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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF PROPERTY

The Board is pleased to announce that on 8 June 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and Sale Loan at the Consideration of HK\$23.0 million (subject to adjustments), of which HK\$2.0 million shall be settled in cash as deposit upon the signing of the Agreement and the remaining balance shall be satisfied by the issue of the Promissory Note in the sum of Completion Payment by the Purchaser upon Completion. The principal asset of the Target Company is the Property.

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

The Board is pleased to announce that on 8 June 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and Sale Loan at the Consideration.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

8 June 2023 (after trading hours)

Parties

- (i) The Vendor
- (ii) The Purchaser

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Party.

Assets to be disposed

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor, (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan, representing the total amount of loan due and payable by the Target Company to the Vendor upon Completion.

As of the date of this Announcement, the principal asset of the Target Company is the Property and the Target Company legally and beneficially owns the Property.

Consideration

The Consideration payable by the Purchaser upon Completion shall be an amount equivalent to the amount computed by reference to the Completion Accounts. The computation of the Consideration is as follows:

= An amount equal to HK\$23,000,000

- (a) plus the amount of the Net Asset Value as set out in the Completion Accounts (if it is a positive amount); or
- (b) minus the absolute value of the Net Asset Value as set out in the Completion Accounts (if it is a negative amount).

For the purposes of apportionment, the Loan Consideration shall be an amount equal to face amount of the Sale Loan; and the Share Consideration shall be an amount calculated by deducting the Loan Consideration from the Consideration.

Payment manner of the Consideration

The Purchaser shall pay to the Vendor the Consideration in the following manners:

- (a) Upon the signing of the Agreement, the Deposit in the sum of HK\$2,000,000, being the deposit and in part payment of the Consideration, shall be paid by the Purchaser to the Company, on behalf of the Vendor;
- (b) an amount equal to the Completion Payment shall be satisfied by the issue of the Promissory Note by the Purchaser upon Completion.

In the event that the Completion does not take place, the Deposit together with all interest accrued shall be forthwith repaid by the Company to the Purchaser.

The Sale Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference (i) the preliminary valuation of the Property from bank; (ii) market prices of similar properties of similar size, character and location; and (iii) the recent property and financial market situation.

The Loan Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the face value of the Sale Loan.

Principal terms of the Promissory Note

Set out below are the principal terms of the Promissory Note:

Issuer	:	The Purchaser
Principal amount	:	An amount equals to the Completion Payment
Issue date	:	Completion Date
Maturity date	:	The date falling on the first anniversary of the Completion Date
Interest rate	:	6% per annum from the date of issue of the Promissory Note
Security	:	The obligations of the Purchaser under the Promissory Note are secured by the Share Charge
Early redemption	:	The Purchaser may redeem all or part of the outstanding principal amount of the Promissory Note at any time from the issue date up to the day immediately prior to the maturity date by serving not less than ten (10) Business Days' prior written notice to the holder of the Promissory Note, provided that each redemption shall be made in the principal amount of not less than HK\$1,000,000 (or the entire outstanding principal amount if the outstanding principal amount of the Promissory Note is less than HK\$1,000,000)
Transferability	:	The Promissory Note may, with five (5) Business Days' prior notice in writing to the Purchaser of the Vendor's intention to transfer or assign the Promissory Note, be freely transferable and assignable by the Vendor to any other person

Share Charge

To secure the due and punctual performance of the obligations of the Purchaser under the Agreement and the Promissory Note, upon Completion, the Purchaser shall execute the Share Charge, pursuant to which the Purchaser shall charge all the Sale Share in favour of the Vendor.

Conditions Precedent

Completion of the Disposal is subject to the fulfillment and/or waiver by the Purchaser (as the case may be) of the following Conditions on or before the Long Stop Date:

- (a) the Purchaser having conducted the Due Diligence Exercise and satisfied with the results thereof;
- (b) the Company having issued an announcement in respect of this Agreement and the transactions contemplated hereunder pursuant to the GEM Listing Rules; and
- (c) the board of directors of each of the Purchaser and the Company having approved this Agreement and the transactions contemplated hereunder.

Unless the Purchaser could substantiate the reason of its not being satisfied with the results of the Due Diligence Exercise, it is agreed that the Purchaser shall pay and reimburse the Vendor a sum of HK\$100,000 if any Conditions have not been fulfilled on or before the Long Stop Date, in which case, the Company shall repay to the Purchaser the Deposit together with interest less the sum of HK\$100,000. All obligations and liabilities of the parties to the Agreement will forthwith cease and determine and no party to the Agreement will have any claim against the other (save for any antecedent breaches of the Agreement) pursuant to the terms and conditions of the Agreement.

