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 2017

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.

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 2017, the operating results of the Group were as follows:

- Revenue amounted to approximately HK$183.3 million (2016: approximately HK$129.0 million), representing an increase of approximately 42.1% from last year;
- Net profit for the year ended 31 December 2017 amounted to approximately HK$15.8 million (2016: net loss of approximately HK$69.2 million);
- Basic and diluted earnings per share for the year ended 31 December 2017 based on weighted average number of ordinary shares was approximately HK$2.18 cents (2016: Basic and diluted loss per share of approximately HK$9.92 cents);
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 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	
		2017	2016
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**183,283**	128,964
Cost of sales		**(154,632)**	(101,504)
Gross profit		**28,651**	27,460
Other income and other gains or losses	*5*	**28,661**	542
Gain/(loss) on financial assets at fair value through profit or loss		**51,372**	(8,662)
Share-based payments		**(19,080)**	(13,023)
Fair value gain/(loss) on contingent consideration		**21,889**	(1,142)
Impairment losses on various assets		**(21,994)**	(28,261)
Administrative and other operating expenses		**(70,645)**	(41,918)
Operating profit/(loss)		**18,854**	(65,004)
Finance costs		**(2,006)**	(1,998)
Profit/(loss) before income tax		**16,848**	(67,002)
Income tax	*7*	**(1,016)**	(2,241)
Profit/(loss) for the year	*8*	**15,832**	(69,243)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**361**	8
Total other comprehensive income for the year		**361**	8
Total comprehensive income/(loss) for the year		**16,193**	(69,235)
Profit/(loss) for the year attributable to:			
Owners of the Company		**18,138**	(68,092)
Non-controlling interests		**(2,306)**	(1,151)
		15,832	(69,243)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**18,535**	(68,075)
Non-controlling interests		**(2,342)**	(1,160)
		16,193	(69,235)
Earnings/(loss) per share	*10*		
Basic (cents per share)		**2.18**	(9.92)
Diluted (cents per share)		**2.18**	(9.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2017	2016
	Notes	**HK$'000**	HK$'000
Non-current assets			
Property, plant and equipment		**19,283**	16,668
Goodwill		**32,694**	52,665
Intangible assets		**4,410**	5,880
		56,387	75,213
Current assets			
Inventories		**2,687**	248
Trade and other receivables	*11*	**149,247**	101,929
Financial assets at fair value through profit or loss		**51,030**	–
Bank and cash balances	*12*	**35,003**	26,697
Tax receivable		**1,173**	–
		239,140	128,874
Current liabilities			
Trade and other payables	*13*	**13,266**	20,595
Loan from a former director		**40,000**	50,000
Tax payable		**–**	562
		53,266	71,157
Net current assets		**185,874**	57,717
Total assets less current liabilities		**242,261**	132,930
Non-current liabilities			
Contingent consideration		**–**	21,889
Deferred tax liabilities		**915**	838
		915	22,727
NET ASSETS		**241,346**	110,203
Capital and reserves			
Share capital	*14*	**9,297**	7,600
Reserves		**232,969**	103,588
Equity attributable to owners of the Company		**242,266**	111,188
Non-controlling interests		**(920)**	(985)
TOTAL EQUITY		**241,346**	110,203

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. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. During the year, the address of the Company's principal place of business in Hong Kong has been changed from Room 1901, 19th Floor, COFCO Tower, No. 262 Gloucester Road, Causeway Bay, Hong Kong to Suite 3513, 35th Floor, Tower 6, the Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries 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.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

The Group has four reportable segments as follows:

Construction	Provision of concrete demolition and construction engineering services, pre-stressed concrete piles; construction work and prefabricated precast construction
Agricultural equipment	Trading of ecological LED cultivation cabinet system
Trading business	Trading of LED light sources for decoration and clean coal
Financial services	Provision of insurance brokerage and consultancy 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 and operating segments are the same as the Group's accounting policies. Segment profits or losses do not include interest income, income tax, gains or losses from investments 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 HK$'000	Agricultural equipment HK$'000	Trading business HK$'000	Financial Services HK$'000	Total HK$'000
Year ended 31 December 2017:					
Revenue from external customers	**80,416**	**9,110**	**93,519**	**238**	**183,283**
Segment profit/(loss)	**2,565**	**(19,757)**	**22,462**	**(200)**	**5,070**
Depreciation of property, plant and equipment	**4,862**	**47**	**1,419**	**–**	**6,328**
Amortisation of intangible assets	**–**	**1,470**	**–**	**–**	**1,470**
Impairment loss on trade receivables, net	**84**	**–**	**–**	**–**	**84**
Additions to segment non-current assets	**1,277**	**2,962**	**85**	**–**	**4,324**
At 31 December 2017:					
Segment assets	**77,725**	**52,106**	**64,931**	**2,048**	**196,810**
Segment liabilities	**7,898**	**157**	**2,578**	**109**	**10,742**
Year ended 31 December 2016:					
Revenue from external customers	97,246	644	31,074	–	128,964
Segment profit /(loss)	11,830	(1,041)	(44,003)	–	(33,214)
Depreciation of property, plant and equipment	5,893	–	203	–	6,096
Impairment loss on trade receivables, net	227	–	22,876	–	23,103
Impairment loss on trade desposits	–	–	5,158	–	5,158
Additions to segment non-current assets	371	3,801	4,425	–	8,597
At 31 December 2016:					
Segment assets	106,444	26,752	40,260	–	173,456
Segment liabilities	37,808	177	3,461	–	41,446

