

# FAMEGLOW HOLDINGS LIMITED

## 亮晴控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8603



Third Quarterly Report 2019

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

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

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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

Mr. Li Chi Lok

#### COMPLIANCE OFFICER

Ms. Fu Chi Ching

#### AUDITOR

Elite Partners CPA Limited

#### 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 54, 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 nine months ended 31 December 2019 amounted to approximately HK\$74.1 million (nine months ended 31 December 2018: approximately HK\$70.3 million).

The Group incurred net loss of approximately HK\$13.4 million for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$6.3 million).

The board of directors (the “**Board**”) does not recommend a payment of any dividend for the nine months ended 31 December 2019.

The Board is pleased to report the unaudited condensed consolidated financial results of the Group for the nine months ended 31 December 2019, together with the comparative unaudited figures for the corresponding period in 2018, as follows:

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

		Nine months ended 31 December	
	NOTES	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	74,110	70,288
Cost of inventories and consumables		(8,219)	(6,861)
Other income		1,419	900
Staff costs		(36,528)	(24,392)
Rental and related expenses		(2,891)	(7,975)
Depreciation of property, plant and equipment		(5,976)	(4,235)
Depreciation of right-of-use assets		(10,916)	–
Listing expenses		–	(16,325)
Other expenses		(21,732)	(14,806)
Finance costs		(2,440)	(685)
Loss before taxation	5	(13,173)	(4,091)
Taxation	6	(259)	(2,222)
Loss and total comprehensive expense for the period		(13,432)	(6,313)
Loss per share			
– Basic (HK cents)	8	(1.68)	(0.96)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
As at 1 April 2019 (audited)	8,000	64,107	(21,026)	19,646	70,727
Loss and total comprehensive expense for the period	-	-	-	(13,432)	(13,432)
As at 31 December 2019 (unaudited)	8,000	64,107	(21,026)	6,214	57,295
As at 1 April 2018 (audited)	-*	-	2,000	19,868	21,868
Loss and total comprehensive expense for the period	-	-	-	(6,313)	(6,313)
Effect of reorganisation	-*	23,026	(23,026)	-	-
Issue of shares	2,000	54,000	-	-	56,000
Capitalisation issue	6,000	(6,000)	-	-	-
Transaction costs attributable to issue of shares	-	(6,919)	-	-	(6,919)
As at 31 December 2018 (unaudited)	8,000	64,107	(21,026)	13,555	64,636

\* Amount less than HK\$1,000.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

## 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 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 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 (“**HKS**”) which is also the functional currency of the Company and its principal subsidiaries.

## 2. REORGANISATION AND 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 GEM of the Stock Exchange.

Pursuant to the group reorganisation stated in the prospectus of the Company dated 28 September 2018 (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 Controlling Shareholders, or through their control over Equal Joy, 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 nine months ended 31 December 2018 under the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting, Under Common Control Combinations" issued by the HKICPA. The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity for the nine months ended 31 December 2018 includes the results and changes in equity of the companies now comprising the Group as if the current group structure had been in existence throughout the nine months ended 31 December 2018.

### 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.

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 nine months ended 31 December 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

#### **Application of new and amendments to HKFRSs**

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
Hong Kong (International Financial Reporting Interpretations Committee) Interpretations ("HK(IFRIC)-Int") 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current period has had no material impact on the Group's financial statements for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### **Impacts and changes in accounting policies on application of HKFRS 16 Leases**

In the current period, the Group has applied HKFRS 16 "Leases". On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 April 2019. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred using effective interest method.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by certain items as set out below. The right-of-use assets were recognised in the consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life or the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 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.

	<b>Nine months ended 31 December</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from the provision of treatment services	<b>70,664</b>	66,752
Sale of skincare products	<b>2,662</b>	2,434
Revenue from expiry of prepaid treatments	<b>784</b>	1,102
	<b>74,110</b>	70,288

## 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. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Directors' remuneration	2,891	2,631
Salaries, wages, commission, bonuses and allowances	32,485	20,988
Retirement benefit scheme contributions	1,152	773
<b>Total staff costs</b>	<b>36,528</b>	<b>24,392</b>
Consultancy fee for doctors	4,067	3,678
Loss on written-off of property, plant and equipment	–	412
Operating leases payments in respect of:		
– Short-term leases	594	–
– Contingent rent	117	240
– Minimum lease payments	–	6,225

## 6. TAXATION

	Nine months ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
Current tax	93	1,715
Deferred tax	166	507
<hr/>		
Income tax charge	259	2,222

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 nine months ended 31 December 2019, 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%. (nine months ended 31 December 2018: same).

## 7. DIVIDEND

The Board does not recommend a payment of any dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

## 8. LOSS PER SHARE

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

	Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period for the purposes of basic loss per share	(13,432)	(6,313)

	Nine months ended 31 December	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
<b>Weighted average number of shares</b>		
Number of ordinary shares for the purpose of basic loss per share	800,000	656,000

The weighted average number of ordinary shares for the purpose of calculating basic loss per share has been retrospectively adjusted and determined on the assumption that the Reorganisation and the capitalisation issue as described in the Prospectus has been effective on 1 April 2018.

