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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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.

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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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2020	2019	**2020**	2019
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**18,900**	23,910	**33,187**	41,902
Cost of sales		**(12,109)**	(14,773)	**(22,966)**	(28,883)
Gross profit		**6,791**	9,137	**10,221**	13,019
Other income and net gains		**2,843**	323	**3,037**	1,043
Administrative and other operating expenses		**(9,992)**	(11,887)	**(20,158)**	(28,038)
Operating loss	*7*	**(358)**	(2,427)	**(6,900)**	(13,976)
Finance costs		**(1,323)**	(1,169)	**(2,367)**	(1,919)
Loss before income tax		**(1,681)**	(3,596)	**(9,267)**	(15,895)
Income tax expenses	*8*	**–**	–	**–**	–
Loss for the period		**(1,681)**	(3,596)	**(9,267)**	(15,895)

	Notes	Unaudited Three months ended 30 June 2020 HK$'000	2019 HK$'000	Unaudited Six months ended 30 June 2020 HK$'000	2019 HK$'000
Other comprehensive profit/ (loss):					
Items that may be reclassified to profit or loss		**50**	(1,532)	**(366)**	(715)
Total comprehensive loss for the period		**(1,631)**	(5,128)	**(9,633)**	(16,610)
Profit/(Loss) for the period attributable to:					
Owners of the Company		**(978)**	(4,219)	**(7,963)**	(14,705)
Non-controlling interests		**(703)**	623	**(1,304)**	(1,190)
		(1,681)	(3,596)	**(9,267)**	(15,895)
Total comprehensive income/ (loss) for period attributable to:					
Owners of the Company		**(900)**	(5,822)	**(8,744)**	(14,328)
Non-controlling interests		**(731)**	694	**(889)**	(2,282)
Total comprehensive loss for the period		**(1,631)**	(5,128)	**(9,633)**	(16,610)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Basic and diluted loss per share	*10*	**(0.10)**	(0.42)	**(0.79)**	(1.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	30 June 2020 HK$'000 Unaudited	31 December 2019 HK$'000 Audited
Non-current assets			
Property, plant and equipment	*11*	**13,821**	15,490
Right-of-use assets		**10,690**	12,753
Goodwill		**938**	938
		25,449	29,181
Current assets			
Inventories		**5,815**	2,359
Trade and other receivables	*12*	**74,492**	76,706
Tax receivables		**800**	—
Bank and cash balances		**31,056**	30,492
		112,163	109,557
Current liabilities			
Trade and other payables	*13*	**15,919**	13,640
Borrowings	*14*	**64,250**	45,800
Lease liabilities		**3,007**	4,607
Amount due to a director		**—**	10,450
Tax payable		**599**	156
		83,775	74,653
Net current assets		**28,388**	34,904
Total assets less current liabilities		**53,837**	64,085
Non-current liabilities			
Lease liabilities		**8,198**	8,813
Deferred tax liabilities		**433**	433
		8,631	9,246
NET ASSETS		**45,206**	54,839

	Notes	**30 June 2020** *HK$'000* **Unaudited**	31 December 2019 *HK$'000* Audited
Capital and reserves			
Share capital	*15*	**10,106**	10,106
Reserves		**40,312**	49,056
Equity attributable to owners of the Company		**50,418**	59,162
Non-controlling interests		**(5,212)**	(4,323)
TOTAL EQUITY		**45,206**	54,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserves	Share-based payment	Foreign currency translation reserve	Other reserve	Accumulated losses	Total	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 2020	**10,106**	**268,953**	**15,800**	**4,764**	**(3,913)**	**(1,672)**	**(234,876)**	**59,162**	**(4,323)**	**54,839**
Loss and total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(781)**	**–**	**(7,963)**	**(8,744)**	**(889)**	**(9,633)**
Balance at 30 June 2020 (unaudited)	**10,106**	**268,953**	**15,800**	**4,764**	**(4,694)**	**(1,672)**	**(242,839)**	**50,418**	**(5,212)**	**45,206**
Balance at 1 January 2019	10,106	268,953	15,800	4,764	(3,289)	(1,672)	(190,465)	104,197	(61)	104,136
Loss and total comprehensive loss for the period	–	–	–	–	377	–	(14,705)	(14,328)	(2,282)	(16,610)
Balance at 30 June 2019 (unaudited)	10,106	268,953	15,800	4,764	(2,912)	(1,672)	(205,170)	89,869	(2,343)	87,526