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2017 **HK$'000**	2016 HK$'000
Profit or loss:		
Total profit or loss of reportable segments	**5,070**	(33,214)
Share-based payments	**(19,080)**	(13,023)
Gain/(loss) on financial assets at fair value through profit or loss	**51,372**	(8,662)
Corporate and unallocated profit or loss	**(20,514)**	(12,103)
Consolidated profit or loss before tax	**16,848**	(67,002)
Assets:		
Total assets of reportable segments	**196,810**	173,456
Bank and cash balances	**35,003**	26,697
Financial assets at fair value through profit or loss	**51,030**	–
Corporate and unallocated assets	**12,684**	3,934
Consolidated total assets	**295,527**	204,087
Liabilities:		
Total liabilites of reportable segments	**10,742**	41,446
Loan from a former director	**40,000**	50,000
Corporate and unallocated liabilities	**3,439**	2,438
Consolidated total liabilities	**54,181**	93,884

Geographical information:

	2017	2016
	HK$'000	HK$'000
Revenue:		
Hong Kong	**148,871**	87,660
The People's Republic of China	**25,747**	15,697
The United States	**8,665**	25,607
	183,283	128,964

Information about revenue from the Group's customer individually contributing over 10% of total revenue of the Group is as follows:

	2017	2016
	HK$'000	HK$'000
Trading business segment		
Customer A	**8,665**	25,607
Customer B	**39,542**	–
Customer C	**37,255**	–

In presenting the geographical information, revenue is based on the locations of the customers.

	2017	2016
	HK$'000	HK$'000
Non-current assets		
Hong Kong	**47,832**	61,776
The People's Republic of China (the "PRC")	**8,555**	13,437
	56,387	75,213

4. REVENUE

The Group's revenue is analysed as follows:

	2017	2016
	HK$'000	HK$'000
Revenue		
Provision of concrete demolition and construction engineering services	**71,835**	87,660
Trading of LED light sources for decoration	**85,462**	31,074
Manufacturing and trading of prestressed high strength concrete piles	**8,581**	9,586
Trading of ecological LED cultivation cabinet	**9,110**	644
Trading of clean coal	**8,057**	–
Provision of insurance brokerage and consultancy services	**238**	–
	183,283	128,964

5. OTHER INCOME AND NET GAINS OR LOSSES

	2017	2016
	HK$'000	HK$'000
Bank interest income	**2**	3
Reversal of impairment losses on trade and retention receivables	**28,034**	101
Exchange (loss)/gain	**(154)**	152
Gain on disposals of property, plant and equipment	**30**	–
Others *(Note)*	**749**	286
	28,661	542

Note: Included in "Others" was government grants of approximately HK$614,000 received by the Group during the year ended 31 December 2017 (2016: HK$225,000). There are no unfulfilled conditions or contingencies relating to these grants.

6. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2017

(a) On 6 November 2017, the Group acquired 60% of the issued share capital of Hong Kong Yuanfeng Insurance Brokers Limited (the "Yuanfeng") for a cash consideration of HK$2,040,000.

The principal activities of Yuanfeng are provision of consultancy and insurance brokerage service.

The fair value of the identifiable assets and liabilities of Yuanfeng acquired as at its date of acquisition is as follows:

	HK$'000
Bank and cash balances	160
Deposits and prepayment	83
Other payables	(74)
Total identifiable net assets at fair value	169
Non-controlling interests	(68)
Goodwill	1,939
Consideration transferred	2,040
Satisfied by:	
Cash	2,040

Analysis of net outflow of cash and cash equivalents in respect of acquisition of Yuanfeng:

	HK$'000
Total cash consideration	2,040
Cash and cash equivalents acquired	(160)
	1,880

Yuanfeng contributed revenue of approximately HK$237,000 to the Group's revenue and loss of approximately HK$200,000 to the Group's results for the year between the date of acquisition and the end of the reporting year.

