Polyfair Holdings Limited
寶發控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8532)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024 AND RESUMPTION OF TRADING

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Polyfair 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.*

ANNUAL RESULTS

The board (the "**Board**") of Directors is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000*
Revenue	*4*	**427,341**	330,715
Cost of services		**(403,214)**	(313,779)
Gross profit		**24,127**	16,936
Other income, gains and losses, net	*5*	**1,904**	2,509
(Impairment losses) reversal of impairment losses under expected credit loss model, net	*6*	**(4,065)**	31
Administrative expenses		**(9,214)**	(9,016)
Profit from operation		**12,752**	10,460
Finance costs	*7*	**(10,765)**	(6,972)
Profit before tax		**1,987**	3,488
Income tax expenses	*8*	**(750)**	(470)
Profit for the year	*9*	**1,237**	3,018
Other comprehensive expense for the year, net of income tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(10)**	(9)
Total comprehensive income for the year		**1,227**	3,009
Earnings per share			
Basic (HK cents)	*11*	**0.15**	0.38
Diluted (HK cents)		**0.15**	0.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**199**	190
Right-of-use assets		**1,506**	3,011
Financial assets at fair value through profit or loss		**11,425**	12,321
Deferred tax assets		**658**	770
Deposits		**–**	4,400
		13,788	20,692
Current assets			
Trade receivables	*12*	**84,630**	28,795
Contract assets	*13*	**198,382**	190,166
Prepayments, deposits and other receivables		**30,487**	32,664
Tax recoverable		**–**	165
Pledged bank balances		**36,630**	36,035
Bank balances and cash		**12,696**	14,527
		362,825	302,352
Current liabilities			
Trade and other payables	*14*	**148,508**	76,797
Contract liabilities	*13*	**3,113**	1,829
Tax payable		**168**	–
Bank and other borrowings	*15*	**148,892**	164,373
Lease liabilities		**1,539**	1,472
		302,220	244,471
Net current assets		**60,605**	57,881
Total assets less current liabilities		**74,393**	78,573
Non-current liabilities			
Other borrowings	*15*	**600**	5,000
Lease liabilities		**–**	1,539
Other payables	*14*	**532**	–
		1,132	6,539
Net assets		**73,261**	72,034
Capital and reserves			
Share capital		**8,000**	8,000
Reserves		**65,261**	64,034
Total equity		**73,261**	72,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

Polyfair Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 25 May 2017 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited ("**the Stock Exchange**") on 23 February 2018. Its immediate and ultimate holding company is C.N.Y. Holdings Limited, a company incorporated in the British Virgin Islands (the "**BVI**"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1206-7, 12th Floor, Fortress Tower, 250 King's Road, North Point, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in provision of design and project management services for facade and installation of curtain wall systems in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standards ("**HKAS**") 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.1 *Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates*

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

2.2 *Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform – Pillar Two model Rules*

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.3 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

2.4 *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong*

As disclosed in Note 34 to the consolidated financial statements, the Group has a subsidiary operating in Hong Kong which is obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.4 *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (continued)*

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2024, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The Group assessed that the cumulative catch-up adjustment in profit and loss for the service costs, interest expense and remeasurement effect from changes in actuarial assumptions and the corresponding adjustment to the LSP obligation for the year ended 31 March 2023 are immaterial. This change in accounting policy (i) did not have any impact on the opening balance of equity at 1 April 2022 and the cash flows for the year ended 31 March 2023, and (ii) did not have material impact on the profit for the year ended 31 March 2023 and the consolidated financial position as at 31 March 2023.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.4 *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (continued)*

The effects of the changes in accounting policies as a result of application of the abolition of the MPF-LSP offsetting mechanism in Hong Kong on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, and basic and diluted earnings per share, are as follows:

For the year ended 31 March 2024

	The abolition of the MPF-LSP offsetting mechanism *HK$'000*
Impact on consolidated statement of profit or loss and other comprehensive income	
Increase in administrative expenses	517
Increase in finance costs	15
Net decrease in profit for the year	532
Decrease in total comprehensive income for the year attributable to:	
– Owners of the Company	532
– Non-controlling interests	–
	532

