, Hong Kong Profits Tax was calculated at the flat rate of 16.5%.

## 8. DIVIDEND

The Board does not recommend a payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: HK\$6.0 million).

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) profit for the period for the purposes of basic (loss) earnings per share	<b>(7,361)</b>	7,058

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic (loss) earnings per share	<b>600,000</b>	600,000

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been retrospectively adjusted and determined on the assumption that the Reorganisation and the capitalisation issue as described in note 16 has been effective on 1 April 2016.

No diluted (loss) 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

For the six months ended 30 September 2018, the Group acquired property, plant and equipment with aggregate cost of approximately HK\$5.9 million (six months ended 30 September 2017: HK\$1.8 million).

## 11. 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, is as follows:

	<b>As at 30 September 2018 HK\$'000 (Unaudited)</b>	As at 31 March 2018 HK\$'000 (Audited)
0 – 30 days	5,987	4,704
31 – 90 days	6,997	4,572
Over 90 days	1,465	3,907
	<b>14,449</b>	13,183

As at 30 September 2018 and 31 March 2018, aggregate carrying amounts of approximately HK\$774,000 and HK\$3,374,000, respectively, were past due. The directors of the Company were not aware of any significant change in credit quality of the trade receivable. Thus, the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

An ageing analysis of trade receivables which are past due but not impaired based on the due date, is as follows:

	<b>As at 30 September 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2018 HK\$'000 (Audited)</b>
1 – 30 days	680	1,192
31 – 90 days	94	192
Over 90 days	–	1,990
	<b>774</b>	<b>3,374</b>

No interest is charged on the trade receivables. The directors of the Company are of the opinion that the credit risks of these receivables are minimal as these are from creditworthy banks with no history of defaults.

## 12. TRADE PAYABLES

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

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

	<b>As at 30 September 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2018 HK\$'000 (Audited)</b>
0 – 30 days	508	117
31 – 90 days	6	–
Over 90 days	–	104
	<b>514</b>	<b>221</b>

### 13. SHARE CAPITAL

The movements of share capital of the Company are as follow:

	Number of shares	Amount HK\$'000
	(Unaudited)	(Unaudited)
Ordinary shares of HK\$0.01 each:		
Authorised:		
As at 2 March 2018 (dated of incorporation)	38,000,000	380
Addition (Note i)	9,962,000,000	99,620
	<hr/>	<hr/>
As at 30 September 2018	10,000,000,000	100,000
	<hr/>	<hr/>
Issued and fully paid:		
As at 2 March 2018 (dated of incorporation) and 31 March 2018 (Note ii)	1	-
Issue of shares as part of the Reorganisation (Note iii)	99	-
	<hr/>	<hr/>
As at 30 September 2018	100	-
	<hr/>	<hr/>

Notes:

- (i) On 21 September 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of a further 9,962,000,000 shares of HK\$0.01 each.
- (ii) On the date of incorporation, 1 share of HK\$0.01 was allotted and issued to Equal Joy at a subscription price of HK\$0.01.
- (iii) On 17 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Yip, Ms. Fu and the Company, Mr. Yip and Ms. Fu transferred their entire shareholding interest in Flourish Capital Holdings Limited to the Company in consideration of (i) the Company allotting and issuing 99 shares to Mr. Yip and Ms. Fu's nominee, Equal Joy, credited as fully paid; and (ii) crediting as fully paid the subscriber share.

## 14. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of key management personnel during the six months ended 30 September 2018 and 2017, respectively were as follows:

	Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term benefits	2,861	1,714
Post-employment benefits	36	27
	<b>2,897</b>	<b>1,741</b>

## 15. OPERATING LEASE COMMITMENTS

### The Group as lessee

At the end of each reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases with independent third party, which fall due as follows:

	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
Within one year	7,913	7,828
In the second to fifth year inclusive	6,533	10,372
	<b>14,446</b>	<b>18,200</b>

Operating lease payments represent rentals payable by the Group for medical centres, retail shop and sales counters. Leases and rentals are negotiated for a term of two to four years. Certain leases include contingent rentals calculated with reference to turnover of the retail shop and sales counters. Other leases are fixed for terms of two to four years.

## 16. EVENT AFTER THE REPORTING PERIOD

The ordinary shares of the Company (the "Shares") were listed on GEM of the Stock Exchange by way of share offer (the "Share Offer") on 15 October 2018 (the "Listing Date"). On the same date, 599,999,900 of the Company's new Shares were issued through capitalisation of HK\$5,999,999 standing to the credit of share premium account of the Company. Also, 200,000,000 Shares of HK\$0.01 each were issued at an offer price of HK\$0.28 per share. Details of the Share Offer are set out in the Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group are a medical aesthetic service provider in Hong Kong and operate two medical aesthetic centres in prime locations of Causeway Bay (the “**CWB Centre**”) and Tsim Sha Tsui under our brand “per Face” providing non-surgical medical aesthetic services. We started using the brand “per Face” when we set up the CWB Centre in September 2010. We also have a retail shop in the same commercial complex of each of our medical aesthetic centres selling skincare products and two retail and beauty counters in an upmarket department store in Central selling skincare products and providing nail and lash services, which complemented our core business of the provision of non-surgical medical aesthetic services to our clients.