If the acquisition had been completed on 1 January 2017, total Group's revenue for the year would be HK$184,659,000, and profit for the year would have been approximately HK$15,016,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is intended to be a projection of future results.

(a) On 8 November 2016, the Group acquired 51% of the issued share capital of Mansion Point International Limited (the "Mansion Point") and its subsidiaries including 南靖高科建材有限公司 ("南靖高科"), for a total agreement consideration of HK$66,000,200 which is comprised a cash consideration HK$11,600,000 and 142,000,000 ordinary shares (the "Consideration Shares") of the Company at HK$0.3831. 50,000,000 Consideration Shares have been allotted and issued during the year. Under the contingent consideration arrangement, 42,000,000 and 50,000,000 of the Consideration Shares (the "Second and Third installment") will be allotted and issued within fifteen days after the announcement of annual results of the Company for the years ended 31 December 2017 and 31 December 2018 respectively. The Second and Third installment will be adjusted subject to the audited net profit of 南靖高科 for the year ended 31 December 2017 and 31 December 2018 respectively.

The potential Consideration Shares that the Group could be required to allot and issue under the contingent consideration arrangement is between zero and 92,000,000.

Mansion Point is an investment holding company. The principal activities of Mansion Point's subsidiaries are manufacturing and trading of prestressed high strength concrete piles.

The fair value of the identifiable assets and liabilities of Mansion Point Group acquired as at its date of acquisition is as follows:

	HK$'000
Bank and cash balances	11
Other receivables	353
Other payables	(7)
Total identifiable net assets at fair value	357
Non-controlling interests	(175)
Goodwill	52,665
Consideration transferred	52,847
Satisfied by:	
Cash	11,600
50,000,000 ordinary shares at fair value on completion	20,500
Contingent consideration at fair value on completion	20,747
	52,847

Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries:	HK$'000
Total cash consideration	11,600
Cash and cash equivalents acquired	(11)
	11,589

Mansion Point Group contributed revenue of approximately HK$9,586,000 to the Group's revenue and profit of approximately HK$134,000 to the Group's results for the year between the date of acquisition and the end of 2016.

If the acquisition had been completed on 1 January 2016, total Group's revenue for the year would be unchanged, and loss for the year would have been approximately HK$69,276,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is intended to be a projection of future results.

Acquisition-related costs of approximately HK$158,000 have been recognised as expenses during the year of 2016.

7. INCOME TAX

	2017	2016
	HK$'000	HK$'000
Current tax – Hong Kong profits tax:		
Provision for the year	**941**	2,819
(Over)/under-provision in prior years	**(19)**	15
	922	2,834
Current tax – PRC Enterprise Income Tax:		
Provision for the year	**17**	–
Deferred tax	**77**	(593)
Income tax expense	**1,016**	2,241

Hong Kong Profits Tax is provided at 16.5% (2016: 16.5%) based on the assessable profit for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and profit/(loss) before tax is as follows:

	2017	2016
	HK$'000	HK$'000
Profit/(loss) before tax	**16,848**	(67,002)
Tax at domestic income tax rate of 16.5% (2016: 16.5%)	**2,780**	(11,055)
Tax effect of income that is not taxable	**(10,272)**	(15)
Tax effect of expenses that are not deductible	**11,073**	12,812
Tax effect of utilisation of tax losses not previously recognised	**(2,672)**	–
Tax effect of temporary differences not recognised	**848**	613
Effect of different tax rates of subsidiaries	**(722)**	(145)
(Over)/under-provision in prior years	**(19)**	15
Others	**–**	16
Income tax expense	**1,016**	2,241

8. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2017	2016
	HK$'000	HK$'000
Cost of inventories sold/services provided	**154,632**	101,504
Depreciation of property, plant and equipment	**6,618**	6,096
Amortisation of intangible assets	**1,470**	–
Gain on disposals of property, plant and equipment	**(30)**	–
Impairment loss on various assets		
Trade receivables	**84**	23,103
Trade deposits	**–**	5,158
Goodwill	**21,910**	–
	21,994	28,261
Fair value (gain)/loss on contingent consideration	**(21,889)**	1,142
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**30,497**	26,006
Share-based payments	**17,520**	11,287
Retirement benefits scheme contributions	**613**	901
	48,630	38,194
Share-based payments to consultant	**1,560**	1,736
Auditor's remuneration	**830**	790

9. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2017 (2016: nil).