Impact on consolidated statement of financial position

As at 31 March 2024

	The abolition of the MPF-LSP offsetting mechanism *HK$'000*
Non-current liabilities	
Increase in other payables	532
Decrease in net assets	532

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.4 *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (continued)*

	The abolition of the MPF-LSP offsetting mechanism *HK cents*
Impact on basic and diluted earnings per share	
Basic and diluted earnings per share before adjustments	0.22
Net adjustments arising from the abolition of the MPF-LSP offsetting mechanism	(0.07)
Reported basic and diluted earnings per share	0.15

2.5 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined

[2] Effective for annual periods beginning on or after 1 January 2024.

[3] Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned in the consolidated financial statements, the directors of the Company (the "**Directors**") anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss, which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgments in the process of applying the accounting policies.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Revenue represents the fair value of amounts received and receivable from provision of construction services. An analysis of the Group's revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Construction services for residential properties	**373,819**	234,797
Construction services for commercial properties	**53,522**	95,918
Revenue from contracts with customers	**427,341**	330,715

Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group, which are prepared based on the same accounting policies set out in Note 3 to the consolidated financial statements. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets and deferred tax assets) are substantially located in Hong Kong.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024	2023
	HK$'000	*HK$'000*
Bank interest income	**774**	186
Exchange gain, net	**21**	209
Fair value (losses)/gains on payments for life insurance policies	**(896)**	415
Government subsidy	**–**	1,699
Project management fee income	**2,000**	–
Sundry income	**5**	–
	1,904	2,509

6. (IMPAIRMENT LOSSES) REVERSAL OF IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024	2023
	HK$'000	*HK$'000*
(Impairment losses) reversal of impairment losses under expected credit loss model, net, on:		
– Trade receivables	**(1,385)**	34
– Contract assets	**(2,548)**	(3)
– Deposits and other receivables	**(132)**	–
	(4,065)	31

7. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest expenses on		
– Bank borrowings	**10,161**	6,692
– Bank overdrafts	**262**	193
– Other borrowings	**218**	59
– Provision for long service payment	**15**	–
– Lease liabilities	**109**	28
	10,765	6,972

8. INCOME TAX EXPENSES

	2024	2023
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	**638**	465
Deferred taxation	**112**	5
	750	470

The Group is subjected to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Hong Kong Profit Tax has been provided at the rate of 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million for the years ended 31 March 2024 and 2023.

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries which operate in the PRC are subject to corporate income tax at a rate of 25% on the taxable income. No provision for PRC income tax has been made for the Group's operation in PRC as such operation did not generate any assessable profits for tax purpose for the year of assessment 2024 (2023: Nil).

According to the Enterprise Income Tax Law and the Implementation of Enterprise Income Tax Law of the PRC, an entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments. From 1 January 2023 to 31 December 2024, the annual taxable income not more than RMB3,000,000 of a Small Low-profit Enterprise is subject to Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%.

Under the Enterprise Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. INCOME TAX EXPENSES (continued)

During both years, a subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

For the year ended 31 March 2024, no provision for Enterprise Income Tax has been made as the assessable profits for the year are wholly absorbed by the tax losses previously recognised.

For the year ended 31 March 2023, no provision for Enterprise Income Tax has been made as the subsidiary did not generate any assessable profits during that year.

9. PROFIT FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Profit for the year is arrived at after charging:		
Directors' remuneration	**6,449**	6,343
Other staff costs:		
– Salaries and other benefits	**47,022**	44,484
– Retirement benefit schemes contributions	**2,774**	3,057
– Provision for long service payment	**517**	–
Total staff costs*	**56,762**	53,884
Auditor's remuneration	**600**	595
Cost of inventories recognised as expenses	**156,608**	114,017
Subcontracting fee	**146,949**	114,212
Depreciation of property, plant and equipment	**86**	178
Depreciation of right-of-use assets	**1,505**	1,634
Lease payments not included in measurement of lease liabilities	**402**	418

* *The staff costs of approximately HK$51,990,000 (2023: HK$48,946,000) and HK$4,772,000 (2023: HK$4,938,000) were expensed in costs of services and administrative expenses respectively.*