Completion of the Disposal

Completion shall take place on the fifth Business Day immediately following the date that all Conditions have been fulfilled and/or waived (as the case may be) but in any event not later than the Long Stop Date.

Following Completion, the Company and the Vendor shall not hold any equity interest in the Target Company and therefore the Target Company shall cease to be a subsidiary of the Company and accordingly the financial results of the Target Company shall cease to be consolidated into the accounts of the Group.

The net proceeds from the Disposal of approximately HK\$23.0 million (subject to adjustments) is intended to be utilised as general working capital of the Group.

Information of the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Save and except for holding the Property as an investment, the Target Company does not carry on any other business. As of the date of this announcement, the Target Company legally and beneficially owns the Property.

Set out below is a summary of audited financial information of the Target Company for the two years ended 31 March 2022 and 2023:

	For the year ended 31 March 2022 HK\$ (audited)	For the year ended 31 March 2023 HK\$ (unaudited)
Net loss before tax	97,000	105,000
Net loss for the year	197,000	105,000

The audited total asset value and the unaudited total asset value of the Target Company as at 31 March 2022 and 31 March 2023 were HK\$23.6 million and HK\$22.5 million respectively. The audited total net liabilities and the unaudited total net liabilities of the Target Company as at 31 March 2022 and 31 March 2023 were HK\$0.2 million and HK\$0.3 million respectively.

Information of the Purchaser

The Purchaser, namely Flexcore Limited, is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficiary owner are Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance and diversify investment geographically.

Given the financial position of the Group for the past two years, the Directors consider the Disposal allows the Group to improve its financial position and focus its resources in pursuing development opportunities of the Group's existing businesses. The Directors are of the view that the Disposal represents a good opportunity for the Group to realise the value of the Property and enhance the liquidity of the Group.

Having considered the above, the Directors consider the terms of the Disposal are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Group and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Property is for self-use and it did not generate any income and/or profit for each of the two financial years immediately preceding the Agreement in the financial results of the Group.

Upon completion of the Disposal, it is estimated that a gain of approximately HK\$0.5 million will be included in the financial results of the Group for the year ending 31 March 2024. Such calculation is only an estimate provided for illustrative purposes and the accounting treatment of the Disposal will be subject to further review by the auditors of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	the agreement dated 8 June 2023 entered into between the Purchaser and the Vendor
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Company”	Fameglow Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Accounts”	the unaudited completion accounts of the Target Company comprising an income statement for the period after the 31 March 2023 and up to the Completion Date and a balance sheet as at the Completion Date
“Completion Date”	on the fifth business day after the day on which the last of the conditions as set out in the Agreement is fulfilled (or otherwise waived) (or such other date as may be agreed by the Vendor and the Purchaser in writing)
“Completion Payment”	the balance of the Consideration after deducting the Deposit
“Conditions”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” in this announcement

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser upon Completion for the Sale Share and Sale Loan
“Deposit”	a sum of HK\$2.0 million, being the deposit and in part payment of the Consideration
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the Agreement
“Due Diligence Exercise”	due diligence exercise on the assets, liabilities, business and undertakings of the Target Company including without limitation, on the books, records and constitutional documents, contracts, title deeds and any other documents relating to the Target Company and/or the Property
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
“Loan Consideration”	the consideration for the disposal of the Sale Loan
“Long Stop Date”	29 July 2023 or such later date as may be agreed between the Vendor and the Purchaser
“Net Asset Value”	the total assets of the Target Company (other than the value of the Property) minus the total liabilities of the Target Company (other than the Sale Loan)
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note to be issued by the Purchaser upon Completion in the principal amount of the Completion Payment at the interest of 6% per annum for a term of one year

“Property”	the property located at Unit 304, Global Gateway Tower, 63 Wing Hong Street Cheung Sha Wan Kowloon, Hong Kong
“Purchaser”	Flexcore Limited, a company incorporated in Hong Kong with limited liability
“Sale Loan”	the total amount of loan due and payable by the Target Company to the Vendor upon Completion
“Sale Share”	one issued share of the Target Company, representing the entire issued share capital in the Target Company
“Share Consideration”	the consideration for the purchase of the Sale Share
“Shareholder(s)”	the holder(s) of the issued ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fortune Marvel Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Dermaglow Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 8 June 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 Listed Company Information” 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.