GLORY FLAME HOLDINGS LIMITED
朝威控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8059)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 Glory Flame 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 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.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014, the operating results of the Group were as follows:

- Revenue amounted to approximately HK$89.4 million (2013: approximately HK$74.4 million), representing an increase of approximately 20.2% from last year;

- Net profit for the year ended 31 December 2014 amounted to approximately HK$4.8 million (2013: approximately HK$9.8 million), representing a decrease of approximately 50.9% from last year;

- Basic and diluted earnings per share for the year ended 31 December 2014 based on weighted average number of ordinary shares was approximately HK$0.87 cents (2013: approximately HK$1.92 cents);

- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Revenue	*4*	**89,392**	74,394
Cost of sales	*5*	**(58,252)**	(47,014)
Gross profit		**31,140**	27,380
Other income and net gains	*4*	**1,097**	143
Administrative and other operating expenses	*5*	**(23,714)**	(14,606)
Operating profit		**8,523**	12,917
Finance costs	*6*	**(335)**	(381)
Profit before income tax		**8,188**	12,536
Income tax expense	*7*	**(3,366)**	(2,706)
Profit and total comprehensive income for the year attributable to owners of the Company		**4,822**	9,830
Basic and diluted earnings per share (HK cents)	*8*	**0.87**	1.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**13,507**	10,305
Current assets			
Inventories		**657**	1,592
Trade and other receivables	*10*	**27,122**	25,400
Amounts due from related companies		**–**	372
Cash and cash equivalents		**40,996**	4,384
		68,775	31,748
Total assets		**82,282**	42,053
EQUITY			
Capital and reserves			
Share capital	*12*	**6,200**	5,000
Share premium	*12*	**34,025**	–
Merger reserve		**15,800**	–
Retained earnings		**14,954**	10,132
Total equity		**70,979**	15,132
LIABILITIES			
Non-current liabilities			
Borrowings		**730**	3,025
Deferred taxation		**1,274**	765
		2,004	3,790
Current liabilities			
Trade and other payables	*11*	**6,139**	9,992
Amount due to a shareholder		**–**	3,348
Borrowings		**1,881**	8,144
Tax payable		**1,279**	1,647
		9,299	23,131
Total liabilities		**11,303**	26,921
Total equity and liabilities		**82,282**	42,053
Net current assets		**59,476**	8,617
Total assets less current liabilities		**72,983**	18,922

1. GENERAL INFORMATION

Glory Flame Holdings Limited (the "Company") was incorporated in the Cayman Islands on 25 April 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 15 August 2014. Its parent and ultimate holding company is Power Key Investments Limited ("Power Key"), a company incorporated in the British Virgin Islands (the "BVI") and beneficially owned by Mr. Pei Wing Fu ("Mr. Pei") and Ms. Lau Kwai Fong ("Mrs. Pei") (hereinafter collectively referred to as the "Controlling Parties").

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following standards, amendments and interpretations have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to HKAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities.
- Amendments to HKAS 36, "Impairment of Assets", on the recoverable amount disclosures for non-financial assets.
- Amendment to HKAS 39, "Financial Instruments: Recognition and Measurement" on the novation of derivatives and the continuation of hedge accounting.
- HK(IFRIC) 21, "Levies", set out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions".

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

Certain new standards and amendments of HKFRSs have been published but are not yet effective for annual period beginning on 1 January 2014 and have not been early adopted by the Group. The management is in the process of assessing the impact of these new standards and amendments on the financial statements of the Group. The adoption of these new standards and amendments when they become effective is currently not expected to have a material impact on the financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the receipts from the provision of concrete demolition services in the ordinary course of business. Revenue and other income and net gains recognised during the year are as follows:

	2014	2013
	HK$'000	HK$'000
Turnover		
Provision of concrete demolition services	**89,392**	74,394

	2014	2013
	HK$'000	HK$'000
Other income and net gains		
Interest income	**35**	–
Exchange gains	**107**	–
Gain on disposal of property, plant and equipment	**56**	44
Recovery of bad debts	**387**	–
Reversal of allowance for impairment of retention receivables	**227**	–
Others	**285**	99
	1,097	143

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors regards the Group's business as a single operating segment and reviews the consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

For the year ended 31 December 2014, there was one (2013: Nil) customer which individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from this customer amounted to approximately 14% (2013: Nil) of the Group's total revenue.