10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/loss per share attributable to owners of the Company is based on the profits for the year attributable to owners of the Company of approximately HK$18,138,000 (2016: loss attributable to owners of the Company of approximately HK$68,092,000) and the weighted average number of ordinary shares of 831,008,000 (2016: 686,639,000) in issue during the year.

Diluted earnings/(loss) per share

There are no potential ordinary shares for the year ended 31 December 2017 and the effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2016.

11. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**79,560**	69,545
Less: allowance for impairment of trade receivables	**(428)**	(23,287)
Trade receivables, net	**79,132**	46,258
Retention receivables	**4,634**	2,966
Less: allowance for impairment of retention receivables	**(75)**	(84)
Retention receivables, net	**4,559**	2,882
Prepayments and trade deposits	**57,568**	51,087
Other deposits and receivables	**7,988**	1,702
	149,247	101,929

The Group allows an average credit period of 45 days to its trade customers. The following is ageing analysis of trade receivables based on invoice date is as follows:

	2017 HK$'000	2016 HK$'000
0 - 30 days	**23,720**	18,166
31 - 60 days	**16,572**	6,708
61 - 90 days	**2,907**	4,785
91 - 365 days	**32,890**	13,531
Over 365 days	**3,043**	3,068
	79,132	46,258

As of 31 December 2017, trade receivables of approximately HK$44,491,000 (2016: HK$24,461,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 HK$'000	2016 HK$'000
0 - 30 days	**5,650**	7,677
31 - 60 days	**10,366**	4,247
61 - 90 days	**17,136**	1,954
91 - 365 days	**8,348**	7,807
Over 365 days	**2,991**	2,776
	44,491	24,461

12. BANK AND CASH BALANCES

As at 31 December 2017, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$1,127,000 (2016: HK$119,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

At the end of the reporting period, bank and cash balances comprise cash held by the Group and short-term bank deposits with an original maturity period of three months or less. Bank balance carried interest at market rates ranging from 0.001% to 0.35% per annum (2016: 0.001% to 0.35%)

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables	**7,205**	15,791
Accruals	**1,082**	2,735
Other payables	**4,979**	2,069
	13,266	20,595

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:

	2017	2016
	HK$'000	HK$'000
0 - 30 days	**4,674**	10,229
31 - 60 days	**85**	28
Over 90 days	**2,446**	5,534
	7,205	15,791

14. SHARE CAPITAL

	Note	**Number of ordinary shares**	**Ordinary shares**
			HK$'000
Authorised:			
Ordinary shares of HK$0.01 each:			
As at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017		2,000,000,000	20,000

		Number of shares	**Ordinary shares**
			HK$'000
Issued and fully paid:			
Ordinary shares of HK$0.01 each:			
As at 1 January 2016		620,000,000	6,200
Issue of shares on placement		90,000,000	900
Issue of shares on acquisition of subsidiaries		50,000,000	500
As at 31 December 2016 and 1 January 2017		760,000,000	7,600
Issue of shares on placement	*(a)*	80,898,000	809
Issue of shares upon exercise of share options	*(b)*	88,809,000	888
As at 31 December 2017		929,707,000	9,297

Notes:

(a) Completion of the share placement took place on 25 October 2017 pursuant to which 80,898,000 placement shares were issued under the placement agreement at the placement price of HK$0.5 per placing share at an aggregate consideration of approximately HK$40,449,000, of which approximately HK$809,000 was credited to share capital and the remaining balance of approximately HK$38,221,000 (net of issuing expenses of approximately HK$1,419,000) was credited to share premium. Details of the placement were set out in the Company's announcements dated 5 September 2017, 7 September 2017 and 27 September 2017.

(b) During the year ended 31 December 2017, the subscription rights attaching to 12,400,000, 26,200,000, 10,380,000 and 39,829,000, respectively, share options were exercised at the subscription price of HK$0.83, HK$0.48, HK$0.8 and HK$0.626, respectively per share, resulting in the issue of 88,809,000 additional ordinary shares of HK$0.01 each for a total cash consideration, before expenses, of approximately HK$56,105,000. Also, approximately HK$19,412,000 was transferred from share option reserve to share premium. In result, HK$888,000 was credited to share capital and HK$74,629,000 were credited to share premium respectively.

BUSINESS OVERVIEW

The principal activity of the Company is investment holding. For the year ended 31 December 2017 ("**the Reporting Period**" or "**FY2017**"), the Group mainly engages in (i) provision of construction works and building materials supply (the "**Construction**"), (ii) development and sales of agricultural equipment (the "**Agricultural Equipment**") and (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) during the Reporting Period. Total total sum of the sub-contracting is approximately HK$71.0 million.