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. Our non-surgical medical aesthetic services can generally be categorised as (i) energy-based procedures and (ii) minimally invasive procedures.

For the six months ended 30 September 2018 (the “**Period under Review**”), the Group’s revenue amounted to approximately HK\$44.2 million, which remained stable when compared with the corresponding period of 2017. Loss for the Period under Review amounted to HK\$7.4 million, while profit after tax amounted to HK\$7.1 million during the corresponding period of 2017. The Directors are of the view that the net loss is due to the listing expenses of approximately HK\$15.4 million incurred during the Period under Review. Should these non-recurring listing expenses be excluded, the profit after tax of the Group for the Period under Review would amount to approximately HK\$8.0 million, representing an increase of 13.8% as compared to the corresponding period of 2017.

## PROSPECTS

In the view of the fast-growing demand towards medical aesthetic services in Hong Kong, the Group is optimistic about the prospects of the industry. In order to capture the increasingly sophisticated market demand for medical aesthetic services and industry growth, the Group maintains its commitment to continuous growth through leveraging on our brand image, strategic expansion in its operations and effective marketing campaigns.

The Group will continue to evaluate development opportunities to strengthen its competitive advantage and industry-leading position. By acquiring new treatment devices and treatment consumables, the Group will be able to extend the spectrum of our treatment services offered. The management is optimistic about achieving sustainable growth for the Group and bringing greater returns to its shareholders.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group remained stable, and amounted to approximately HK\$44.2 million for the six months ended 30 September 2018 and approximately HK\$42.9 million for the six months ended 30 September 2017.

### Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK\$3.7 million and HK\$3.5 million for the six months ended 30 September 2018 and 2017 respectively, representing 8.3% and 8.2% of total revenue for the respective periods.

### Staff costs

Staff costs amounted to approximately HK\$16.2 million for the six months ended 30 September 2018 and remained stable when comparing to the six months ended 30 September 2017, which amounted to approximately HK\$16.0 million.

### Rental and related expenses

Property rental and related expenses amounted to approximately HK\$5.3 million and HK\$5.2 million for the six months ended 30 September 2018 and 2017 respectively, which represented rental payments and license fees for our medical aesthetic centres and retail/service outlets.

## **Depreciation**

Depreciation expenses amounted to approximately HK\$2.8 million and HK\$1.2 million for the six months ended 30 September 2018 and 2017, representing 6.3% and 2.9% of total revenue for the respective periods.

## **Other expense**

Other expenses amounted to approximately HK\$6.9 million and HK\$8.6 million for the six months ended 30 September 2018 and 2017 respectively, which mainly represented consultancy fee for doctors, card commission expense and marketing and promotion expenses.

## **(Loss) profit for the period**

The Group recorded a loss of approximately HK\$7.4 million for the six months ended 30 September 2018 (six months ended 30 September 2017: profit of approximately HK\$7.1 million). This is mainly due to the listing expenses of approximately HK\$15.4 million incurred by the Company for the six months ended 30 September 2018.

## **Capital Structure, liquidity and financial resources**

On the Listing Date, the Shares were listed on GEM by way of Share Offer. The net proceeds from the Share Offer were approximately HK\$32.5 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 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 2018 was approximately HK\$14.5 million (31 March 2018: approximately HK\$21.9 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK\$18.9 million as at 30 September 2018 (31 March 2018: approximately HK\$29.9 million). The Group had pledged bank deposit of approximately HK\$2.4 million as at 30 September 2018 (31 March 2018: Nil). The Group had total outstanding debts of HK\$18.9 million as at 30 September 2018 (31 March 2018: HK\$23.3 million), which comprised obligations under finance leases amounting to HK\$2.6 million (31 March 2018: HK\$1.7 million) and bank borrowings amounting to HK\$16.3 million (31 March 2018: HK\$21.6 million).

## **Capital Expenditures**

The Company purchased property, plant and equipment amounting to approximately HK5.9 million for the six months ended 30 September 2018 which comprised acquisition of treatment devices, motor vehicle, furniture and fixtures and leasehold improvements (six months ended 30 September 2017: HK\$1.8 million).

## **Interim dividend**

The Board does not recommend a payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: HK\$6.0 million).

## **Employees and remuneration policies**

As at 30 September 2018, the Company had a total of 75 employees (31 March 2018: 74). 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 recognizes 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.