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Net cash outflow from operating activities	**(1,686)**	(7,567)
Net cash (outflow)/inflow from investing activities	**(818)**	8,838
Net cash inflow from financing activities	**2,948**	13,549
Net increase in cash and cash equivalents	**444**	14,820
Effect of foreign exchange rate changes	**120**	(660)
Cash and cash equivalents at 1 January	**30,492**	39,173
Cash and cash equivalents at 30 June	**31,056**	53,333
Analysis of balances of cash and cash equivalents:		
— Cash and bank balances	**31,056**	48,786
— Short term investment of money market fund	**—**	4,547
	31,056	53,333

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 (the "Stock Exchange") with effect from 15 August 2014.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO 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 components (the "Construction Business"), (ii) sales of agriculture-related products (the "Agriculture Business"), and (iii) trading of clean coal and others (the "Trading Business").

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared by the Directors in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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. Other than additional accounting policies resulting from application of amendments to HKFRSs, the accounting policies and basis of preparation adopted in the preparation of the financial statements for the six months ended 30 June 2020 are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2019.

The financial statements for the six months ended 30 June 2020 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 six months ended 30 June 2020 are presented in Hong Kong dollars ("HK$"), which is the same functional currency of the Company.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS standards and the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

4. REVENUE

Revenue recognised during the Reporting Period are as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Construction Business		
— Provision of concrete demolition and construction engineering services	**30,800**	32,520
— Manufacturing and trading of prefabricated precast construction components	**2,387**	7,128
	33,187	39,648
Trading Business		
— Trading of clean coal	**—**	761
Others		
Provision of insurance brokerage and consultancy services	**—**	1,493
	33,187	41,902

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors for the purposes of resources allocation and performance assessment. For the six months ended 30 June 2020, the Group has four reportable operating segments as follows:

Construction Business	Provision of concrete demolition and construction engineering services and prefabricated precast construction
Agriculture Business	Trading of ecological LED cultivation cabinet system and other related products
Trading Business	Trading of clean coal and others
Others	Provision of insurance brokerage and consultancy services, and factoring services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the reportable operating segments are the same as those described in the consolidated financial statements. Segment profits or losses do not include interest income, income tax, gains or losses from investments, non-lease related finance cost and other unallocated corporate income and expenses. Segment assets do not include bank and cash balance, financial assets at fair value through profit or loss and other unallocated corporate assets. Segment liabilities do not include loan from a former director, current tax liabilities, deferred tax liabilities and other unallocated corporate liabilities.

Information about reportable segment profit or loss, assets and liabilities:

	Construction Business *HK$'000*	Agriculture Business *HK$'000*	Trading Business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Six months ended 30 June 2020					
Revenue from external customers	33,187	—	—	—	33,187
Inter-segment revenue	—	—	—	—	—
	33,187	—	—	—	33,187
Timing of revenue recognition					
At a point in time	—	—	—	—	—
Over time	33,187	—	—	—	33,187
	33,187	—	—	—	33,187
Segment profit/(loss)	359	(9)	(1,202)	(8)	(860)
Six months ended 30 June 2019					
Revenue from external customers	39,648	—	761	1,493	41,902
Inter-segment revenue	—	—	—	—	—
	39,648	—	761	1,493	41,902
Timing of revenue recognition					
At a point in time	—	—	761	1,493	2,254
Over time	39,648	—	—	—	39,648
	39,648	—	761	1,493	41,902
Segment profit/(loss)	416	—	(339)	(414)	(337)
Total segment assets					
30 June 2020	84,703	—	4,281	87	89,071
31 December 2019	91,081	83	5,088	83	96,335
Total segment liabilities					
30 June 2020	21,666	—	1,701	—	23,367
31 December 2019	16,795	—	1,602	—	18,397

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Total loss of reportable segments	**(860)**	(337)
Corporate expenses, net	**(9,573)**	(15,443)
Write-off of property, plant and equipment	**(32)**	(115)
Gain on disposal of subsidiaries	**1,198**	—
Consolidated loss before tax	**(9,267)**	(15,895)

6. FINANCIAL RISK MANAGEMENT

The Group's activities exposed it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The interim condensed consolidation financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

There have been no changes in the risk management policies since year end.

