Fameglow Holdings Limited
亮晴控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8603)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to higher 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.

*This announcement, for which the directors (the "**Directors**") of Fameglow Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

HIGHLIGHT

- The Group's revenue amounted to approximately HK$299,364,000 for the year ended 31 March 2024, representing an increase of approximately HK$71,781,000 or 31.5% as compared to the year ended 31 March 2023.

- Total comprehensive income for the year attributable to the owners of the Company was approximately HK$40,751,000 for the year ended 31 March 2024 as compared to a profit of approximately HK$16,369,000 for the year ended 31 March 2023.

- The Board does not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

ANNUAL RESULTS

The Board of Directors (the "**Board**") of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2024, together with the comparative figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	NOTES	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*5*	**299,364**	227,583
Cost of inventories and consumables		**(38,473)**	(27,982)
Other income	*6*	**2,160**	5,994
Other gains or losses, net	*7*	**–**	(2,646)
Gain on disposal of a subsidiary		**858**	–
Staff costs		**(100,292)**	(80,305)
Rental and related expenses		**(7,012)**	(2,871)
Depreciation of property, plant and equipment		**(25,775)**	(25,751)
Depreciation of right-of-use assets		**(20,450)**	(21,055)
Other expenses		**(62,944)**	(52,143)
Finance costs	*8*	**(3,155)**	(3,800)
Profit before taxation	*9*	**44,281**	17,024
Income tax expense	*10*	**(3,530)**	(655)
Profit and total comprehensive income for the year attributable to owners of the Company		**40,751**	16,369
Earnings per share			
— basic and diluted *(HK cents)*	*11*	**5.09**	2.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**63,435**	97,887
Right-of-use assets		**33,126**	49,550
Deposits and prepayments	*12*	**12,726**	7,419
Contract costs		**898**	1,566
Deferred tax assets		**1,572**	–
		111,757	156,422
Current assets			
Inventories		**9,435**	7,058
Trade receivables, deposits and prepayments	*12*	**30,522**	17,243
Contract costs		**6,171**	8,198
Promissory note receivable	*13*	**17,287**	–
Bank balances and cash		**19,309**	19,220
		82,724	51,719
Current liabilities			
Trade and other payables and accruals	*14*	**23,895**	20,429
Contract liabilities		**58,982**	96,137
Tax payables		**2,646**	1,998
Bank borrowings	*15*	**10,019**	14,378
Lease liabilities		**15,988**	19,152
		111,530	152,094
Net current liabilities		**(28,806)**	(100,375)
Total assets less current liabilities		**82,951**	56,047

	NOTES	**2024**	2023
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**19,538**	32,845
Provisions		**3,161**	3,116
Deferred tax liabilities		**–**	585
		22,699	36,546
Net assets		**60,252**	19,501
Capital and reserves			
Share capital	*16*	**8,000**	8,000
Reserves		**52,252**	11,501
Total equity		**60,252**	19,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Fameglow Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 2 March 2018 under the Companies Law Chapter 22 of the Cayman Islands. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 October 2018. As at 31 March 2024, the ultimate holding company of the Company is Equal Joy Holdings Limited ("**Equal Joy**"), which was incorporated in the British Virgin Islands ("**BVI**"), and is owned as to 50% and 50% 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 referred to as the "**Controlling Shareholders**"). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Unit 304, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

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

The consolidated financial statements are presented in thousands of units of Hong Kong dollar ("**HK$'000**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by Hong Kong Companies Ordinance (Cap.622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

Application of new and amendments to HKFRSs

(a) Application of new and amendments to HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (include the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described in notes 3(c) and (d), the application of the new amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2023. The amendments to standards and interpretation include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("**HK Int 5 (Revised)**")	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

(c) New HKICPA guidance on the accounting implications of the abolition of the MPFLSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1st May, 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group's financial performance and financial position in previous years.

(d) ***Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"***

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

4. SEGMENT INFORMATION

Segment information

In relation to the financial information reported to the executive directors of the Company, being the chief operating decision maker (the "**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. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and services provided and all of the Group's non-current assets are located in Hong Kong by physical location of assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue for both years.

