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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)**

### **PROFIT WARNING**

This announcement is made by Glory Flame Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on information currently available to the Board, the Group is expected to record a net loss of approximately HK\$32,000,000 for the nine months ended 30 September 2016 as compared with the net profit of approximately HK\$9,000,000 for the nine months ended 30 September 2015. Such net loss was mainly due to the combined effect of the following factors: (i) the share-based payment expenses of approximately HK\$11,000,000 related to the grant of share options during the nine months ended 30 September 2016 and the fact that no share options was granted and the absence of share-based payment expenses during the nine months ended 30 September 2015; (ii) the fair value loss on financial assets at fair value through profit or loss of approximately HK\$11,000,000; and (iii) the increase in the administrative expenses, including staff costs and Directors’ remuneration.

The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016 and is not based on any figure or information which has been audited or reviewed by the Company’s auditors and the audit committee of the Company and is subject to possible adjustments upon further review. The Company is in the process of finalizing the consolidated results of the Group for the nine months ended 30 September 2016. Further information and other details of the Group’s financial performance for the nine months ended 30 September 2016 will be announced in the forthcoming quarterly results announcement in November 2016.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Glory Flame Holdings Limited**  
**Che Xiaoyan**  
*Chairman*

Hong Kong, 1 November 2016

*As at the date of this announcement, the executive Directors are Ms. Che Xiaoyan, Mr. Liu Zhong Ping and Mr. Man Wai Lun; the non-executive Directors are Mr. Zheng Si Rong and Mr. Wong Tik Tung; and the independent non-executive Directors are Mr. Liu Ping, Mr. Chan Kam Wah and Mr. Bai Honghai.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of publication. This announcement will also be published on the website of the Company at [www.drillcut.com.hk](http://www.drillcut.com.hk).*