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

	2024	2023
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic and diluted earnings per share	**1,237**	3,018

Number of shares

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**800,000**	800,000

12. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables		
Contract with customers	**84,888**	31,570
Less: allowance for credit losses	**(258)**	(2,775)
	84,630	28,795

The Group allows a credit period of 14 to 30 days to its customers for construction works after the work is certified, except for several credit worthy customers to whom an extended credit period would be granted. An ageing analysis of the trade receivables net of allowance of ECL as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 - 30 days	**55,240**	23,840
31 - 90 days	**29,390**	2,728
Over 90 days	**–**	2,227
	84,630	28,795

13. CONTRACT ASSETS AND LIABILITIES

	2024	2023
	HK$'000	*HK$'000*
Contract assets arise from construction contracts		
– retention receivables of construction contracts	**65,992**	50,464
– unbilled revenue of construction contracts	**135,662**	140,958
	201,654	191,422
Less: Allowance for credit losses	**(3,272)**	(1,256)
	198,382	190,166

	2024	2023
	HK$'000	*HK$'000*
Contract liabilities – construction	**3,113**	1,829

There were no contract liabilities as at 1 April 2022.

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Revenue recognised in the year that was included in contract liabilities at beginning of year	**1,829**	–

14. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables		
– from third parties	**103,084**	52,462
Other payables and accruals		
Accrued charges	**7,499**	7,148
Amounts due to directors	**13,844**	–
Other payables	**2,137**	138
Provision on long service payment	**532**	–
Retention payables	**21,944**	17,049
	45,956	24,335
Total trade and other payables	**149,040**	76,797
Less: Other payables classified as non-current liabilities	**(532)**	–
Total trade and other payables classified as current liabilities	**148,508**	76,797

The credit period granted to the Group by suppliers and subcontractors is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**49,551**	20,352
31 – 60 days	**8,941**	7,114
61 – 90 days	**11,896**	5,556
Over 90 days	**32,696**	19,440
	103,084	52,462

15. BANK AND OTHER BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Bank loans – secured	**120,437**	133,514
Bank loans – unsecured	**20,038**	22,021
Bank overdrafts – secured	**4,517**	4,938
Loan from related party – unsecured	**4,500**	8,900
	149,492	169,373

16. COMPARATIVE FIGURES

During the year ended 31 March 2024, for enhancing the relevance of the presentation of the consolidated financial statements, reclassification have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a subcontractor that provides façade and curtain wall works solutions in Hong Kong. Our solutions are customised to meet the technical specifications and performance requirements of our customers. We generally provide both design and build services in our projects, ranging from developing designs, conducting structural calculations, preparing shop drawings, sourcing and procuring building materials, arranging for building material logistics and installation works, project management to post-project completion services. We engage subcontractors to perform the installation work from time to time.

As at 31 March 2024, the Group had four projects in progress with a total original contract sum of approximately HK$548.3 million, of which approximately HK$396.1 million has been recognised as revenue up to 31 March 2024.

OUTLOOK

The demand for façade and curtain wall works is driven by construction of residential and commercial buildings. The development of residential buildings in Hong Kong has been a major driver of façade and curtain wall works and the forecast completions in 2024 and 2025 are 22,267 new units and 25,531 new units respectively.

Another driver for the façade and curtain wall works industry is office buildings in Hong Kong. These buildings included both installation of curtain wall systems as the envelop system above the podium and the works for the building entrance, lobby and the associate stores. According to The Hong Kong Property Review 2024 compiled by the Rating and Valuation Department, office completions in 2023 decreased significantly to 158,700 m^2. Completions are expected to remain steady in 2024 at 156,300 m^2 and slightly decrease to 136,100 m^2 in 2025. In 2024 and 2025, new Grade A completions will be 146,000 m^2 and 126,400 m^2 respectively. The Central and Western district will be the major supplies in these two years contributing 43% and 40% of the anticipated supply respectively.