(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. Pre-stressed 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.

During the Reporting Period, the Group engaged in trading of the pre-stressed concrete piles in order to fulfil the outstanding sales orders of Zhangzhou Tapai Concrete Components Company Limited* (漳州塔牌混凝土構件有限公司), that was one of the conditions of the business transfer agreement dated 10 October 2016. In this regard, it generated revenue of approximately HK$8.6 million.

As at 31 December 2017, 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. During the Reporting Period, the Group integrated the different marketing strategies to promote the mini LED cultivation cabinet, such as exhibition with presentations, media advertising, distributing the leaflet and brochures, etc. 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 PRC market in 2018.

During the Reporting Period, the Group commenced sales of planting racks through the distributors which supplied of planting rack to the restaurants and certain community where set up a site of planting and growing the fresh vegetable for themselves.

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 and a major United States customer mutually agreed to terminate the sales contract after the fulfilment of the rest of the agreed sales orders, due to being unable to reach the agreement of the terms of the contract, therefore, the Group expects the sales of LED light sources for decoration will decrease in the coming year. In the meantime, the Group is also exploring new distribution channel and new customers in the PRC for the LED light sources for decoration.

(b) Clean coal

During the Reporting Period, the Group acquired 51% of shareholding in Ordos City Zhi Hua Clean Energy Ltd*（鄂爾多斯市智華清潔能源有限公司）("Zhi Hua"), which is mainly engaged in the trading 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 Group commenced the trading of clean coal through Zhi Hua in the PRC during the Reporting Period.

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.

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. On 29 December 2017, the Group entered into the reverse revolving factoring facility agreement with Linzhou Heavy Machinery Group Co. Ltd. ("**Linzhou Heavy Machinery**") which is a company established in the PRC and listed on Shenzhen Stock Exchange, pursuant to which the Group agreed to provide factoring services to Linzhou Heavy Machinery for a fixed term of two years commencing from 29 December 2017, with the credit limit of RMB45.0 million, at the net interest rate of 11.3%. As at 31 December 2017, there is no drawdown under the reverse revolving factoring facility from the customers and no revenue from invoicing factoring services were generated during the Reporting Period.

During the Reporting Period, the Group commenced a new business segment in relation to the financial services, including invoice factoring services and insurance brokerage and consultancy services.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately HK$54.3 million or 42.1% from approximately HK$129.0 million for the year ended 31 December 2016 (the "**FY16**") to approximately HK$183.3 million for the Reporting Period. The analysis of revenue was shown as follows:

Revenue by nature

	FY17 **HK$'000**	FY16 HK$'000
Construction		
– Provision of construction works	**71,835**	87,660
– Manufacturing and trading of prestressed high strength concrete pile	**8,581**	9,586
Agricultural Equipment		
– Trading of agricultural equipment	**9,110**	644
Trading Business		
– Trading of LED light sources for decoration	**85,462**	31,074
– Trading of clean coal	**8,057**	–
Financial Services		
– Provision of financial services	**238**	–
	183,283	128,964

Provision of construction works

For the Reporting Period, the revenue attributable to the provision of construction works was approximately HK$71.8 million, representing a decrease of approximately 18.1% as compared with approximately HK$87.7 million of FY16. The decrease was attributable to a decrease of HK$17.7 million in revenue from the provision for concrete demolition services, resulting from the increasing price competition in certain concrete demolition jobs and a decrease in the amount of jobs undertaken by the Group.

During the Reporting Period, the Group received a subcontracting contract of the wet trades package and brickwork for walls in Shatin to Central link with the contract sum of HK$71.0 million. The Group recorded the revenue from the sub-contracting works of HK$1.8 million in FY17.

Manufacturing and trading of prestressed high strength concrete pile

For the Reporting Period, the revenue attributable to the trading of prestressed concrete pile decreased by HK$1.0 million from HK$9.6 million in FY16 to HK$8.6 million in FY17. The revenue for both years was generated by trading of the prestressed concrete piles for the outstanding sales orders of Zhangzhou Tapai Concrete Components Company Limited (漳州塔牌混凝土構件有限公司), which is a part of conditions of the business transfer agreement dated 10 October 2016.

During FY17, as the pollutant discharge permit has not yet obtained for the manufacturing space in the name of the Group, there is no revenue generated for manufacturing of prestressed concrete piles. On 13 March 2018, the Group entered in a sales and purchase agreement to dispose of the business of manufacturing and sales of prestressed concrete piles.

