GLORY FLAME HOLDINGS LIMITED
朝威控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8059)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

CHARACTERISTICS OF THE 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.

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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 HIGHLIGHT

For the three months ended 31 March 2018, the operating results of the Group were as follows:

- Revenue amounted to approximately HK$34.8 million (2017: approximately HK$15.6 million), representing an increase of approximately 123.1% from the corresponding period of last year;
- Net profit amounted to approximately HK$0.9 million as compared to a net loss of approximately HK$11.8 million for the corresponding period of last year;
- Basic and diluted earnings per share based on weighted average number of ordinary shares was approximately HK0.13 cents (2017: Basic and diluted loss per share of approximately HK1.46 cents);
- The Board does not recommend the payment of a dividend to owners of the Company for the three months ended 31 March 2018 (2017: Nil).

FIRST QUARTERLY RESULTS

The board (the "Board") of directors (the "Director(s)") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2018 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	Notes	Three months ended 31 March 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	3	**34,791**	15,647
Cost of sales		**(25,685)**	(12,687)
Gross profit		**9,106**	2,960
Other income and net gains	4	**5,140**	545
Administrative and other operating expenses		**(13,357)**	(14,826)
Operating profit/(loss)		**889**	(11,321)
Finance costs		**–**	(500)
Profit/(loss) before income tax		**889**	(11,821)
Income tax expense	5	**(29)**	–
Profit/(loss) for the period		**860**	(11,821)
Other comprehensive loss:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(182)**	(83)
Total comprehensive income/(loss) for the period		**678**	(11,904)
Profit/(loss) for the period attributable to:			
Owners of the Company		**1,197**	(11.198)
Non-controlling interests		**(337)**	(623)
		860	(11,821)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**1,086**	(11,287)
Non-controlling interests		**(408)**	(617)
Total comprehensive income/(loss) for the period		**678**	(11,904)
		HK cents	*HK cents*
Basic and diluted earnings/(loss) per share	7	**0.13**	(1.46)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2018

	Attributable to owners of the Company									
	Combined/ Share capital	**Share premium**	**Share-based payment**	**Merger reserves**	**Foreign currency translation reserve**	**Other reserve**	**Retained earnings/ (Accumulated losses)**	**Total equity**	**Non-controlling interest**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2018	**9,297**	**230,122**	**10,707**	**15,800**	**414**	**(1,672)**	**(22,402)**	**242,266**	**(920)**	**241,346**
Total comprehensive income/ (loss) for the period	**–**	**–**	**–**	**–**	**(111)**	**–**	**1,197**	**1,086**	**(408)**	**678**
Balance at 31 March 2018 (unaudited)	**9,297**	**230,122**	**10,707**	**15,800**	**303**	**(1,672)**	**(21,205)**	**243,352**	**(1,328)**	**242,024**
Balance at 1 January 2017	7,600	117,272	11,287	15,800	17	–	(40,788)	111,188	(985)	110,203
Total comprehensive loss for the period	–	–	–	–	(89)	–	(11,198)	(11,287)	(617)	(11,904)
Issue of shares upon exercise of share options	262	12,314	–	–	–	–	–	12,576	–	12,576
Transfer to share premium upon exercise of share options	–	4,343	(4,343)	–	–	–	–	–	–	–
Share-based payments	–	–	813	–	–	–	–	813	–	813
Balance at 31 March 2017 (unaudited)	7,862	133,929	7,757	15,800	(72)	–	(51,986)	113,290	(1,602)	111,688

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

1. GENERAL INFORMATION

Glory Flame Holdings Limited 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 GEM of The Stock Exchange of Hong Kong Limited with effect from 15 August 2014.

The address of the Company's registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Suite 3513, 35th Floor, Tower 6, the Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred as to the "Group") are engaged in (i) provision of construction services and building materials supply (the "Construction"), (ii) development and sales of agricultural equipment (the "Agricultural Equipment"), (iii) trading of LED products and clean coal (the "Trading Business") and (iv) provision of financial services (the "Financial Services").