5. REVENUE

Revenue

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

The details of provision of treatment services are set out below:

Non-surgical medical aesthetic service

Energy-based procedures	—	representing the usage of different energy-based devices that emit different types of energy on skin surface
Minimally invasive procedures	—	representing injection treatments that is non-surgical treatments procedures with minimal penetration to body tissue and no surgical incisions
Traditional beauty services	—	representing treatments that are non-medical and non-invasive in nature

	2024	2023
	HK$'000	*HK$'000*
Revenue recognised from provision of treatment services and expiry of prepaid treatment packages		
— Non-surgical medical aesthetic services		
— Energy-based procedures	**256,971**	201,017
— Minimally invasive procedures	**19,221**	15,708
— Traditional beauty services	**9,939**	9,972
	286,131	226,697
Sale of skincare products	**13,233**	886
Revenue from contracts with customers	**299,364**	227,583
Timing of revenue recognition:		
Over time	**269,631**	212,239
At point in time	**29,733**	15,344
	299,364	227,583

Performance obligations for contracts with customers

The following table shows the aggregate amount of contract liabilities represented the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
Unsatisfied performance obligations relating to provision of treatment services	**58,982**	96,137

Management of the Group expects that the unsatisfied performance obligations will be recognised as revenue ranging from 1–2 years according to the contract period and the timing of render of services is at the discretion of the customers. In the opinion of the directors, the actual outcome may be different from the amounts estimated and will be subject to the customers actual utilisation pattern taking into account specific market.

Information about the Group's performance obligations is summarised below:

Energy-based procedures/Traditional Minimally invasive procedures/beauty services

The performance obligation associated with energy-based procedures, traditional minimally invasive procedures and beauty services (excluding the injections related treatments) are satisfied over time when the services are rendered.

Sale of skincare products/Minimally invasive procedures(represented injections related treatments)

The performance obligation is satisfied upon delivery of the skin care products and completion of the injection treatment. Payment is mainly on cash and/or credit card settlement.

6. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Interest income from bank deposits	**28**	14
Interest income from promissory note	**787**	–
Government grants	**–**	4,657
Effective interest income from rental deposits	**394**	368
Others	**951**	955
	2,160	5,994

7. OTHER GAINS OR (LOSSES), NET

	2024 *HK$'000*	2023 *HK$'000*
Gain on early termination of lease	–	1,051
Gain on lease modification	–	667
Written off of property, plant and equipment	–	(4,364)
	–	(2,646)

8. FINANCE COSTS

	2024 *HK$'000*	2023 *HK$'000*
Interests on:		
Bank borrowings	**424**	426
Lease liabilities	**2,659**	3,331
Unwinding of discount on provision	**45**	43
Long service payment	**27**	–
	3,155	3,800

9. PROFIT BEFORE TAX

	2024 *HK$'000*	2023 *HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**7,808**	6,160
Other staff costs:		
Salaries, wages, commission, bonuses and allowances	**88,955**	71,698
Retirement benefit scheme contributions	**2,705**	2,447
Provision for long service payment	**824**	–
Total staff costs	**100,292**	80,305
Consultancy fee for doctors (included in other expenses)	**14,873**	9,569
Marketing and promotion expenses (included in other expenses)	**29,597**	20,270
Auditor's remuneration		
— audit services	**480**	450
Depreciation of property, plant and equipment	**25,775**	25,751
Depreciation of right-of-use assets	**20,450**	21,055
Expenses relating to short-term lease payment	**805**	27

10. INCOME TAX EXPENSE

	2024 *HK$'000*	2023 *HK$'000*
Hong Kong Profits Tax:		
Current tax	**5,687**	1,094
Deferred tax	**(2,157)**	(439)
	3,530	655

For the years ended 31 March 2024 and 2023, Hong Kong Profits Tax is calculated at 8.25% (2023: 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% (2023: 16.5%) on the estimated assessable profits above HK$2,000,000 of that subsidiary. The assessable 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% (2023: 16.5%).

11. EARNINGS PER SHARE

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

	2024 *HK$'000*	2023 *HK$'000*
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**40,751**	16,369

	2024	2023
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	**800,000,000**	800,000,000

No diluted earnings per share has been presented as there were no potential ordinary shares in issue for the years ended 31 March 2024 and 2023.

12. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 *HK$'000*	2023 *HK$'000*
Trade receivables	**11,848**	8,543
Rental, utilities and other deposits	**14,241**	11,007
Prepayments *(Note)*	**17,159**	5,112
Total trade receivables, deposits and prepayments	**43,248**	24,662
Analysed for reporting purposes as:		
Non-current assets	**12,726**	7,419
Current assets	**30,522**	17,243
	43,248	24,662

Note: As at 31 March 2024, prepayments mainly represent the prepaid marketing expense of approximately HK$1,495,000 (2023: HK$852,000) and advance payment for acquisition of property, plant and equipment of approximately HK$10,789,000 (2023: HK$nil).

The customers usually settle the prepaid packages by credit cards in monthly instalments and electronic payment system ("**EPS**"). For credit card payments, the banks will normally settle the amounts received, net of handling charges within two–three days. For credit card payment by installments, the bank will settle the balance 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:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**5,812**	263
31–90 days	**3,093**	1,037
Over 90 days	**2,943**	7,243
	11,848	8,543

As at 31 March 2024 and 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$1,500,000 (2023: HK$2,638,000) which are past due at the end of the reporting period. The directors do not consider the amount as significant increase in credit risk with reference to the historical records, past experience and also available reasonable and supportive forward-looking information of these debtors, and the recurring overdue records of these debtors with satisfactory settlement history.