Notwithstanding the negative impact from the economic slowdown driven by the global macro-economic conditions, the Group remains optimistic about its core business as the management believes that there is a market for quality façade and curtain wall works in Hong Kong. The Group will further strengthen its sales effort, closely monitor the status of the projects and carefully control the cost of services so as to expand its customer base and achieve sustainable business growth and long-term benefits to its shareholders. We are hoping to be more competitive and able to compete for more sizeable and profitable projects.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by approximately HK$96.6 million or 29.2% from approximately HK$330.7 million for the year ended 31 March 2023 to approximately HK$427.3 million for the year ended 31 March 2024. Such increase was mainly attributable to the substantial works undertaken for of two residential sizable projects with accelerated progress during the year ended 31 March 2024.

Our revenue during the Reporting Period are generated from the Group's customers in Hong Kong. For the year ended 31 March 2024, the Group generated (i) revenue of approximately HK$373.8 million from residential properties projects, representing approximately 87.5% of the Group's revenue; and (ii) revenue of approximately HK$53.5 million from commercial properties projects, representing approximately 12.5% of the Group's revenue.

Cost of Services

The Group's cost of services primarily consisted of building material costs, subcontracting charges, staff costs and other direct costs. The cost of services increased to approximately HK$403.2 million for the year ended 31 March 2024 from approximately HK$313.8 million for the year ended 31 March 2023, representing a increase of approximately 28.5%. Such increase is in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$7.2 million from approximately HK$16.9 million for the year ended 31 March 2023 to approximately HK$24.1 million for the year ended 31 March 2024. The Group's gross profit margin increased from approximately 5.1% for the year ended 31 March 2023 to approximately 5.6% for the year ended 31 March 2024, representing an increase of approximately 0.5 percentage points. Such increase was mainly attributable to substantial progress completed for two sizable residential projects, which have relatively high margin.

Other Income, Gains and Losses, net

The other income, gains and losses, net, decreased by approximately HK$0.6 million for the year ended 31 March 2024 to approximately HK$1.9 million. Such decrease was mainly attributable to the absence of one-off subsidies under the Employment Support Scheme launched by the Hong Kong SAR Government received during the year ended 31 March 2023.

(Impairment Losses) Reversal of Impairment Losses

The Group recorded the impairment losses under the expected credit loss model of approximately HK$4.1 million for the year ended 31 March 2024 as compared to the reversal of impairment losses of approximately HK$31,000 for the year ended 31 March 2023, which was mainly affected by the current industry and general market conditions in which the Group operates.

Administrative Expenses

Administrative expenses of the Group remained relatively stable at approximately HK$9.0 million and HK$9.2 million for the years ended 31 March 2023 and 2024 respectively.

Finance Costs

Finance costs increased from approximately HK$7.0 million for the year ended 31 March 2023 to approximately HK$10.8 million for the year ended 31 March 2024. The increase in finance costs was mainly attributable to the increase in the average interest rate of the bank borrowings.

Taxation

The income tax expenses of the Group increased by approximately HK$0.3 million from approximately HK$0.5 million for the year ended 31 March 2023 to approximately HK$0.8 million for the year ended 31 March 2024. The increase in income tax expenses is mainly due to increase in taxable income from the Group's ordinary business during the year ended 31 March 2024.

Profit for the Year

As a result of the foregoing, the profit for the year decreased from approximately HK$3.0 million for the year ended 31 March 2023 to approximately HK$1.2 million for the year ended 31 March 2024.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 31 March 2024 was approximately HK$12.7 million, which decreased by approximately HK$1.8 million when compared with approximately HK$14.5 million as at 31 March 2023. The pledged deposits were approximately HK$36.0 million as at 31 March 2023 and approximately HK$36.6 million as at 31 March 2024.

As at 31 March 2024, the Group had outstanding borrowings of approximately HK$148.9 million repayable on demand or within one year (2023: HK$164.4 million) and outstanding borrowings of approximately HK$0.6 million repayable after one year (2023: HK$5 million). The Group's borrowings were denominated in HK$. The amounts due are based on scheduled repayment dates set out in the loan agreements.