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

## 9. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of key management personnel during the nine months ended 31 December 2019 and 2018, respectively were as follows:

	Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	4,390	4,125
Post-employment benefits	54	54
	<b>4,444</b>	<b>4,179</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a medical aesthetic service provider in Hong Kong and operates four medical aesthetic centres in prime locations of Causeway Bay (the “**CWB Centre**” and the “**CWB Centre 2**”), Tsim Sha Tsui (the “**TST Centre**”) and Central (the “**Central Centre**”) 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 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 nine months ended 31 December 2019, the Group’s revenue amounted to approximately HK\$74.1 million, representing an increase of approximately HK\$3.8 million or 5.4% as compared with the corresponding period of 2018. Loss for the nine months ended 31 December 2019 amounted to approximately HK\$13.4 million, while loss for the corresponding period amounted to approximately HK\$6.3 million. The Directors are of the view that the loss for the period is primarily attributable to the increase in operating costs including staff costs, rental expenses, marketing and promotion expenses for the Group’s business expansion.

## PROSPECTS

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 have expanded our operation scale by opening our Central Centre and CWB Centre 2 in May 2019 and June 2019 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.

Despite the outlook of medical aesthetic services remains positive, the social instability since June 2019 and the recent outbreak of novel coronavirus weakened clients' desire or willingness to undergo medical aesthetic treatments which in term slowing down the revenue of the Group. The Group has therefore applied operating strategies to cope with the unfavourable changes in economic and business environment. For instance, the Group has implemented promotional campaigns to maintain the market share.

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**

Revenue for the nine months ended 31 December 2019 was approximately HK\$74.1 million, representing an increase of approximately 5.4% compared to approximately HK\$70.3 million for the nine months ended 31 December 2018. The increase was primarily attributable to the opening of two new centres during the period and increase in promotional campaign in different marketing channels, such as outdoor advertising, social media marketing on Facebook and Instagram and the celebrity endorsement, which raised consumer awareness of the “per Face” brand, and secured more customers.

### **Cost of inventories and consumables**

Cost of inventories and consumables amounted to approximately HK\$8.2 million and HK\$6.9 million for the nine months ended 31 December 2019 and 2018 respectively. The increase was mainly attributable to the sales growth.

### **Staff costs**

Staff costs amounted to approximately HK\$36.5 million and HK\$24.4 million for the nine months ended 31 December 2019 and 2018 respectively. The increase in staff costs was attributable to the increase in headcount for business expansion.



## **Rental and related expenses**

Rental and related expenses amounted to approximately HK\$2.9 million and HK\$8.0 million for the nine months ended 31 December 2019 and 2018 respectively, which comprised of rental payments, management fees, rates and government rent and license fees for our medical aesthetic centres and retail/service outlets. The decrease was mainly due to the absence of operating leases payments with lease terms more than 12 months as a result of adoption of HKFRS 16.

## **Depreciation of property, plant and equipment**

Depreciation expenses amounted to approximately HK\$6.0 million and HK\$4.2 million for the nine months ended 31 December 2019 and 2018 respectively. The increase was mainly due to the acquisition of the property, plant and equipment.

## **Depreciation of right-of-use assets**

The Group recorded depreciation of right-of-use assets of approximately HK\$10.9 million for the nine months ended 31 December 2019, compared to nil for the nine months ended 31 December 2018, was due to the adoption of HKFRS 16 with the date of initial application of 1 April 2019. For further details, please refer to note 3 of the Notes to Condensed Consolidated Financial Statements above.

## **Other expenses**

Other expenses amounted to approximately HK\$21.7 million and HK\$14.8 million for the nine months ended 31 December 2019 and 2018 respectively, which mainly represented consultancy fee to doctors, card commission expenses, marketing and promotion expenses and other operating and administrative expenses. The increase was primarily due to the increment in promotional campaigns such as outdoor advertising and various social media platforms to improve the brand awareness so as to maintain the business and gain market share.

## **Loss for the period**

The Group recorded a loss of approximately HK\$13.4 million for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$6.3 million). This is mainly due to the increase in operating costs including staff costs, rental expenses (i.e. rental and related expenses and depreciation of right-of-use assets), marketing and promotion expenses for the Group's business expansion.

## Dividend

The Board does not recommend a payment of any dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

# 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 nine months ended 31 December 2019 and up to the date of this report, save for the F.1.1 of CG Code that the position of the company secretary became vacant following the resignation of Ms. Lee Ka Man Carmen on 31 May 2019. The Company has subsequently appointed Mr. Li Chi Lok as the company secretary on 8 November 2019 to fill the vacancy and please refer to announcement of the Company in respect of the appointment of company secretary dated 8 November 2019 for details. 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 nine months ended 31 December 2019.

## **AUDIT COMMITTEE AND REVIEW OF THE THIRD QUARTERLY 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 nine months ended 31 December 2019 and the third quarterly report. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2019 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 nine months ended 31 December 2019, 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**”), save for the compliance adviser service provided by Innovax as at the date of this report, 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.

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

As at 31 December 2019, 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	Capacity/Nature of interest	Number of Shares held (Note i)	Percentage of shareholding
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 31 December 2019, 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 31 December 2019, 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	Capacity/Nature of interest	Number of Shares held (Note i)	Percentage of shareholding
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 31 December 2019, 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 31 December 2019 and up to the date of this report.

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this third quarterly report, at no time during the nine months ended 31 December 2019 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 nine months ended 31 December 2019, 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, 12 February 2020

*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.*