13. PROMISSORY NOTE RECEIVABLE

	2024	2023
	HK$'000	*HK$'000*
Promissory note receivable	**17,287**	–

The promissory note receivable represented the Group's consideration receivable in relation to the disposal of a subsidiary namely Fortune Marvel Limited ("**Fortune Marvel**") during the year ended 31 March 2024.

14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**2,388**	1,671
Payables for salaries	**10,218**	8,384
Payables for consultancy fee for doctors	**1,332**	1,119
Accruals and other payables	**9,106**	9,255
Provision for long service payment	**851**	–
	23,895	20,429

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

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

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**2,379**	1,671
31–60 days	**9**	–
	2,388	1,671

15. BANK BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Variable-rate bank borrowings, unsecured	**10,019**	14,378
The carrying amounts are repayable*:		
Within one year	**2,489**	4,392
Within a period of more than one year but not exceeding two years	**2,356**	2,693
Within a period of more than two years but not exceeding five years	**2,613**	3,839
Over 5 years	**2,561**	3,454
	10,019	14,378
Less: Amounts due within one year or contain a repayable on demand clause shown under current liabilities	**(10,019)**	(14,378)
Amounts shown under non-current liabilities	**–**	–

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

16. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**10,000,000,000**	**100,000**
Issued and fully paid:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**800,000,000**	**8,000**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the GEM Listing Rules.

17. DIVIDEND

No dividend was paid or proposed for ordinary shareholder of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the ended of the reporting period (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

In order to seize the opportunity created by increasing customer demands, we expanded our operation scale by opening several new centres. In May 2021, June 2022 and April 2023, we have launched a new flagship centre in Mong Kok, a prime new centre in Tsim Sha Tsui, and a prime new centre in Central respectively to facilitate the continuous growth of our business. The Group believes that the expansion will enable us to deepen our market penetration in Hong Kong and improve our Group's profitability. The Group will also take advantage of its enlarging geographical presence to attract new and more diverse customers. Along with the strategic expansion of its medical aesthetic centre network, the Group will sharpen its competitive advantage by extending the spectrum of our treatment services offered. As such, the Group has launched some new brands to penetrate the market and diverse our customers throughout the year, including but not limited to "Angus' Beauty Concept" which offer high-ended services to our valuable customers, "LASERKOOL" which specialises in hair treatment for men, and "Face It" which provides trendy and quality services to teenagers.

For the year ended 31 March 2024, the business environment in Hong Kong was recovering as the COVID-19 pandemic was relatively contained as compared to the year ended 31 March 2023, and with the reasons as mentioned above, the Group's revenue amounted to approximately HK$299.4 million, representing an increase of approximately HK$71.8 million or 31.5% as compared with the corresponding period of 2023. Profit for the year amounted to approximately HK$40.8 million, while the corresponding period amounted to approximately HK$16.4 million. The increase in net profit was primarily attributable to the increased revenue for the year ended 31 March 2024 as compared to 2023.

PROSPECTS

The outlook of medical aesthetic services remains positive and the Group will closely monitor the market conditions and will intensify its response and elaborate sustainable development strategies to capture opportunities under the current environment.

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

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately HK$299.4 million for the year ended 31 March 2024 and approximately HK$227.6 million for the year ended 31 March 2023 which represented an increase of approximately HK$71.8 million or 31.5% as compared with the corresponding period of 2023. The increase was primarily attributable to the decreased in days of compulsory closure for the medical aesthetic centres of the Group for the year ended 31 March 2024 as compared to 2023, containment of the COVID-19 pandemic, government measures to revive the consumption, the new prime centre launched in Central and the success of the new brands launched throughout the year.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK$38.5 million and HK$28.0 million for the years ended 31 March 2024 and 2023 respectively. The increase was mainly attributable to the increased revenue.

Other income

Other income amounted to approximately HK$2.2 million and HK$6.0 million for the years ended 31 March 2024 and 2023 respectively. The decrease in other income was attributable to the Government subsidies granted for the year ended 31 March 2023, while there was no Government subsidies for the year ended 31 March 2024.

Staff costs

Staff costs amounted to approximately HK$100.3 million and HK$80.3 million for the years ended 31 March 2024 and 2023 respectively. The increase in staff costs was mainly due to the increased working days as a result of the decreased in temporary closure of medical aesthetic centres of the Group as compared to 2023.

Rental and related expenses

Rental and related expenses amounted to approximately HK$7.0 million and HK$2.9 million for the years ended 31 March 2024 and 2023 respectively, which comprised of rental payments of short-term leases, management fees, rates and government rent and license fees for our medical aesthetic centres and retail/service outlets.

