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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF LISTED SECURITIES
DISPOSAL OF LISTED SECURITIES

The Board of Glory Flame Holdings Limited ("**Company**", together with its subsidiaries "**Group**") announces that the Company through an indirect wholly owned subsidiary via on-market trades on the Stock Exchange dealt in KSHL Shares involving acquisitions made between July 2017 and January 2018 and disposals made between July 2017 and May 2018 for respective aggregate cash consideration of approximately HK$30.9 million and HK$35.2 million (excluding transaction cost).

As one or more of the applicable percentage ratios in respect of the acquisitions (when aggregated) under Rule 19.07 of the GEM Listing Rules was greater than 5% and all the applicable percentage ratios were less than 25%, the acquisitions (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the applicable reporting and announcement requirements.

As one or more of the applicable percentage ratios in respect of the disposals (when aggregated) under Rule 19.07 of the GEM Listing Rules was greater than 5% and all the applicable percentage ratios were less than 25%, the disposals (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the applicable reporting and announcement requirements.

The acquisitions

The aggregate consideration of the acquisitions was approximately HK$30.9 million in cash (excluding transaction cost) and the average purchase price was approximately HK$0.985 per KSHL Share (excluding transaction cost).

The acquisitions between July 2017 and January 2018 were all conducted via on-market trades on the Stock Exchange, therefore the identities of the counterparties could not be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the counterparties and the ultimate beneficial owner(s) of the counterparties of the KSHL Shares were Independent Third Parties.

The Company first made an acquisition on 20 July 2017. Thereafter, the Company continued to make acquisitions, which, when aggregated as of 25 September 2017, caused one or more of the applicable ratios under Rule 19.07 of the GEM Listing Rules to become greater than 5% while all the applicable ratios were less than 25%. The acquisitions (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the reporting and announcement requirements.

Assets acquired

The 31,416,000 KSHL Shares acquired represent approximately 2.094% of the issued share capital of KSHL (based on KSHL having issued 1,500,000,000 ordinary shares between July 2017 and January 2018 according to the relevant monthly returns published on the website of the Stock Exchange).

Consideration

The aggregate consideration of the acquisitions was approximately HK$30.9 million (excluding transaction costs), was settled in cash and financed by the Group's internal resources. The consideration of the acquisitions represented the market price of the KSHL Shares at the time of the acquisitions.

The disposals

The aggregate consideration of the disposals was approximately HK$35.2 million in cash (excluding transaction cost) and the average purchase price was approximately HK$1.675 per KSHL Share (excluding transaction cost).

The disposals between July 2017 and May 2018 were all conducted via on-market trades on the Stock Exchange, therefore the identities of the counterparties could not be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the counterparties and the ultimate beneficial owner(s) of the counterparties of the KSHL Shares were Independent Third Parties.

The Company first made a disposal on 31 July 2017. Thereafter, the Company continued to make disposals, which, when aggregated as of 11 October 2017, caused one or more of the applicable ratios under Rule 19.07 of the GEM Listing Rules to become greater than 5% while all the applicable ratios were less than 25%. The disposals (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the reporting and announcement requirements.

Assets disposed

The 21,018,000 KSHL Shares disposed represent approximately 1.401% of the issued share capital of KSHL (based on KSHL having issued 1,500,000,000 ordinary shares between July 2017 and May 2018 according to the relevant monthly returns published on the website of the Stock Exchange).

Consideration

The aggregate consideration of the disposals was approximately HK$35.2 million (excluding transaction costs). The consideration of the disposals represented the market price of the KSHL Shares at the time of the disposals.

The Group held 10,398,000 KSHL Shares as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE DISPOSALS

The principal activity of the Company is investment holding. The Group's principal activities are provision of concrete demolition, research and trading of LED Cultivation Cabinet, provision of insurance brokerage and consultancy services, trading of clean coal, trading of LED light sources for decoration and manufacturing and sales of prestressed high strength concrete piles.

The Company noted that equities markets both overseas and in Hong Kong had been buoyant for some time and believed that rather than leaving the surplus cash of the Company idle, it could be invested in the equities market. The Company considered that the acquisitions and the disposals at the prevailing price would enable the Company to achieve its investment objective.

The acquisitions and the disposals were made at prevailing market prices and the Board is of the view that the acquisitions and the disposals were fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Company will from time to time review its investments having regard to market conditions, the Group's needs for working capital and professional advice as appropriate.

Information of KSHL

KSHL is principally engaged in the provision of formwork works with an insignificant portion from building construction work (including works and finishes works). KSHL's main focus is the Hong Kong market and it has plans to diversify its businesses to different kinds of construction projects and undertake more formwork works for public housing. KSHL's latest developments include forming a joint venture in March 2018 to provide building maintenance and renovation services in Hong Kong.

The following financial information is extracted from the latest financial reports of KSHL:

	For the six months ended 30 September *(HK$'000)*	
	2017	**2016**
	(unaudited)	(unaudited)
Revenue	326,910	344,156
Gross profit	51,010	54,647
Profit before tax	33,094	41,548
Profit after tax	27,800	33,801

Total assets of KSHL was HK$322,062,000 as at 30 September 2017 (As at 31 March 2017: HK$234,510,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the acquisitions (when aggregated) under Rule 19.07 of the GEM Listing Rules was greater than 5% and all the applicable percentage ratios were less than 25%, the acquisitions (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the applicable reporting and announcement requirements.

As one or more of the applicable percentage ratios in respect of the disposals (when aggregated) under Rule 19.07 of the GEM Listing Rules was greater than 5% and all the applicable percentage ratios were less than 25%, the disposals (when aggregated) constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the applicable reporting and announcement requirements.

The Company failed to meet the applicable respective reporting and announcement requirements promptly after the acquisitions (when aggregated) and the disposals (when aggregated) and each such failure is a breach of GEM Listing Rules 19.33 and 19.34.

According to the Company's inquiries, the breach arose as a result of the failure of the staff responsible for calculating the percentage ratios to fully understand and apply the relevant GEM Listing Rules, and the failure on the part of the staff to seek professional advice although such failure stemmed from a genuine belief held by the staff that the applicable GEM Listing Rules had been applied correctly.

The Directors have caused a review of all securities transactions of the Group carried out since July 2017 up to the date of this announcement to be carried out. The Directors confirm that other than as disclosed, there are no non-compliance under Chapters 19 and 20 of the GEM Listing Rules with respect to all securities transactions of the Group carried out since July 2017.

The Company has arranged for all relevant staff members to undergo relevant external training and has implemented a system whereby calculation of percentage ratios required by the GEM Listing Rules, will be independently carried out by different staff with professional advice where appropriate. The Directors believe that the above measures will avoid similar incident from occurring.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Glory Flame Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Director(s)"	director(s) of the Company
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of the Company and its connected persons as defined under the GEM Listing Rules
"KSHL"	Kin Shing Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (Stock Code: 1630)
"KSHL Shares"	shares of KSHL
"Share(s)"	ordinary share(s) in the issued and unissued capital of the Company, the par value of which being of HK$0.01 each
"Shareholder(s)"	the holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Hong Kong, 18w 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. Chung Kam Wah, Mr. Bai Honghai, Mr. Li An Sheng, Mr. Chen Yongquan and Mr. Chung Yuk Lun.

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.