Trading of LED light sources for decoration

For the Reporting Period, the revenue attributable to LED light sources for decoration increased by HK$54.4 million from HK$31.1 million in FY16 to HK$85.5 million in FY17. The increase was mainly due to an increase in purchase orders received from new customers during the Reporting Period.

Trading of Agricultural Equipment

Revenue attributable to trading of Agricultural Equipment increased by approximately HK$8.5 million from HK$0.6 million in FY16 to HK$9.1 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.

During the Reporting Period, the Group implemented a series of advertising and promotional plan to market the ecological LED cultivation cabinet system, including participating exhibition, advertisement in media and magazine issuing research paper, distributing the leaflet, etc. The Group incurred a marketing cost of approximately HK$16.2 million. The Group expects the Group will launch the sales of the products using ecological LED cultivation cabinet system in 2018.

Trading of clean coal

Revenue attributable to trading of clean coal was approximately HK$8.1 million in the Reporting Period. The Group purchased the clean coal in Inner Mongolia and then delivered by rail to the coastal city in the PRC for the customers. The global demand of clean coal increased in FY17. The Group expects the sales of clean coal will be one of key revenue contributions for the Group in the coming future.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased from approximately HK$27.5 million in FY16 to approximately HK$28.7 million for the Reporting Period, representing an increase of approximately 4.4%. Such increase was mainly due to an increase of approximately HK$9.0 million in gross profit attributable to the trading of LED products and agricultural equipment. resulting from an increase in its total sales amounts and an increase in the gross profit margin on the trading business during the Reporting Period. However. the gross profit attributable to the provision of concrete demolition services decreased by HK$8.0 million from HK$26.4 million in FY16 to HK$18.4 million in FY17, resulting from an increase in labour cost for workers.

Our Group's gross profit margin decreased from 21.3% in FY16 to 15.6% in FY17. The decrease was mainly due to a decrease in the gross profit margin of the provision of concrete demolition services and an increase in sales proportion for the trading business which is lower gross profit margin in overall.

Administrative and Other Operating Expenses

Our Group's general and administrative expenses increased by approximately HK$28.7 to approximately HK$70.6 million for the Reporting Period from approximately HK$41.9 million in FY16. Such increase was mainly due to (i) an increase of HK$16.2 million in marketing and promoting expenses for ecological LED cultivation cabinet system; (ii) a write-off of HK$3.4 million in property, plant and equipment and (iii) an increase of HK$2.4 million in legal and professional fee, mainly resulting from the legal cost for the legal proceedings during the Reporting Period.

Gain/(Loss) on financial assets at fair value through profit or loss

During FY17, the Group assigned an additional internal fund to make a short term investment in the securities listed in Hong Kong amidst the positive atmosphere and market sentiments in the stock market in Hong Kong. The Group records a gain of HK$51.4 million on financial asset at fair value through profit or loss, of which HK$20.4 million was a net realized gain on sales of listed securities and HK$31.0 million was fair value gain, net, on the listed securities, as compared with a loss of HK$8.7 million on disposal of financial assets at fair value through profit or loss.

Profit/(Loss) Attributable to Owners of the Company

Our Group's profit attributable to owners of the Company was approximately HK$18.1 million (2016: loss attributable to owners of the Company of approximately HK$68.1 million), mainly due to a combined effect of (i) an increase of HK$1.2 million in gross profit of the Group as a result of an increase in total revenue; (ii) a gain of HK$51.4 million on financial assets at fair value through profit or loss as compared to a loss of HK$8.7 million in FY16; (iii) a reversal of HK$28.0 million of impairment losses on trade and retention receivables; (iv) a fair value gain of HK$21.9 million on contingent consideration recognized in the profit and loss, resulting from none of second and third instalments of the consideration need to be settled for the acquisition of the 51% of the total share capital of Mansion Point pursuant to the disposal agreement dated 13 March 2018; (v) an impairment loss of goodwill of HK$21.9 million in relation to the disposal of 51% of total share capital of Mansion Point; (vi) an increase of HK$6.1 million in share-based payments as staff cost and consultancy expenses; and (vii) an increase of HK$28.7 million in administrative and other operating expenses.

Use of Proceeds of Initial Public Offerings

The net proceeds from the placing of the shares of the Company (the "**Share(s)**") in connection with the listing (the "**Listing**") was approximately HK$ 31.2 million. During the period from 15 August 2014 (the "**Listing Date**") to 31 December 2017 (the "**Reporting Period**"), the net proceeds from the Listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus	Actual use of proceeds up to 31 December 2017
	HK$ million	HK$ million
Enhancing machinery and equipment	16.4	7.1
Strengthening manpower	4.6	3.1
Increasing marketing efforts	1.7	1.7
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.