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2018 have been prepared by the Directors in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. HKFRSs include Hong Kong Accounting Standards and interpretations. Intra-group balances and transactions, if any, have been fully and properly eliminated. The accounting policies and basis of preparation adopted in the preparation of the financial statements for the three months ended 31 March 2018 are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2017.

The financial statements for the three months ended 31 March 2018 have not been audited by the Company's independent auditors, but have been reviewed by the Company's audit committee.

The financial statements for the three months ended 31 March 2018 are presented in Hong Kong dollars ("HK$"), which is the same functional currency of the Company.

3. REVENUE

Revenue recognised during the Reporting Period are as follows:

	Three months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Provision of construction services	**22,690**	14,897
Manufactory and trading of prestressed high strength concrete piles	**–**	441
Trading of agricultural equipment	**402**	309
Trading of clean coal	**11,563**	–
Provision of financial services	**136**	–
	34,791	15,647

4. OTHER INCOME AND NET GAINS

	Three months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**1**	–
Gain on financial assets at fair value through profit or loss, net	**5,015**	–
Reversal of provision for impairment of retention receivables	**–**	572
Others, net	**124**	(27)
	5,140	545

5. INCOME TAX EXPENSE

	Three months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax	**29**	–

Hong Kong profits tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit of the Group arising in or derived from Hong Kong for the period as stated above.

6. DIVIDEND

The Board does not recommend the payment of a dividend to owners of the Company for the three months ended 31 March 2018 (2017: Nil).

7. EARNINGS/(LOSS) PER SHARE

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company *(HK$'000)*	**1,197**	(11,198)
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share *(in thousand)*	**929,707**	764,557

The calculation of the basic earnings (loss) per share attributable to owners of the Company was based on (i) the earnings (loss) for the period attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the period as stated above.

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The principal activity of the Company is investment holding. For the period ended 31 March 2018 ("the Reporting Period" or "PE18"), the Group mainly engages in (i) provision of construction services and building materials supply (the "Construction"), (ii) development and sales of agricultural equipment (the "Agricultural Equipment"), (iii) trading of LED products and clean coal (the "Trading Business"), and (iv) provision of financial services (the "Financial Services").

Construction

(a) Concrete demolition services and construction works

Concrete demolition industry is one of the specific areas of the construction industry in Hong Kong. The Group's concrete demolition services were mainly concerned with the removal of pieces or section of concrete from concrete structures by applying a variety of methods, such as core drilling, sawing, bursting and crushing, etc. Concrete demolition services are usually performed by subcontractors in (i) general building works, especially for alteration and redevelopment projects; 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.

The customers of the Group's concrete demolition services mainly include main contractors and subcontractors of various different types of construction and civil engineering projects in Hong Kong. Such customers can generally be categorized into public sector projects' customers and private sector projects' customers. Public sector projects refer to projects of which the main contractors are employed by Government departments or statutory bodies in Hong Kong, which private sector projects refer to projects that are no public sector projects.

In addition to the provision of concrete demolition services, the Group received a subcontracting contract for the wet trades package and brickwork, including tiles finishing, screeding, granolithic, plastering, blockworks, etc for walls in Sung Wong Toi and To Kwa Wan Stations (Shatin to Central Link). Total sum of the sub-contracting is approximately HK$71.0 million. Revenue of HK$5.6 million from this project was recognised during the Reporting Period.

(b) Pre-stressed concrete piles

Pre-stressed concrete pile is one of the major types of foundation products used in the building and construction industry. It is typically used as part of foundation for building and infrastructure projects that are built on an unstable or soft layer of land that requires long and deep foundations in order to reach the underlying stable rock layer. Prestressed concrete piles support the building and infrastructure structures by transferring the heavy loads and forces exerted by such structures onto the underlying stable rock layer.

As at 31 March 2018, the Group did not commence the manufacturing of pre-stressed concrete piles, due to the pollutant discharge permit not yet obtained for the manufacturing space in its own name.

Due to the uncertainty as to when the pollutant discharge permit will be obtained, which might affect the operation of the business of pre-stressed concrete piles, the Company entered into a sale and purchase agreement to dispose of the 51% of the entire issued share capital of Mansion Point Internation Limited ("Mansion Point") on 13 March 2018.