7. OPERATING LOSS

An analysis of the amounts presented as operating items charged/(credited) in the financial information is given below:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff cost, including directors' remuneration	**15,189**	17,849
Depreciation of property, plant and equipment	**3,582**	3,691
Depreciation of right-of-use assets	**3,097**	2,831
Impairment loss on trade receivables	**147**	2,615
Reversal of impairment loss on trade receivables	**(51)**	—
Gain on disposal of subsidiaries	**(1,198)**	—
Write-off of property, plant and equipment	**32**	115
Impairment loss on other receivables	**—**	281
Written-off of inventories	**—**	689
Government grant income	**(1,608)**	—

8. INCOME TAX EXPENSE

No provision for Hong Kong Profit Tax and People's Republic of China Enterprise Income Tax has been made as the Group does not generate any assessable profits for The Reporting Period (2019: Nil).

9. INTERIM DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. LOSS PER SHARE

(a) Basic

The calculations of basic loss per share for the six months ended 30 June 2020 and 2019 are based on the followings:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss:				
Loss for the period attributable to the owners of the Company (HK$'000)	**(978)**	(4,219)	**(7,963)**	(14,705)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**1,010,605**	1,010,605	**1,010,605**	1,010,605

The calculation of the basic loss per share attributable to owners of the Company was based on (i) the 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.

(b) Diluted

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the period ended 30 June 2020 and 2019.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of HK$2,019,000 (Six months ended 30 June 2019: HK$4,864,000). There were write-off of items of property, plant and equipment of HK$32,000 (Six months ended 30 June 2019: HK$115,000). There was none of disposal item of property, plant and equipment for the Reporting Period (Six months ended 30 June 2019: Nil).

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(audited)
Trade receivables	**85,416**	87,680
Less: allowance for impairment of trade receivables	**(51,922)**	(51,777)
Trade receivables, net	**33,494**	35,903
Retention receivables	**2,030**	2,911
Less: allowance for impairment of retention receivables	**(28)**	(28)
Retention receivables, net	**2,002**	2,883
Prepayments and trade deposits	**52,015**	57,861
Less: allowance for impairment of prepayments and trade deposits	**(50,568)**	(56,156)
	1,447	1,705
Other deposits and receivables	**37,549**	46,793
Less: allowance for impairment of other receivables	**—**	(10,578)
	37,549	36,215
	74,492	76,706

Note:

Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The average credit period granted to customers is 45 days generally.

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

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (audited)
0-30 days	**9,785**	6,305
31-60 days	**1,944**	4,909
61-90 days	**3,738**	6,499
91-365 days	**10,614**	12,909
Over 365 days	**7,413**	5,281
	33,494	35,903

13. TRADE AND OTHER PAYABLES

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (audited)
Trade payables	**7,892**	5,560
Accruals	**3,820**	3,940
Other payables	**4,207**	4,140
	15,919	13,640

Note:

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

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

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (audited)
0-30 days	**2,990**	1,378
31-60 days	**1,826**	324
61-90 days	**207**	587
Over 90	**2,869**	3,271
	7,892	5,560

14. BORROWINGS

	Note	**30 June 2020** *HK$'000*	31 December 2019 *HK$'000*
Other loan	*(a)*	**40,000**	40,000
Bonds payables	*(b)*	**5,800**	5,800
Loans from a director	*(c)*	**18,450**	—
		64,250	45,800

(a) The other loan of HK$40,000,000 was unsecured, interest bearing at 7.5% per annum and repayable on 25 November 2020.

(b) The Company issued a number of HK$-denominated bonds with an aggregate principal of HK$5,800,000. The bonds are unsecured, bearing interest rates at 9% per annum and repayable during the period from July 2020 to August 2020. The maturity date of the bonds may be extended by one year if both the bondholder and the Company agree. For the maturity extension period, the interest rate of the bonds will be at 12% p.a..

