

Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 7 August 2014 (the “**Prospectus**”) issued by Glory Flame Holdings Limited (the “**Company**”).

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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. Potential investors should read the Prospectus carefully for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.

GLORY FLAME HOLDINGS LIMITED

朝威控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares	:	155,000,000 Placing Shares (comprising 108,500,000 New Shares offered by the Company and 46,500,000 Sale Shares offered by the Selling Shareholder)
Placing Price	:	HK\$0.4 per Placing Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
Nominal value	:	HK\$0.01 per Share
Stock code	:	8059

Sponsor



大有融資有限公司
MESSIS CAPITAL LIMITED

Bookrunner and Lead Manager



東方滙財證券有限公司
ORIENT SECURITIES LIMITED

- The Placing Price is HK\$0.40 per Placing Share excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. The net proceeds to be received by the Company from the Placing, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK\$31.2 million.
- The 155,000,000 Placing Shares offered by the Company and the Selling Shareholder (comprising 108,500,000 New Shares offered by the Company and 46,500,000 Sale Shares offered by the Selling Shareholder) under the Placing were slightly over-subscribed.
- Pursuant to the Placing, 155,000,000 Placing Shares have been conditionally allocated to a total of 158 selected professional, institutional and other investors.
- Out of the 155,000,000 Placing Shares, (i) an aggregate of 5,000,000 Placing Shares, representing approximately 3.23% of the total number of the Placing Shares and 0.81% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing, have been allocated to Mr. Ho Pui Tin Terence, a connected client (as defined under Note 2 to Rule 10.12(4) of the GEM Listing Rules) of Metro Capital Securities Limited, a distributor under the Placing; and (ii) an aggregate of 5,000 Placing Shares and 5,000 Placing Shares, representing approximately 0.003% and 0.003% of the total number of the Placing Shares and approximately 0.0008% and 0.0008% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing, have been allocated to Mr. Yeung Kar Chai and Ms. Tsang Sau Kit respectively, who are connected clients (as defined under Note 2 to Rule 10.12(4) of the GEM Listing Rules) of Infast Brokerage Limited, a distributor under the Placing.
- Save as disclosed above, the Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent from and not connected persons (including any of the directors, chief executive or substantial shareholders (as defined under the GEM Listing Rules)) of the Company or any of its subsidiaries, or any of their respective close associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing. The Directors confirm that there will not be any new substantial shareholder of the Company immediately after the Capitalisation Issue and the completion of the Placing within the meaning of the GEM Listing Rules.

- Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of at least 25% of its total issued share capital at the time of the Listing and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50% of the Shares in public hands at the time of the Listing shall be owned by the three largest public Shareholders. The Directors confirm that, immediately after the Capitalisation Issue and the completion of the Placing, the public float of the Company will be 25% of the enlarged issued share capital of the Company and not more than 50% of the issued Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 15 August 2014. Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 8059.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF PROCEEDS

The Placing Price is HK\$0.40 per Share excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. The net proceeds of the Placing to be received by the Company, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK\$31.2 million. The Directors intend to apply the net proceeds of the Placing in accordance with the purposes set forth in the section “Future plans and use of proceeds” in the Prospectus in the following manner:

- (a) as to approximately HK\$16.4 million, representing approximately 52.5% of the net proceeds of the Placing, for enhancing the Group’s machinery and equipment;
- (b) as to approximately HK\$4.6 million, representing approximately 14.6% of the net proceeds of the Placing, for strengthening the Group’s manpower;
- (c) as to approximately HK\$1.7 million, representing approximately 5.5% of the net proceeds of the Placing, for increasing the Group’s marketing efforts;
- (d) as to approximately HK\$5.5 million, representing approximately 17.6% of the net proceeds of the Placing, for the repayment of the Group’s bank borrowings; and
- (e) as to the balance of approximately HK\$3.0 million, representing approximately 9.8% of the net proceeds of the Placing, for the general working capital of the Group.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The 155,000,000 Placing Shares offered by the Company and the Selling Shareholder (comprising 108,500,000 New Shares offered by the Company and 46,500,000 Sale Shares offered by the Selling Shareholder) under the Placing were slightly over-subscribed.