Agricultural Equipment

The Group developed the ecological LED cultivation cabinet system using a green technology and a tailored nutrient solution to grow hydroponic vegetables and planting racks. In the PRC, the people who live in the cities are increasingly demanding pesticide-free, clean and fresh food. The partly automated farming at home may be a feature of healthy lifestyle in the future. The Group expects that the hydroponics market will grow at a relatively fast pace, that is an opportunity for the Group to get the foothold in the hydroponics market. The Group expects to launch the mini LED cultivation cabinet to the market in 2018.

During the Reporting Period, the Group made sales of planting racks through the distributors which supplied of planting rack to the hot-pot restaurants where set up a site of planting and supplying the fresh vegetable for their restaurants.

Trading Business

(a) Light-emitting diode (“LED”) light sources for decoration

LED light sources are considered to be a green technology. They are more energy efficient than most of the conventional light sources. There is a comparative advantage in terms of energy saving efficiency and product durability. In addition, LED does not contain hazardous material such as toxic mercury. The growth of LED lighting market is due to increasing the consciousness of environmental protection by adoption of energy efficient lighting solution. The use of LED lighting sources penetrates to the residential, commercial and industrial lighting applications.

During the Reporting Period, the Group made no sales of LED light sources for decoration. The Group counted on a small number of customers for the LED trading business. There is no committing agreement with the customers and suppliers to secure the quantity of purchase orders every year, therefore, the sales generated from LED trading business fluctuated from period to period.

(b) Clean coal

The Group is engaged in the trading of Inner Mongolia coal energy in the PRC. Its coal resource is from the clean coal in Ordos City, the PRC. The clean coal technology collectively represents the new technologies of process, burning, transforming and pollution control, etc. in the whole process from development to utilization of coal that aim to reduce pollution and emission and enhance the utilization efficiency.

The development of clean coal is an established national policy of the PRC. The coal resource in the PRC is relatively rich and the PRC is one of the few countries in the world that uses coal as the main energy source. The clean coal industry will continue to play an important role in the energy sustainability of the PRC and will be an important direction of development in the coming 20 years. Such development will be significant for the PRC to ease the environment pollution led by burning coal and reduce the reliance on imported oil. The clean coal industry can be viewed as facing new market demand and development opportunities in the PRC.

The growth of trading of clean coal of the Group is stable and the Company expects that it will be one of key revenue contributions for the Group in the future. As a result of the strong demand in the clean coal, the Group is considering to increase the investment in its working capital so as to expand its volume of trading and further increase in the rate of return for the Group’s trading business.

Financial Services

In view of the stabilization of the domestic economy in the PRC, the demand for the factoring services to finance the enterprises' working capital increase. The Group recognizes there is an opportunity to enter the factoring service business in the PRC.

As at 31 March 2018, the Group has the factoring receivables of approximately HK$6.2 million and the interest income of approximately HK$70,000 was generated from the factoring services. During the Reporting Period, the Group was seeking the financial support from the financial institutions in the PRC for the business of factoring services in order to meet the demand of the financing requirement from our customers.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately HK$19.2 million or 122.3% from approximately HK$15.6 million for the period ended 31 March 2017 (the "PE17") to approximately HK$34.8 million for the Reporting Period. The analysis of revenue was shown as follows:

Revenue by nature

	For the three months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Construction		
– Provision of construction services	**22,690**	14.897
– Manufacturing and trading of prestressed high strength concrete pile	**–**	441
Agricultural Equipment		
– Trading of agricultural equipment	**402**	309
Trading Business		
– Trading of clean coal	**11,563**	–
Financial Services		
– Provision of financial services	**136**	–
	34,791	15,647

Provision of construction services

For the Reporting Period, the revenue attributable to the provision of construction services was approximately HK$22.7 million, representing an increase of approximately 52.3% as compared with approximately HK$14.9 million of PE17. The increase was primarily attributable to an increase of HK$5.6 million in revenue from the provision for construction services for the project of Shatin to Central link.