(c) The loans from a director were an interest-bearing portion of HK$18,450,000 which was unsecured, interest bearing at 10% per annum and repayable during the period from March 2021 to June 2021.

(d) All the borrowings were repayable within one year. The carrying amounts of all the borrowings approximate their fair value.

15. SHARE CAPITAL

Ordinary shares of HK$0.01 each:

Authorised:	**Number of ordinary shares**	**Amount**
Ordinary shares at 31 December 2019 and 30 June 2020	2,000,000,000	20,000

Issued and fully paid:	**Number of ordinary shares**	**Amount**
Ordinary shares at 31 December 2019 and 30 June 2020	1,010,605,000	10,106

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The principal activity of the Company is investment holding. For the six months ended 30 June 2020 (the "Reporting Period"), the Group mainly engaged in (i) provision of construction services and components (the "Construction Business"), (ii) sales of agriculture-related products (the "Agriculture Business") and (iii) trading of clean coal and others (the "Trading Business").

Construction Business

(a) Concrete demolition services and construction works

Concrete demolition is one of the 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. Concrete demolition services are usually performed by subcontractors in general building works, especially for alteration and redevelopment projects; and 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, while private sector projects refer to projects that are not public sector projects.

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Revenue from		
— private sector project	**27,086**	25,991
— public sector project	**3,714**	6,529
	30,800	32,520

(b) Prefabricated precast construction

Prefabricated precast construction is a new kind of architecture with the construction process. That is splitting the traditional building products into precast reinforced concrete member produced in the factory and transported to the construction site for assembling into a whole building. Precast concrete contributes to green building practices as it can be very durable and energy-efficient. Prefabricated precast construction also reduces construction waste and debris on construction site as the precast concrete components are factory-made and employed by exact-batching technologies.

Driven by the growth in infrastructure investment and industrialization and increase in new construction projects in the emerging countries, the Group expects that the global precast concrete construction market is poised to grow strong. The Group has been working in close cooperation with a high-tech construction company which is based in Guangzhou, the PRC in a bid to explore the construction projects in the overseas countries along the Belt and Road.

The Company sets to expand the Construction Business into the PRC market with our own strong team, focusing on prefabricated precast construction, and also tap into the oversea market with the support of this co-operative construction team. However, during the Reporting Period, the Covid-19 pandemic had dampened market sentiment and forced property developers to defer projects to be launched, the Group expects that it may take more long time to get the Group's market diversification plan off the ground.

Agriculture Business

With the globally increasing concerns about healthy living and food security, the Group believes that the demand for green food will continue to rise. The Group has now been formulating the business strategy and plan for the Agriculture Business and also initiating the negotiation with certain agribusinesses to explore the feasibility of cooperation to develop the business in relation to agricultural produce and its related products.

On 22 July 2019, the Company and Hubei Bio-great Agricultural Technology Co., Ltd* (湖北凱瑞百穀農業科技股份有限公司) (the "Target Company"), a company established in the People's Republic of China (the "PRC") with limited liability, entered into a non-legally binding cooperative intent agreement (the "Intent Agreement") in relation to the proposed investment (the "Proposed Investment") in the Target Company. It was proposed that the Company shall invest in the Target Company by way of subscription of 51% or more of the registered capital of the Target Company.

Pursuant to the Intent Agreement, the Company intended to invest in and cooperate with the Target Company to expand high-tech seed industry projects through the development of potatoes and agricultural products cold chain, processing, logistics and distribution centers, leisure sightseeing agricultural tourism and large scale construction, etc.

The negotiation and due diligence review in respect of the Proposed Investment is still ongoing.

