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## **GLORY FLAME HOLDINGS LIMITED**

### **朝威控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8059)**

### **SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement of Glory Flame Holdings Limited (“**Company**”) in relation to the annual results of the Company for the year ended 31 December 2022 published on 24 March 2023 (“**Announcement**”) where the Company’s auditors expressed a qualified opinion (“**Audit Modification**”) on the Company’s consolidated financial statements for the year ended 31 December 2022 in respect of the impairment of a sum of approximately HK\$21,517,000 for the year ended 31 December 2021 in relation to which the Company issued a supplemental announcement dated 25 July 2022 (“**July 2022 Supplemental Announcement**”).

Terms and expressions herein shall bear the same meanings as used in the July 2022 Supplemental Announcement and the Announcement unless the context requires otherwise.

For details of the basis for the Audit Modification, please refer to pages 19 to 20 of the Announcement.

The board (“**Board**”) of directors (“**Directors**”) of the Company makes this Supplemental Announcement in relation to the Announcement.

#### **Management’s position**

The Company has tried to obtain the latest financial statements from the Supplier but was told that such information was confidential and could not be released. In addition, the Company has relayed to the auditors its understanding gained from various discussions with the Supplier that the Supplier’s past projects in mainland China generally have liquidity issues due to the poor construction industry climate in the past year.

## **Views of the Audit Committee**

The Audit Committee's view is in line with the views of the management set out in the above paragraph. The Audit Committee has reviewed the management's position concerning the Audit Modification, and it agrees with the same.

## **Action taken in relation to the matters giving rise to the Audit Modification**

The Company has from time to time liaised with the Supplier to gain an understanding of its financial situation and has also tried to obtain from the Supplier its financial statements and other financial information, and the Company has been told by the Supplier that such information would not be disclosed due to confidentiality reasons. The above liaisons have taken place at face-to-face meetings between the Company and the Supplier on more than a few occasions, where there were also discussions about possible cooperations in future projects and related fundings and/or repayments.

## **Company's action plan to address the Audit Modification**

On the basis that until the completion of the audit for the year ending 31 December 2023 there would be no material factors which will cause the management's view on the impairment to differ, the Company expects that the Audit Modification would not be removed in the auditors' report (for the year ending 31 December 2023).

The Company is using its best endeavours to discuss with the Supplier about possible cooperations in future projects and related fundings and/or repayments, and subject to reaching agreement in relation thereto and/or receipt of any repayment towards the balance of the Prepayments before 31 December 2023, the Audit Modification will be addressed.

The Company does not rule out seeking legal advice and taking legal action to recover the balance of the Prepayments.

By order of the Board  
**Glory Flame Holdings Limited**  
**Cheung Wai Kee**  
*Company Secretary*

Hong Kong, 10 November 2023

*As at the date of this announcement, the executive Director is Mr. Liu Ying Jie; and the independent non-executive Directors are Mr. Cao Hongmin, Mr. Li Kar Fai, Peter and Mr. Chan Chi Pan.*

*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.*

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*\* for identification purposes only*