Trading of Agricultural Equipment

Revenue attributable to trading of Agricultural Equipment increased by approximately HK$0.1 million from HK$0.3 million in PE17 to HK$0.4 million in the Reporting Period. The increase was mainly due to an increase in sales of the planting rack which was used in the restaurants to farm fresh vegetables to supply for their customers.

Trading of clean coal

Revenue attributable to trading of clean coal was approximately HK$11.6 million in the Reporting Period. The Group did not commence the business of clean coal trading during PE17.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by HK$6.1 million from approximately HK$3.0 million for PE17 to approximately HK$9.1 million for the Reporting Period, representing an increase of approximately 207.6%. Such increase was mainly due to an increase of approximately HK$4.0 million in gross profit attributable to the provisions of construction services, and an increase of HK$1.9 million in the gross profit attributable to trading of clean coal during the Reporting Period.

Our Group's gross profit margin increased from 18.9% in PE17 to 26.2% in PE18. The increase was mainly due to an improvement in the gross profit margin for the provision of concrete demolition services.

Administrative and Other Operating Expenses

Our Group's general and administrative expenses decreased by approximately HK$1.5 million to approximately HK$13.3 million for the Reporting Period from approximately HK$14.8 million in PE17. Such decrease was mainly due to a decrease of HK$3.6 million in legal and professional fees, but offsetting by an increase of HK$2.0 million in staff cost and directors' emoluments.

Gain on financial assets at fair value through profit or loss

During the Reporting Period, the Group records a net gain of HK$5.0 million on financial asset at fair value through profit or loss, of which HK$11.0 million was a net realized gain on sales of listed securities and HK$6.0 million was net fair value loss on the listed securities.

Profit Attributable to Owners of the Company

Our Group's profit attributable to owners of the Company was approximately HK$1.2 million (PE17: loss attributable to owners of the Company of approximately HK$11.2 million), mainly due to a combined effect, (i) an increase in overall revenue and in gross profit for the Reporting Period, (ii) a net gain of HK$5.0 million on financial assets at fair value through profit or loss and (iii) a decrease of HK$1.4 million in administrative and other operating expenses.

DISCLOSURE OF INTERESTS

A. Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation

As at 31 March 2018, interests or short positions of the Directors, chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Position in the Shares and underlying Shares

Name of Directors	Capacity/Nature	Number of Shares and underlying Shares held/interested in	Approximate percentage of shareholding
Ms. Che Xiaoyan	Beneficial owner	162,789,800	17.51%
Mr. Li Shunmin	Beneficial owner	12,629,800	1.36%
Ms. Jiao Fei	Beneficial owner	15,269,800	1.64%
Mr. Guan Jincheng	Beneficial owner *(Note 1)*	8,089,800	0.87%
Mr. Man Wai Lun	Beneficial owner *(Note 2)*	8,089,800	0.87%

Notes:

(1) Such 8,089,800 underlying Shares are beneficially held by Mr. Guan Jincheng in his own capacity pursuant to share options granted under the Share Option Scheme.

(2) Such 8,089,800 underlying Shares are beneficially held by Mr. Man Wai Lun in his own capacity pursuant to share options granted under the Share Option Scheme.

(ii) Short positions

As at 31 March 2018, none of the directors or the chief executive nor their associates had any short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

B. **Substantial Shareholders' and other persons' interests and short positions in the Shares and underlying shares**

Save as disclosed below, as at 31 March 2018 and so far as is known to the Directors, no person other than certain Directors or chief executive of the Company had any interests or short positions in the Shares and underlying shares of the Company which were required to be recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Long/short position	Approximate percentage of shareholdings
Mr. Zhang Chao	Beneficial owner	190,020,000	Long	20.44%
Mr. Du Hao	Beneficial owner	110,885,000	Long	11.93%

COMPETING INTERESTS

Having made specific enquiry to all Directors, all of them have confirmed that neither themselves nor their respective close associates (as defined in the GEM Listing Rules) had held any position or had interests 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, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code ("the Code") in Appendix 15 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given. Throughout the Reporting Period, the Company had complied with the applicable code provisions of the Code with the exception of the deviation from code provision A.2.1 as 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. During the Reporting Period, Ms. Che Xiaoyan ("Ms. Che") is both the chairperson of the Board and CEO of the Group. The Board is of the opinion that vesting the roles of both the chairperson of the Board and CEO in Ms. Che has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board also believes that the balance of power and authority is not compromised and is adequately ensured by the composition of the existing Board. Except for the deviation from code provision A.2.1 of the Code, the Company's corporate governance practices have complied with the Code as set out in Appendix 15 to the GEM Listing Rules during the Report Period.