5. EXPENSES BY NATURE

	2014	2013
	HK$'000	HK$'000
Cost of sales		
Raw materials and consumables	**9,535**	8,246
Subcontracting charges	**23,991**	19,356
Staff costs	**13,429**	11,224
Transportation expenses	**2,662**	1,881
Machinery rental cost	**209**	300
Repair and maintenance	**2,173**	1,274
Depreciation of owned assets	**3,787**	2,314
Depreciation of assets under finance leases	**2,294**	2,294
Other expenses	**172**	125
	58,252	47,014
Administrative and other operating expenses		
Auditors' remuneration	**600**	36
Staff costs, including directors' emoluments	**4,850**	4,861
Depreciation of owned assets	**1,076**	484
Depreciation of assets under finance leases	**–**	604
Operating lease rental on premises	**951**	1,445
Travelling	**30**	132
Insurance	**377**	441
Legal and professional fees	**827**	–
Listing expenses	**8,994**	–
Provision for impairment on trade receivables	**142**	85
Provision for impairment on retention receivables	**–**	581
Entertainment	**1,955**	1,836
Motor vehicles expenses	**2,031**	2,400
Other expenses	**1,881**	1,701
	23,714	14,606

6. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on finance leases	**179**	298
Interest on bank borrowings wholly repayable within five years	**156**	83
	335	381

7. **INCOME TAX EXPENSE**

Hong Kong profits tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2014	2013
	HK$'000	HK$'000
Hong Kong profits tax:		
– Current year	**2,781**	1,941
– Under-provision in prior year	**76**	–
Deferred income tax	**509**	765
Income tax expense	**3,366**	2,706

8. **EARNINGS PER SHARE**

	2014	2013
Profit attributable to owners of the Company (HK$'000)	**4,822**	9,830
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**552,819**	511,500
Basic earnings per share (HK cents)	**0.87**	1.92

For the year ended 31 December 2014, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the year.

For the year ended 31 December 2013, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of 511,500,000 shares (comprising 1,000 shares in issue and 511,499,000 shares to be issued under the capitalisation issue), as if these 511,500,000 shares were outstanding throughout the year.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014 or up to the date of this announcement (2013: Nil).

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	HK$'000
Trade receivables	**22,878**	22,501
Less: allowance for impairment of trade receivables	**(129)**	(85)
Trade receivables, net	**22,749**	22,416
Retention receivables	**3,284**	3,491
Less: allowance for impairment of retention receivables	**(207)**	(581)
Retention receivables, net	**3,077**	2,910
Other receivables, deposits and prepayments	**1,296**	74
	27,122	25,400

Notes:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 15 days generally. Trade receivables are denominated in HKD.

(b) The ageing analysis of the trade receivables based on invoice date is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 30 days	**6,247**	6,699
31 – 60 days	**4,510**	5,880
61 – 90 days	**3,747**	6,285
91 – 365 days	**7,679**	2,353
Over 365 days	**566**	1,199
	22,749	22,416

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade payables	**4,135**	5,767
Accruals and other payables	**2,004**	4,225
	6,139	9,992

Note:

Payment terms granted by suppliers are 30 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 30 days	**1,883**	2,941
31 – 60 days	**5**	642
61 – 90 days	**–**	30
Over 90 days	**2,247**	2,154
	4,135	5,767

12. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Ordinary shares HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
On 25 April 2014 (date of incorporation) *(Note b)*	38,000,000	380
Increase in authorised share capital *(Note c)*	1,962,000,000	19,620
As at 31 December 2014	**2,000,000,000**	**20,000**

	Number of ordinary shares	Ordinary shares HK$'000	Share premium HK$'000
Issued and fully paid:			
On 25 April 2014 (date of incorporation) *(Note b)*	1,000	–	–
Shares issued pursuant to the capitalisation issue *(Note d)*	511,499,000	5,115	(5,115)
Shares issued pursuant to the placing *(Note e)*	108,500,000	1,085	39,140
As at 31 December 2014	620,000,000	6,200	34,025

Notes:

(a) The balance of share capital at 31 December 2013 represents the aggregate of paid up share capital of the subsidiaries comprising the Group prior to Reorganisation.

(b) On 25 April 2014, the Company was incorporated in the Cayman Islands with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 per share. One nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, and was subsequently transferred to Power Key on the same date. On the same date, 785 and 214 nil-paid shares were allotted and issued to Power Key and Talent Great Investments Limited ("Talent Great") respectively. Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Ultimate Expert from Power Key and Talent Great respectively, on 8 May 2014, the 786 and 214 nil-paid shares held by Power Key and Talent Great respectively, were credited as fully paid.

(c) On 2 August 2014, pursuant to the written resolutions of the shareholders of the Company, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional of 1,962,000,000 shares, each ranking pari passu with shares then in issue in all respects.