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of approximately HK$20.4 million and HK$21.1 million for the years ended 31 March 2024 and 2023 respectively. The decrease was mainly due to a lease termination for a medical aesthetic centre for the year ended 31 March 2024.

Depreciation of property, plant and equipment

Depreciation expenses amounted to approximately HK$25.8 million and HK$25.8 million for the years ended 31 March 2024 and 2023 respectively.

Other expenses

The breakdown of the other expenses is as follows:

	2024	2023
	HK$'000	*HK$'000*
Marketing and promotion expenses	**29,597**	20,270
Consultancy fee for doctors	**14,873**	9,569
Card commission	**6,084**	5,041
Professional fees	**1,653**	1,615
Repair and maintenance fees	**2,818**	2,133
Other	**7,919**	13,515
	62,944	52,143

Other expenses amounted to approximately HK$62.9 million and HK$52.1 million for the years ended 31 March 2024 and 2023 respectively, which mainly represented consultancy fee to doctors, card commission expenses, marketing and promotion expenses and other operating and administrative expenses. Other expenses increased by approximately HK$10.8 million mainly due to the decreased in working days on temporary closure of medical aesthetic centres as compared to 2023 has led the increased in consultancy fee for doctors, card commission and other expenses as well as the increase in marketing and promotion expenses.

Profit for the year

The Group recorded a net profit of approximately HK$40.8 million for the year ended 31 March 2024 (2023: approximately HK$16.4 million). The increase in net profit mainly due to the increased in revenue as compared to the year ended 31 March 2023.

Dividends

The Board does not recommend a payment of any dividend for the year ended 31 March 2024 (2023: Nil).

Capital structure, liquidity and financial resources

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

The total equity of the Group as at 31 March 2024 was approximately HK$60.3 million (2023: approximately HK$19.5 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK$19.3 million as at 31 March 2024 (2023: approximately HK$19.2 million). The Group had total outstanding debts of approximately HK$45.5 million as at 31 March 2024 (2023: approximately HK$66.4 million), which comprised lease liabilities, amounting to approximately HK$35.5 million (2023: approximately HK$52.0 million) and bank borrowings, amounting to approximately HK$10.0 million (2023: approximately HK$14.4 million).

Capital expenditures

The Group purchased property, plant and equipment amounting to approximately HK$13.5 million for the year ended 31 March 2024 which comprised additions of treatment devices, furniture and fixtures, motor vehicles and leasehold improvements (2023: approximately HK$32.2 million).

Employees and remuneration policies

As at 31 March 2024, the Group had a total of 206 employees (2023: 201 employees). The Group'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 Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes basic salary, commission, discretionary bonus and retirement benefit scheme contributions.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and this announcement, the Group does not have other plans for material investments and capital assets.

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

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

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

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

Gearing ratio

The gearing ratio, which is based on the total amounts of total bank borrowings and lease liabilities divided by total equity, was 75.6% as at 31 March 2024 (2023: 340.4%). The decrease was mainly due to increase in net assets of the Group.

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 years ended 31 March 2024 and 2023. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

Commitments

As at 31 March 2024, the Group had committed to leasehold improvement expenditure of approximately HK$5,000,000 (2023: HK$1,530,000).

Contingent liabilities

As at 31 March 2024, the Group had no significant contingent liabilities (2023: Nil).

Financial risk management

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

Bank borrowings

As at 31 March 2024, the Group had unsecured and guaranteed bank borrowings of approximately HK$10.0 million (2023: approximately HK$14.4 million). As at 31 March 2024 and 31 March 2023, the entire bank borrowings were guaranteed by personal guarantees from the Controlling Shareholders and HKMC Insurance Limited.

Pledge of assets

As at 31 March 2024, the carrying amount of right-of-use assets included an amount of approximately HK$1.0 million (2023: approximately HK$1.1 million) representing treatment devices and motor vehicles which were acquired under hire purchase arrangement.

Subsequent events

There was no significant event occurred after the end of the reporting period.

COMPETING BUSINESS

During the year ended 31 March 2024, and up to the date of this announcement, 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.

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

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 year ended 31 March 2024 and up to the date of this announcement. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the GEM Listing Rules.

REQUIRED STANDARD OF DEALINGS FOR DIRECTORS' SECURITIES TRANSACTIONS

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 year months ended 31 March 2024.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Yu Chi Wing (chairman), Mr. Kwok David and Mr. Tan Pui Kwan, all of them are independent non-executive Directors. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2024 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the financial year, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee and approved by the Board, as to the amounts set out in the Group's draft consolidated financial statements for the year.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2024. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this annual result announcement.

By order of the Board
Fameglow Holdings Limited
Yip Chun Kwok Danny, MH
Chairman

Hong Kong, 28 June 2024

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 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.