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GLORY FLAME HOLDINGS LIMITED

朝威控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8059)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

This announcement is made by Glory Flame Holdings Limited (the “**Company**”) on a voluntary basis, for keeping the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Company and its subsidiaries (the “**Group**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 4 December 2017 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Huizhou Pu Ruikang Construction Materials Co., Ltd.* (惠州普瑞康建築材料有限公司) (the “**Target Company**”), a company established in the People’s Republic of China with limited liability, which is an independent third party of and not connected with the Company and its connected persons (as defined in the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)), pursuant to which the Company intended to acquire 51% or above equity interest of the Target Company by way of capital increment and/or equity interest subscription through a Hong Kong subsidiary of the Company. The aforesaid possible transaction is referred to as the “Possible Acquisition”.

The Target Company is a company principally engaged in prefabricated construction. The principal activities of the Target Company include production, research and development of precast concrete components and glass fiber reinforced cement components, product installation guidance and sales.

The consideration payable for the Possible Acquisition will be subject to further negotiation between the Company and the Target Company and will be finalised in the formal agreement (the “**Formal Agreement**”). The Company is entitled to carry out due diligence review of the assets, liabilities, business, financial, legal and other affairs of the Target Company.

Under the MOU, the Target Company shall not negotiate or agree with any other party relating to the Possible Acquisition or any possible disposal of any equity interest or assets or do anything which is inconsistent with the Possible Acquisition for a period of 6 months from the date of the MOU or such later date as the Target Company and the Company may agree (the “**Exclusive Period**”).

The MOU shall be terminated upon (i) expiry of the Exclusive Period (unless otherwise extended by the parties in the MOU); (ii) entering into of the Formal Agreement; or (iii) the Company giving 7 days prior notice in writing of termination to the Target Company, whichever is earlier.

The MOU does not create legally binding obligations on the parties in relation to the Possible Acquisition but is legally binding as to such terms relating to Exclusive Period, termination of the MOU and confidentiality. The Possible Acquisition is subject to the negotiation and execution of the Formal Agreement.

Shareholders and potential investors of the Company should note that the MOU may or may not lead to the entering into of the definitive agreement and transactions contemplated thereunder may or may not be consummated. The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Should the Company enter into the Formal Agreement or decide to terminate the MOU or there be any material development on the Possible Acquisition, the Company will inform its shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing on the securities of the Company.

By order of the Board
Glory Flame Holdings Limited
Che Xiaoyan
Chairperson

Hong Kong, 4 December 2017

** For identification purpose only*

As at the date of this report, the executive Directors are Ms. Che Xiaoyan, Mr. Man Wai Lun, Ms. Jiao Fei, Mr. Li Shunmin and Mr. Guan Jincheng; the non-executive Director is Mr. Lin Hongtong; and the independent non-executive Directors are Mr. Chan Kam Wah, Mr. Bai Honghai, Mr. Li An Sheng and Mr. Chen Yongquan.

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 Company Announcements” page of the website of the GEM at www.hkgem.com for at least seven days from the date of publication. This announcement will also be published on the website of the Company at www.gf-holdings.com.hk.