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

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

## Use of proceeds

On 15 October 2018, the Shares were listed on GEM by way of Share Offer. The Group intends to apply the proceeds from the listing in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Given that the Share Offer was completed after the half-year end date (30 September 2018), there was no utilisation of the proceeds as at 30 September 2018. The directors of the Company intend to apply the net proceeds from the Share Offer in accordance with the uses as stated in the Prospectus. The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and professional expenses in relation to the Share Offer, amounted to approximately HK\$32.5 million, which were lower than the estimated net proceeds of approximately HK\$50.0 million as disclosed in the Prospectus. The Group intends to reduce the amount of net proceeds allocated for the respective purposes as disclosed in the Prospectus on a pro-rata basis.

## Gearing ratio

The gearing ratio was 130.1% as at 30 September 2018 (31 March 2018: 106.5%).

## 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 2018 and 2017. Nevertheless, the management will continue to monitor the Group’s foreign exchange exposure and will take prudent measures as and when appropriate.

## Commitments

The contractual commitments of the Group were primarily related to the leases of the Group’s office premises, medical centres, retail shop and sales counters. As at 30 September 2018, the Group’s operating lease commitments amounted to approximately HK\$14.4 million (31 March 2018: HK\$18.2 million).

## Contingent liabilities

As at 30 September 2018, the Group had no significant contingent liabilities (31 March 2018: Nil).

## Financial risk management

Risk management is carried out by the Company'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 2018, the Group did not have any unsecured and guaranteed bank borrowings (31 March 2018: approximately HK\$4.8 million). As at 30 September 2018, the carrying amount of the secured and guaranteed bank borrowings was approximately HK\$16.3 million (31 March 2018: approximately HK\$16.9 million).

The secured bank borrowings were secured by the deposits for life insurance contracts as at 30 September 2018 and 31 March 2018.

The entire bank borrowings were guaranteed by the Controlling Shareholders as at 30 September 2018 and 31 March 2018 (the "**Personal Guarantees**").

Before the Listing, the Group has obtained the consent letters from the bank in releasing the Personal Guarantees upon the Listing. Subsequent to Listing Date, all Personal Guarantees are in the process of being released. The Board is of the view that the Personal Guarantees will be released upon completion of administrative work by the respective banks.

### Pledge of assets

As at 30 September 2018, the pledged bank deposit of approximately HK\$2.4 million as at 30 September 2018 (31 March 2018: Nil) are used for releasing the personal guarantee of hire purchase. Bank borrowings of approximately HK\$16.3 million (31 March 2018: HK\$16.9 million) are secured by the deposits for life insurance of approximately HK\$18.8 million (31 March 2018: HK\$18.5 million).

### Subsequent events

The Shares were listed on the GEM of the Stock Exchange by way of Share Offer on 15 October 2018. On the same date, 599,999,900 of the Company's new Shares were issued through capitalisation of HK\$5,999,999 standing to the credit of share premium account of the Company. Also, 200,000,000 Shares of HK\$0.01 each were issued at an offer price HK\$0.28 per share for net proceeds of approximately HK\$32.5 million. Details of the Share Offer are set out in the Prospectus.

# 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 from the Listing Date. 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 from the Listing Date to the date of this report.

## 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. Chan Sing Nun (chairman), Mr. Khoo Wun Fat William and Mr. Yu Chi Wing, 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 2018 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 2018 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**

From the Listing Date to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Innovax Capital Limited ("**Innovax**"), neither Innovax nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules and all Directors and controlling Shareholders and their respective close associates as referred to in Rule 11.04 of the GEM Listing Rules (except for the compliance adviser service provided by Innovax as at the date of this report).

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

The Shares were listed on GEM on 15 October 2018. As at 30 September 2018, none of the Directors and the chief executive of the Company had any interest and short positions in the Shares, underlying shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which would have to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have taken under such provisions of the SFO).

As at the date of this report, the interests or short positions of our Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and our associated corporations (within the meaning of Part XV of the SFO) which will have 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 he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, in each case once the Shares are listed on the Stock Exchange, will be as follows:

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held after the Share Offer</b> (Note i)	<b>Percentage of shareholding after the Share Offer</b>
Mr. Yip	Interest in controlled corporation (Note ii)	600,000,000 (L)	75%
Ms. Fu	Interest in controlled corporation (Note ii)	600,000,000 (L)	75%

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 600,000,000 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 the date of this report, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was 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 taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2018, there was no interest in the Shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to under Section 336 of the SFO.

As at the date of this report, to the best knowledge of the Directors, the following persons/entities not being a Director or the chief executive of the Company will have an interest or a short position in the Shares or the underlying Shares 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 would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Capacity/Nature of interest	Number of Shares held after the Share Offer (Note i)	Percentage of shareholding after the Share Offer
Equal Joy	Beneficial owner (Note ii)	600,000,000 (L)	75%

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 the date of this report, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position 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 would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## 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 2018 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 2018 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 Period, 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, 9 November 2018

*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. Chan Sing Nun, Mr. Khoo Wun Fat William and Mr. Yu Chi Wing.*