(d) On 2 August 2014, the Company issued and allotted a total of 511,499,000 ordinary shares of the Company credited as fully paid at par to the then shareholders of the Company's shares on the register of members at the close of business on 2 August 2014 by way of capitalisation of the sum of HK$5,114,990 standing to the credit of the share premium account of the Company, pursuant to the written resolutions of the shareholders of the Company passed on 2 August 2014.

(e) On 15 August 2014, the Company issued 108,500,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK$0.40 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year ended 31 December 2014 (the "Reporting Period"), the construction industry in Hong Kong continued to grow primarily due to the government's plan to increase the supply of residential housing and to improve infrastructure such as railway and highway. There were also an increasing number of alternation and redevelopment projects for industrial and commercial buildings in Hong Kong, all of which contributed to a higher demand for concrete demolition services and presented opportunities for the concrete demolition business for our Group.

BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group's principal activities are the provision of concrete demolition service in Hong Kong as a subcontractor. The Group's concrete demolition services are mainly concerned with the removal of pieces or sections of concrete from concrete structures by applying a variety of methods, such as core drilling, sawing, bursting and crushing, etc. During the Reporting Period, all of the Group's revenue was derived from our concrete demolition services rendered to customers in Hong Kong.

During the Reporting Period, the Group undertook a total of 2,288 jobs and had a total of 192 jobs in our backlog (including jobs that have commenced but not completed as well as jobs that have been awarded to the Group but not yet commenced). As at 31 December 2014, the total revenue attributable to backlog recognised and yet to be recognised were approximately HK$29.5 million and HK$68.4 million respectively.

Concrete demolition industry is one of the specific areas of the construction industry in Hong Kong, which mainly involves core drilling, sawing, bursting and crushing, and surface preparation. Concrete demolition services are usually functions performed by subcontractors in (i) general building works, especially for alteration and redevelopment project; and (ii) civil engineering works. Concrete demolition work can be applied in various situations, such as the construction of underground utilities, creation of openings for elevator, door, and window installation, redevelopment of buildings, roads, tunnels and underground facilities, removal of concrete during building construction, and the preparation of road surfaces.

According to a report prepared by IPSOS Hong Kong Limited, there were approximately 20 concrete demolition contracting service providers in the construction industry in Hong Kong in 2013. The total revenue of the concrete demolition industry grew from approximately HK$757.2 million in 2009 to approximately HK$1,230.6 million in 2013. The increase was mainly attributable to the increases in general demand for concrete demolition services as a result of the increases in the amount of general building works and civil engineering works in Hong Kong, due to the prosperous property market and the government's policy to increase both land and housing supply. According to the 2014 Policy Address, the government has made clear plans for increasing both land and housing supply in the short, medium and long terms. These development plans would continue to stimulate the demand for construction works, which would boost the demand for concrete demolition services in Hong Kong for the next five years.

FINANCIAL REVIEW

Revenue

During the Reporting Period, all of our Group's revenue was derived from concrete demolition service rendered to the Group's customers and was generated in Hong Kong. The Group's revenue for the Reporting Period was approximately HK$89.4 million, representing an increase of approximately 20.2% from the previous year (2013: approximately HK$74.4 million). The increase was mainly attributable to the growth of the concrete demolition business, which was reflected in (i) the rise in our general subcontract fee as a result of the increase in work demand coupled with the shortage of reliable labours for concrete demolition services in Hong Kong; and (ii) the increase in the amount of jobs undertaken by our Group during the Reporting Period.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased from approximately HK$27.4 million for the year ended 31 December 2013 to approximately HK$31.1 million for the Reporting Period. Such increase was mainly due to the growth of the Group's revenue as discussed above. The gross profit margin decreased from approximately 36.8% for the year ended 31 December 2013 to approximately 34.8% for the Reporting Period. Such decrease was mainly attributable to the increase in the Group's subcontracting charges, cost of raw material and consumables, direct labour cost, repair and maintenance cost, depreciation, and transportation expenses.

Administrative and Other Operating Expenses

Our Group's general and administrative expenses increased to approximately HK$23.7 million for the Reporting Period from approximately HK$14.6 million for the year ended 31 December 2013, which represented an increase of approximately 62.4%. Such increase was mainly due to the non-recurring listing expenses incurred during the Reporting Period in connection with the listing of the shares of the Company on GEM on 15 August 2014 (the "Listing"). Other factors for such increase also include the increase in professional fees, staff costs as well as directors' emoluments.