Placing of New Shares Under General Mandate

On 5 September 2017, the Company and ChaoShang Securities Limited (as a placing agent) entered into a placing agreement (as supplemented by a supplemental agreement dated on 27 September 2017) pursuant to which the Company has conditionally agreed to place through the placing agent, on a best endeavor basis, a maximum of 80,898,000 placing shares at the placing price of HK$0.5 per placing share (the "**Placing**"). The maximum gross proceeds from the Placing would be approximately HK$40.45 million. The maximum net proceeds from the Placing would be approximately HK$38.80 million.

The Placing was completed on 25 October 2017 and an aggregate of 80,898,000 placing shares were allotted and issued on the same date. The net proceeds from the Placing of approximately HK$38.80 million, representing a net issue price of approximately HK$0.480 per placing share, is intended to be used as to approximately HK$25.0 million for general working capital and as to approximately HK$13.8 million for marketing and promotional activities of the business of ecological LED cultivation cabinet system of the Group in the PRC. For further details, please refer to the Company's announcements dated 5 September 2017, 7 September 2017, 27 September 2017 and 25 October 2017 respectively.

As at 31 December 2017, the details of the actual use of the net proceeds were as follow:

	Intended use of proceeds	Actual use of proceeds
	HK$'000	HK$'000
General working capital	25,000	22,565
Marketing and promotional activities for ecological LED cultivation cabinet system	13,800	16,235
	38,800	38,800

Liquidity, Financial Resources and Capital Structure

As at 31 December 2017, the Group had cash and bank deposits of approximately HK$35.0 million (2016: approximately HK$26.7 million).

The gearing ratio of the Group as at 31 December 2017 (defined as total borrowings including interest bearing and non-interest bearing, divided by the Group's total equity) was approximately 0.17 (2016: approximately 0.45).

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 principally operates its businesses in Hong Kong and the PRC. The Group is exposed to foreign exchange fluctuations from various currencies, such as United States dollars and Chinese Renminbi.

Since Hong Kong dollars remains pegged to the United States dollars within a defined range, the Group is not exposed to any significant foreign exchange risk against the United States dollars. The Group has certian subsidiaries operating in mainland China, in which most of their transactions, including revenue, expenses and other financing activities, are denominated in Chinese Renminbi. 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.

Significant events after the Reporting Period

Capital Increase in Huizhou Precast

On 3 January 2018, China Construction Company Limited ("China Construction"), a company indirectly owned as to 84% by the Company, entered into a capital increase agreement with two independent third parties, pursuant to which China Construction conditionally agreed to contribute with the amounts of the registered capital of Huizhou Precast Building Materials Co. Ltd ("Huizhou Precast"), which is principally engaged in the businesses of production, research and development of prefabricated precast concrete components and glass fiber reinforced cement components, product installation guidance. Upon completion of the aforesaid capital increase, China Construction will own 61% of the equity interest in Huizhou Precast. The Group intends, through this acquisition, to pursue the expansion of the prefabrication construction business. For further details, please refer to the Company's announcements dated 3 January 2018 and 5 January 2018 respectively.

Disposal of Mansion Point

On 13 March 2018, the Company and an independent third party entered into a sale and purchase agreement ("Disposal Agreement"), pursuant to which, the Company conditionally agreed to sell 51% of the entire issued share capital of Mansion Point to such independent third party at a cash consideration of HK$30,755,000.

Zhangzhou Tapai Concrete Components Company Limited ("**Zhangzhou Tapai**") and Nanjing Gaoke Building Materials Co., Ltd ("**Nanjing Gaoke**"), which is the indirectly wholly-owned subsidiary of the Mansion Point, had entered into a business transfer agreement on 10 October 2016, pursuant to which, among others, Zhangzhou Tapai cease to operate the Business and Nanjing Gaoke shall take up the business of Zhangzhou Tapai. As at the date of Disposal Agreement, Nanjing Gaoke has not yet obtained the pollutant discharge permit in its own name for the manufacturing space which was leased by Nanjing Gaoke from Zhangzhou Tapai under a lease agreement as part of the arrangement under the business transfer agreement.

Pursuant to Disposal Agreement, none of second instalment and third instalment of the consideration (total of HK$35,245,200), which are to be settled by issue of shares of the Company, will be settled for the sales and purchase agreement dated 9 September 2016 entered between the Company and such independent third party in relation to the acquisition by the Company of the 51% of the total share capital of the Mansion Point from such independent third party on 8 November 2016. For further details, please refer to the Company's announcement dated 13 March 2018.