RESULTS OF ALLOCATION

Pursuant to the Placing, 155,000,000 Placing Shares have been conditionally allocated to a total of 158 selected professional, institutional and other investors. The distribution of the Placing Shares is set out below:

	Aggregate number of Placing Shares allocated	Approximate percentage of the total number of the Placing Shares allocated	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after the Capitalisation Issue and completion of the Placing
Top placee	25,000,000	16.13%	4.03%
Top 5 placees	90,000,000	58.06%	14.52%
Top 10 placees	138,025,000	89.05%	22.26%
Top 25 placees	154,285,000	99.54%	24.88%

Number of Placing Shares allocated

5,000 to 10,000	136
10,001 to 100,000	1
100,001 to 1,000,000	7
1,000,001 to 10,000,000	9
10,000,001 and above	5

Total:

158

Out of the 155,000,000 Placing Shares, (i) an aggregate of 5,000,000 Placing Shares, representing approximately 3.23% of the total number of the Placing Shares and 0.81% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing, have been allocated to Mr. Ho Pui Tin Terence, a connected client (as defined under Note 2 to Rule 10.12(4) of the GEM Listing Rules) of Metro Capital Securities Limited, a distributor under the Placing; and (ii) an aggregate of 5,000 Placing Shares and 5,000 Placing Shares, representing approximately 0.003% and 0.003% of the total number of the Placing Shares and approximately 0.0008% and 0.0008% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing, have been allocated to Mr. Yeung Kar Chai and Ms. Tsang Sau Kit respectively, who are connected clients (as defined under Note 2 to Rule 10.12(4) of the GEM Listing Rules) of Infast Brokerage Limited, a distributor under the Placing.

Save as disclosed above, the Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent from and not connected persons (including any of the directors, chief executive or substantial shareholders (as defined under the GEM Listing Rules)) of the Company or any of its subsidiaries, or any of their respective close associates (as defined under the

GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after the Capitalisation Issue and the completion of the Placing. The Directors confirm that there will not be any new substantial shareholder of the Company immediately after the Capitalisation Issue and the completion of the Placing within the meaning of the GEM Listing Rules.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of at least 25% of its total issued share capital at the time of the Listing and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50% of the Shares in public hands at the time of the Listing shall be owned by the three largest public Shareholders. The Directors confirm that, immediately after the Capitalisation Issue and the completion of the Placing, the public float of the Company will be 25% of the enlarged issued share capital of the Company and not more than 50% of the issued Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance by the Company with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, on any other date as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for any application monies paid. The Company will not issue any temporary documents of title.

The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on 15 August 2014 for credit to the relevant CCASS Participants' stock accounts designated by the Underwriter, the placees or their respective agents (as the case may be).

Prospective investors of the Placing Shares should note that the Lead Manager is entitled to terminate the Underwriting Agreement by giving notice in writing to the Company (for itself and on behalf of the Selling Shareholder) upon the occurrence of any of the events set forth in the section “Underwriting – Grounds for termination” in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out. In the event that the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms and conditions, an announcement will be published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.drillcut.com.hk accordingly.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 15 August 2014.

If there is any change to the expected timetable, an announcement will be published immediately by the Company on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.drillcut.com.hk.

Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 8059.

By order of the Board
GLORY FLAME HOLDINGS LIMITED
Pei Wing Fu
Chairman

Hong Kong, 14 August 2014

As at the date of this announcement, the executive Directors are Mr. Pei Wing Fu and Ms. Pei Wing Sze Clare; and the independent non-executive Directors are Prof. Lam Sing Kwong Simon, Mr. Law Yiu Sing and Ms. Wong Wai Ling.

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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement and a copy of the Prospectus will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and in the case of this announcement, on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement and a copy of the Prospectus will also be published on the Company’s website at www.drillcut.com.hk.