Trading Business

Trading Business primarily comprised the trading of clean coal. Its coal resource is from the Ordos City, Inner Mongolia, the PRC. The Group ceased the clean coal trading business as it had operated at a loss. The Group has only maintained the service of coal washing for certain suppliers and received processing fee. During the Reporting Period, the Group has no concrete plan to restart the clean coal trading while the economy is probably tanking.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately HK$8.7 million or 20.8% from approximately HK$41.9 million for the six months ended 30 June 2019 ("HY2019") to approximately HK$33.2 million for the Reporting Period. An analysis of revenue was shown as follows:

Revenue by nature

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Construction Business		
— Provision for construction services	**30,800**	32,520
— Prefabricated precast construction	**2,387**	7,128
	33,187	39,648
Trading Business		
— Trading of clean coal and others	**—**	761
Others		
— Provision of insurance brokerage and consultancy services	**—**	1,493
	33,187	41,902

Revenue from Construction Business

Construction Business comprises 1) provision of concrete demolition and construction engineering services (the "Construction Services") and 2) manufacturing and trading of prefabricated precast construction components (the "Prefabricated Precast Construction").

For the Reporting Period, revenue attributable to Construction Business was approximately HK$33.2 million, representing a decrease of approximately HK$6.4 million or 16.2% as compared with approximately HK$39.6 million for HY2019. The decrease was primarily due to a decrease of approximately HK$1.7 million in revenue from Construction Services and a decrease of approximately HK$4.7 million in revenue from Prefabricated Precast Construction.

Decrease of HK$1.7 million in revenue from Construction Services was primarily due to a decrease of approximately HK$2.8 million in revenue from public sector project. As a result of a filibustering in the legislature leading to a serious delay of Hong Kong government's infrastructure project, the total gross value of construction public sector project in Hong Kong decreased for two years in a row from year 2018. In case this stagnation continues, the Group may face keen competition for the public sector project as the construction work expenditure of the Hong Kong government dwindles.

Due to the outbreak of COVID-19, the PRC government has implemented emergency public health measures and taken various actions to prevent the spread of the COVID-19 pandemic, including travel restriction and delay in resuming work after the Chinese New Year holiday in 2020. Such measures resulted in a general disruption of production, supply chain and logistics services across the PRC, which has led to delay the delivery of the prefabricated precast components to the customers, which in turns decreased by HK$4.7 million in revenue from Prefabricated Precast Construction during the Reporting Period.

Trading Business

The Group recorded no revenue from Trading Business during the Reporting Period. Since the outbreak of COVID-19 in early 2020, there was no delivery of finished products of coal washing to the customers. The revenue was generated from coal washing for HY2019.

Gross Profit and Gross Profit Margin

Gross profit decreased by HK$2.8 million or 21.5% from approximately HK$13.0 million for HY2019 to approximately HK$10.2 million for the Reporting Period.

Gross profit margin slightly decreased from 31.1% for HY2019 to 30.8% for the Reporting Period.

Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by approximately HK$7.9 million from approximately HK$28.0 million for HY2019 to approximately HK$20.2 million for the Reporting Period. The decrease was primarily due to (i) a decrease of approximately HK$2.1 million in staff cost, including directors' remuneration, (ii) a decrease of approximately HK$2.5 million in provision for impairment loss on trade receivables during the Reporting Period, (iii) a decrease of approximately HK$1.0 million in impairment loss on other receivables and written-off of inventories for the Agriculture Business and (iv) a decrease of approximately HK$0.3 million in research expenses for prefabricated precast construction.

Loss Attributable to Owners of the Company

As a result of the foregoing, net loss attributable to the owners of the Company decreased by approximately HK$6.7 million from approximately HK$14.7 million for HY2019 to approximately HK$8.0 million for the Reporting Period.

Liquidity, Financial Resources, and Capital Structure

As at 30 June 2020, the Group's current assets amounted to approximately HK$112.2 million, of which approximately HK$31.1 million was bank and cash balances, and approximately HK$74.5 million were trade and other receivables. Current liabilities were approximately HK$83.8 million, of which approximately HK$15.9 million were trade and other payables and approximately HK$64.3 million were interest-bearing borrowings. The Group's net current assets were approximately HK$28.4 million as at 30 June 2020. The gearing ratio of the Group as at 30 June 2020 (defined as total borrowings including interest bearing and non-interest bearing, divided by the Group's total equity) was approximately 1.42 as compared to approximately 0.84 as at 31 December 2019.

Treasury Policy

The Group adopted a prudent financial management approach towards its treasury policies and maintained a healthy liquidity position throughout the Reporting Period. The Group strove 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 monitored from time to time 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.