Net Profit and Net Profit Margin

Our Group's net profit for the Reporting Period was approximately HK$4.8 million (2013: approximately HK$9.8 million), representing a decrease of approximately 50.9% on a year-on-year basis, mainly due to the growth of the Group's revenue of approximately 20.2% which was off-set by the non-recurring listing expenses incurred in connection with the Listing and the increase in professional fees, staff costs as well as directors' emoluments. Excluding the listing expenses, the Group's net profit for the Reporting Period would be approximately HK$13.8 million (2013: approximately HK$9.8 million) and the net profit margin would be approximately 15.5% (2013: approximately 13.2%).

Use of Proceeds

The net proceeds from the placing of the shares of the Company in connection with the Listing was approximately HK$ 31.2 million. During the period from 15 August 2014 (the "Listing Date") to 31 December 2014 (the "Review Period"), the net proceeds from the Listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus during the Review Period	Actual use of proceeds during the Review Period
	HK$ million	HK$ million
Enhancing machinery and equipment	4.9	1.4
Strengthening manpower	1.0	0.2
Increasing marketing efforts	0.2	0.2
Repayment of bank borrowings	5.5	5.5

The business objectives, future plans and planned use of proceeds as stated in the Company's prospectus dated 7 August 2014 (the "Prospectus") were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Sales and Marketing

One of the success factors of the Group has been our good relationship with our customers, the foundation of which has been built on mutual trust, high and consistent standard and quality of work, punctual deliverables, upheld spirit of our staff, and effective communication with customers, etc. The Group harvests these strengths and maintains active and long-term relationship with customers in the construction industry to explore future potential business opportunities. The concrete demolition jobs are usually awarded by way of quotation requested by customers in both private and public sectors. Therefore, maintaining close relationship with the customers are of paramount importance. The Group will continue to leverage its strong network in the industry and reinforce marketing efforts to secure more projects and maximise investor's return.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014, the Group had cash and bank deposits of approximately HK$41.0 million (2013: approximately HK$4.4 million). The net increase was mainly due to net cash inflow from operating activities and the receipt of proceeds from the issue of new shares upon Listing.

The gearing ratio of the Group as at 31 December 2014 (defined as total borrowings including interest bearing and non-interest bearing, divided by the Group's total equity) was approximately 0.1 (2013: approximately 1.0).

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign Exchange Risk

The Group only operates in Hong Kong and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, our Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Saved as the reorganisation in connection with the Listing, the Group has no other material acquisition and disposal of subsidiaries and associated companies during the Reporting Period.

Debts and Charge on Assets

The total interest-bearing borrowings of the Group consisted of bank borrowings and finance lease liabilities in the sum of approximately HK$2.6 million as at 31 December 2014 as compared to approximately HK$11.2 million as at 31 December 2013. As at 31 December 2014, bank borrowings and finance lease liabilities were approximately HK$0.07 million and HK$2.5 million respectively (2013: HK$5.8 million and HK$5.4 million). The annual interest rates of the bank borrowings and the finance lease were 4.75% and between 4.0% and 4.75% respectively (2013: bank borrowings: 3.25% to 4.75% and finance lease: 2.25% to 4.75%). Approximately 73.1% of the borrowings was accounted for as current liabilities of the Group (2013: approximately 72.3%). The borrowings repayable within one year amounted to approximately HK$1.9 million. All of the above are denominated in Hong Kong dollars.

Finance lease liabilities are secured by certain plant and machinery and motor vehicles of the Group with an aggregated net book value of approximately HK$1.5 million and HK$4.9 million as at 31 December 2014 and 2013 respectively.

Significant Investments and New Business

Save as disclosed in the Prospectus, the Company did not have any plans for significant investments nor new business.

Events after the Reporting Period

The Group has no material acquisition and disposal of subsidiaries from 1 January 2015 and up to the date of this announcement.

Employee and Remuneration Policies

As at 31 December 2014, the Group employed 65 staff. Total employee costs for the Reporting Period including directors' emoluments, amounted to approximately HK$18.3 million (2013: approximately HK$16.1 million).

The salary and benefit levels of the employees of the Group are competitive. This is very important as the construction industry has been experiencing labour shortage in general. Individual performance of our employees is rewarded through the Group's salary and bonus system. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites.

Final Dividend

The Board did not recommend payment of final dividend to shareholders of the Company for the Reporting Period.