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 to the Directors, all the Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Reporting Period.

DIVIDEND

The Board does not recommend payment of a dividend to owners of the Company for the three months ended 31 March 2018 (2017: nil).

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 2 August 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options were exercised, lapsed, cancelled or forfeited during the Reporting Period.

Particulars of the Directors' interests in share options to subscribe for shares in the Company pursuant to the Share Option Scheme were as follows:

		Number of share option					
Name of Directors	Date of grant	Outstanding at 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding at 31 March 2018	Exercise period	Exercise price per share
Mr. Guan Jincheng	15 June 2017	8,089,000	–	–	8,089,000	15 June 2017 to 14 June 2027	HK$0.626
Mr. Man Wai Lun	15 June 2017	8,089,000	–	–	8,089,000	15 June 2017 to 14 June 2027	HK$0.626
		16,178,000	–	–	16,178,000		

a) Share options granted to a consultant

During the Reporting Period, no share options granted to the consultant was exercised and lapsed.

Details of the share options granted to a consultant under the Share Option Scheme are as follows:

Date of grant	Exercise period	Exercise price per share *(HK$)*	Outstanding at 1 January 2018	Number of options Granted/Exercised during the Reporting Period	Outstanding at 31 March 2018	Vesting
15 June 2017	15 June 2017 to 14 June 2027	0.626	8,000,000	–	8,000,000	Vested on the date of grant

b) Fair values of share options and assumptions

During the Reporting Period, no share option expense was recognized in the income statement (PE17: HK$0.8 million) in relation to share options granted by the Company. Details of share-based payment by nature are as follows:

	Three months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Share option expenses for employees of the Company	–	813

The fair value of the share options granted was calculated using the Binomial option pricing model (the "Model"). The inputs into the Model were as follows:

	Employees and directors			**Consultant**	
Date of grant	**14 June 2016**	**27 March 2017**	**15 June 2017**	**14 June 2016**	**15 June 2017**
Underlying stock price	HK$0.80	HK$0.80	HK$0.62	HK$0.80	HK$0.62
Strike price	HK$0.83	HK$0.80	HK$0.626	HK$0.83	HK$0.626
Expected volatility	52.21%	52.19%	52.14%	52.21%	52.14%
Exercise multiple	1.60-2.47	1.10	2.47	1.60	1.60
Risk-free rate	1.082%	1.714%	1.326%	1.082%	1.326%
Annualised dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

The Model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair values of the options.

CHANGE IN INFORMATION OF DIRECTORS

The changes in information of the directors of the Company subsequent to the year ended 31 December 2017 are set out below:

Name of director	**Details of the change**
Mr. Chung Yuk Lun ("Mr. Chung")	On 24 January 2018, Mr. Chung was appointed as an independent non-executive director of the Company

AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") on 2 August 2014 with its written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and provisions 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. Chan Kam Wah (chairman), Mr. Li An Sheng and Mr. Bai Honghai.

The Audit Committee has reviewed this announcement and the unaudited consolidated financial statements of the Group for the Reporting Period.

BUSINESS UPDATE

On 23 April 2018, the Company and LETS China Co., Limited ("LETS China") entered into a memorandum of understanding on strategic cooperation in relation to strategic cooperation on development of prefabricated construction in the proposed real estate projects that LETS China will invest in. The Company, as the exclusive cooperative partner, will provide LETS China with the scientific and professional prefabrication construction comprehensive solution proposals, which include the site selection, project design, procurement, installment, construction and other services, and will assist LETS China in negotiating with the government in relation to preferential policies on prefabrication construction. Such strategic cooperative shall be valid for one year.

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

Hong Kong, 11 May 2018

As at the date of this announcement, 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, Mr. Chen Yongquan and Mr. Chung Yuk Lun.