Proceedings by a Shareholder

The Company has received an originating summons issued on 24 February 2017 (the "**Originating Summons**") by Mr. Wu Xiongbin as the plaintiff under a High Court Miscellaneous Proceedings No.427 of 2017 (the "**Proceedings**"), naming the Directors Ms. Che Xiaoyan, Mr. Man Wai Lun, Mr. Chan Kam Wah, Mr. Bai Honghai, Mr. Shen Xingxing, Ms. Yang Nina, Mr. Li An Sheng, Mr. Guan Jincheng, Ms. Wu Chunping, Mr. Li Shunmin, Ms. Jiao Fei and the Company as defendants.

Mr. Wu in the Origination Summons sought a declaration that: (1) the meeting of the Board held on 17 February 2017 (the "**Meeting**") was invalid; (2) all resolutions passed at the Meeting were null and void; and (3) the appointment of Mr. Shen Xingxing, Ms. Yang Nina, Mr. Li An Sheng, Mr. Guan Jincheng, Ms. Wu Chunping, Mr. Li Shunmin and Ms. Jiao Fei as additional Directors during the Meeting was invalid. The parties to the Proceedings jointly applied to the High Court of Hong Kong for an order for the withdrawal of the Plaintiff's Originating Summons with no order as to costs and The High Court of Hong Kong granted an order in terms of the joint application on 24 April 2017. The Proceedings against the Company and relevant directors of the Company have ceased with effect from 24 April 2017. For further details, please refer to the Company dated 27 February 2017, 9 March 2017 and 25 April 2017.

Debts and Charge on Assets

As at 31 December 2017, the total borrowings of the Group amounted to approximately HK$40.0 million as compared to approximately HK$50.0 million as at 31 December 2016. The annual interest rates of the borrowings for the Reporting Period ranged from 0% to 5% (2016: 0% to 5%) per annum. All of the borrowings was accounted for as current liabilities of the Group. All of the above are denominated in Hong Kong Dollars.

As at 31 December 2017, the Group does not have finance lease liabilities.

Capital Commitments

The Group does not have material capital commitments as at 31 December 2017.

Contingent Liability

As at 31 December 2017, the Group had no contingent liabilities.

Employee and Remuneration Policies

As at 31 December 2017, the Group employed 128 staff (2016: 87 staff). Total employee costs for the Reporting Period including directors' emoluments, amounted to approximately HK$48.6 million (FY16: approximately HK$38.2 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 does not recommend payment of final dividend to Shareholders for the Reporting Period (FY16: Nil).

Prospects

The PRC's market is constantly changing, making it imperative that we act promptly to grasp every business opportunity it offers. We will continue to meet this challenge while striving to achieve better performance in our projects and create higher returns for our clients. In this regard, we endeavour to plan development strategies for "green building and green life" with an emphasis on quality, innovation and effectiveness. The Group will fully leverage its advantages and development opportunities to earn its place as a prominent player in the Greater China market.

INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors and the controlling Shareholders of the Company, 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 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

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

Throughout the Reporting Period, the Company has complied with the applicable code provisions of the Code except for the deviations from code provision A.2.1, A.5.1 and A.6.7 of the Code which are explained in the section headed "Compliance with the Corporate Governance Code" of the Corporate Governance Report.

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 throughout the Reporting Period.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") was adopted on 2 August 2014 (the "Date of Adoption").

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (fulltime and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), Director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe for such number of shares of the Company as it may determine in accordance with the terms of the Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

As at 31 December 2017, the number of outstanding share options under the Scheme is 47,269,000, representing 5.08% of the total issued Shares. During the Reporting Period, the total number of share options granted was 91,278,000, whereas 620,000 options were lapsed. During the Reporting Period, the total number of share option exercised was 88,809,000 options and none of the share options were cancelled. There are no more share option available for issue as at the date of this announcement.

The maximum number of entitlement to Shares of each grantee under the Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of the issued Shares. Any further grant of options in excess of this 1% limit shall be subject to the approval of the Shareholders in accordance with the GEM Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.

The subscription price of a share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Scheme will remain in force for a period of ten years commencing on the date on the adoption date, being 2 August 2014 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") shall retire in the forthcoming annual general meeting ("AGM") and, being eligible, offer itself for reappointment. A resolution for the re-appointment of ZHONGHUI ANDA as auditors of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditors during the Reporting Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee on 2 August 2014 with its 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 majority of the Audit Committee members must be independent non-executive Directors and must be chaired by an independent non-executive Directors. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically.

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

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

Hong Kong, 29 March 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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 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.gf-holdings.com.