Comparison between Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus for the Review Period with the Group's actual business progress up to the date of this announcement is set out below:

Business objectives for the Review Period	Actual business progress from the Listing Date and up to the date of this announcement
1. Enhancing machinery and equipment	
• Purchase additional new machinery including remote controlled demolition robots, electric wall saw machines and other equipment, tools and accessories to improve our efficiency and technical capability	New machinery with the amount of HK$1.4 million was acquired to enhance our efficiency and technical capability
• Evaluate the effectiveness and efficiency of new machinery and assess our need for additional machinery in view of our business development and obtain quotation for new machinery	Search and identify suitable machinery by (1) reviewing professional journals, expert review reports on new technology and machinery, product catalogues and specifications, (2) attending trade exhibitions and industry conferences, and (3) referral and reference

Business objectives for the Review Period	Actual business progress from the Listing Date and up to the date of this announcement
2. Strengthening manpower	
• Recruit about 3 additional experienced project management and execution staff to strengthen our frontline manpower	Four experienced execution staff were recruited to strengthen our frontline manpower
• Recruit about 1 additional experienced staff to strengthen our machinery repair and maintenance team	The Group is actively recruiting an experienced mechanic to join our machinery repair and maintenance team
• Provide our workers with and sponsor our workers to attend training courses on different types of concrete demolition methods, operation of different types of machinery, as well as work safety	The Group has incurred approximately HK$91,000 in support of our workers to attend training and workshop in order to increase safety awareness and improve productivity
3. Increasing marketing efforts	
• Place advertisements through online channels and in industry magazines and publications, and sponsor events in the engineering and construction industries in Hong Kong to promote industry players' awareness of our Group	The Group has invested approximately HK$0.7 million in marketing and advertisement to elevate the Group's profile in the industry
• Perform direct mailings of revamped corporate brochures to potential customers based on our research of new construction projects on our subscribed industry database, revamp our corporate website and brochure	The Group has revamped its corporate website and brochure as planned. In addition, we constantly monitor potential construction and engineering projects in Hong Kong by way of subscription to relevant industry database. When an opportunity arises, our Group will actively secure the potential project by deploying various direct marking efforts
• Actively approach and develop relationship with main contractors to obtain and secure new business opportunities	The Group continues to actively maintain good and/or develop new relationship with main contractors to obtain and secure new business opportunities

Prospects

We believe that we have several business strengths and competitive advantages that set us apart from our rivals and enable us to continue our growth and enhance our profitability. Such strengths and competitive advantages include (1) 33 years of presence and well-established reputation in the concrete demolition industry in Hong Kong; (2) possession of dedicated and proficient labour force coupled with a variety of cutting-edged concrete demolition machinery; and (3) experienced in-house repair and maintenance mechanics to get the work done well, right, and quick.

The rapid development for railway and highway infrastructure in Hong Kong presents promising opportunities for the concrete demolition industry, primarily because concrete-based structures such as rails, bridges and tunnels have to be molded or modified by way of excavating concretes. Therefore, the rising number of transportation networks will continue to drive the concrete demolition industry in Hong Kong. In view of the above, there are positive prospects for our Group and it is expected that our business and revenue will continue to grow steadily in the foreseeable future.

INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, the controlling shareholders and substantial shareholders, all of them have confirmed that neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the Reporting Period.

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

From the Listing Date to 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

From the Listing Date to 31 December 2014, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "Code") except for the deviations from code provision A.2.1 of the Code which are explained below.

Code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and not performed by the same individual. Mr. Pei Wing Fu ("Mr. Pei"), an executive Director and the chairman of the Board, has been managing our Group's business and overall strategic planning since May 1991. The Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Pei is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Accordingly, our Company has not segregated the roles of its chairman and chief executive officer as required by code provision A.2.1 of the Code. Except for code provision A.2.1 of the Code, our Company's corporate governance practices have complied with the Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the period from the Listing Date to 31 December 2014.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 2 August 2014 ("the Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2014.

INTEREST OF COMPLIANCE ADVISOR

As at 31 December 2014, as notified by the Company's compliance advisor, Messis Capital Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 13 May 2014, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this announcement.

AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") shall retire in the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of HLB as auditors of the Company will be proposed at the AGM. The Company has not changed its external auditors during the year ended 31 December 2014 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 2 August 2014 with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Law Yiu Sing (Chariman), Prof. Lam Song Kwong Simon and Ms. Wong Wai Ling.

The Audit Committee has reviewed this announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditors, HLB, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB 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 HLB on the preliminary announcement.

By order of the Board
Glory Flame Holdings Limited
Pei Wing Fu
Chairman

Hong Kong, 18 March 2015

As at the date of this announcement, the executive Directors are Mr. Pei Wing Fu and Ms. Pei Wing Sze Clare; the non-executive Director is Mr. Zheng Si Rong; and the independent non-executive Directors are Prof. Lam Sing Kwong Simon, Mr. Law Yiu Sing and Ms. Wong Wai Ling.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.drillcut.com.hk.