Foreign Currency Risk

The Group principally operates its businesses in Hong Kong and the PRC. Most of the operating transactions, revenue, expenses, monetary assets and liabilities were denominated in HK dollar. The Group has certain subsidiaries operating in the PRC, in which most of their transactions, including revenue, expenses and other financing activities, are denominated in Chinese Renminbi. As such, our Directors were of the view that the Group is not exposed to any significant foreign exchange transaction risk in relation to these currencies and had not entered into any foreign exchange contract as hedging measures against these currencies.

Debts and Charge on Assets

As at 30 June 2020, the borrowings of the Group amounted to approximately HK$64.3 million (31 December 2019: approximately HK$45.8 million). The annual interest rate of the borrowings ranged from 7.5% to 10.0% per annum. All of the borrowings are unsecured and matures within one year. It was accounted for as current liabilities of the Group. All of the above were denominated in HK Dollars.

Employee and Remuneration Policies

As at 30 June 2020, the Group employed 104 staff. The total staff costs (including directors' emoluments) for the Reporting Period amounted to approximately HK$15.2 million (HY2019: approximately HK$17.8 million).

The salary and benefits of the employees of the Group were competitive. This is very important as the construction industry had been experiencing labour shortage in general. Individual performance of our employees was awarded through the Group's salary and bonus system. In addition, the Group provided adequate job training to employees in order to equip them with practical knowledge and skills for tackling challenges encountered in diverse work sites.

Commitments and Contingent Liability

The Group did not have material capital commitments and contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 30 June 2020, 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
Zhou Jin	Beneficial owner	284,500,000	28.15%

(ii) Interests in debentures of the Company

Name of Chief Executive	Capacity/ Nature of interest	Type/Class of debentures	Amount of Bonds held/ interest in
Lai Xiaoliang	Beneficial owner	Fixed rate bond *(Note)*	HK$5,800,000

Note: the fixed rate bonds are freely transferrable and not convertible to the Shares of the Company

(iii) Short positions

As at 30 June 2020, none of the Directors or 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 30 June 2020 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 shareholding
Huang Cheng	Beneficial owner	188,620,000	Long	18.66%
Zhu Zhou	Beneficial owner	129,000,000	Long	12.76%

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) 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, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group had 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 (the "Code of Conduct"). Having made specific enquiries with the Directors, all Directors have confirmed that they complied with the required standards set out in the Code of Conduct during the Reporting Period.

DIVIDEND

The Board does not recommend payment of interim dividend to shareholders of the Company for the Reporting Period (six months ended 30 June 2020: Nil).

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 2 August 2014. The Share Option Scheme will be valid and effective for a period of 10 years from the date of adoption. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Particulars of the outstanding and movement of share options under the Share Option Scheme during the Reporting Period are as follows:

		Number of Share Options					
Grantee	**Date of grant**	**As at 1 January 2020**	**Granted during the Reporting Period**	**Exercised/ Lapsed during the Reporting Period**	**As at 30 June 2020**	**Exercise Period**	**Exercise price per share**
Former Directors	14 June 2016	6,200,000	—	—	6,200,000	15 June 2016 to 14 June 2026	HK$0.830
	19 June 2018	10,106,050	—	(10,106,050)	—	20 June 2018 to 19 June 2020	HK$0.628
		16,306,050	—	(10,106,050)	6,200,000		

During the Reporting Period, the total number of share options lapsed was 10,106,050 and none of share options were granted, exercised and cancelled.

AUDIT COMMITTEE

The Company established an audit committee on 2 August 2014 (the "Audit Committee") 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. As at the date of this report, the Audit Committee consists of three members, namely, Mr. Li Kar Fai, Peter (chairman of Audit Committee), Mr. Chan Chi Pan and Mr. Cao Hongmin.

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

By order of the Board
Glory Flame Holdings Limited
Liu Yingjie
Chairman

Hong Kong, 10 August 2020

As at the date of this announcement, the executive Directors are Mr. Liu Yingjie and Ms. Zhou Jin; and the independent non-executive Directors are Mr. Cao Hongmin, Mr. Chan Chi Pan and Mr. Li Kar Fai, Peter.