The current ratio of the Group remained stable at approximately 1.2 as at 31 March 2023 and approximately 1.2 as at 31 March 2024. The gearing ratio, being the net debt (defined as bank and other borrowings less cash and cash equivalents and pledged bank deposits) divided by net debt plus total equity at the end of the year, decreased from approximately 62.3% to approximately 57.8% as at 31 March 2023 and 31 March 2024, respectively.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 23 February 2018 (the "**Listing Date**"). There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2024, the Company's issued share capital was HK$8.0 million and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 31 March 2024, the Group's bank deposits with carrying amounts of approximately HK$36.6 million (2023: HK$36.0 million), trade receivables with total amount of approximately HK$20 million (2023: HK$19.8 million), the financial assets at fair value through profit or loss of approximately HK$11.4 million (2023: HK$12.3 million) and certain projects sum were pledged to secure certain letters of guarantee facility and banking facilities respectively, granted to the Group. As at 31 March 2024, no cash deposit (2023: HK$4.4 million) was pledged to a third party to secure the performance guarantee granted by the third party (2023: HK$12.1 million).

As at 31 March 2024, Mr. Yu Lap On Stephen and a company controlled by Mr. Chow Mo Lam and his close family members (namely, Polyfaith Holdings Limited) had pledged their properties to secure banking facilities granted to certain subsidiaries of the Group for nil consideration.

CAPITAL COMMITMENTS

As at 31 March 2024 and 2023, the Group did not have any significant capital commitments.

PERFORMANCE GUARANTEE

The Group provides guarantees in respect of the surety bonds in favour of the customers of certain construction contracts. Details of these guarantees are set out as follows:

	2024	2023
	HK$ million	*HK$ million*
Surety bond issued in favour of the customers	**–**	12.1

Save as disclosed herein, there is no other contingent liabilities that the Group is aware of.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Reporting Period. Saved as disclosed in this announcement, the Group did not have other plans for significant investments, acquisitions and disposal of subsidiaries as at 31 March 2024.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The majority of the Group's businesses is in Hong Kong and is denominated in HK$, Renminbi and United States Dollars ("**USD**"). As no material monetary assets or liabilities were denominated in foreign currencies, the Group is of the opinion that its exposure to foreign exchange rate risk is limited. Thus, the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 153 (2023: 140) employees. Total staff cost (including Directors' emoluments) were approximately HK$56.8 million (2023: HK$53.9 million). The remuneration package offered to our employees generally included basic salaries, bonuses and other cash allowances or subsidies. The Group determines the salary of our employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increase and promotions based on the performance of each employee. The Group provides on-the-job training to our employees and sponsors certain employees to attend training courses.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 25 January 2018. Up to 31 March 2024, no share option had been granted.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its business in Hong Kong. To the best of the Directors' knowledge, the Group has complied with all relevant laws and regulations in Hong Kong during the year.

CORPORATE GOVERNANCE

For the year ended 31 March 2024 and up to the date of this announcement, the Company has applied the principles and code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules. During the Reporting Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the year ended 31 March 2024 and up to the date of this announcement, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have within the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard**"). Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the Required Standard during the Reporting Period.

AUDIT COMMITTEE

The Company established an audit committee of the Company (the "**Audit Committee**") on 25 January 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision D.3.3 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The written terms of reference of Audit Committee was revised on 12 November 2018. The Audit Committee comprises three independent non-executive directors: Dr. Lung Cheuk Wah, Mr. Man Yun Yee and Mr. Wong Chi Yung. Dr. Lung Cheuk Wah was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company.

The Company's consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Company for the year ended 31 March 2024 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) 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 March 2024 as set out in this annual results announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on this announcement.

EVENTS AFTER THE REPORTING DATE

As from 31 March 2024 to the date of this announcement, no significant events have occurred.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024 (2023: Nil).

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.polyfaircurtainwall.com.hk). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of Company and the Stock Exchange and despatched to the Company's shareholders in due course.

RESUMPTION OF TRADING

As a result of the delay in publication of the annual results of the Group for the year ended 31 March 2024 (the "**2024 Annual Results**") and the requirements of Rule 18.49 of the GEM Listing Rules, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 am on 2 July 2024, pending the publication of the 2024 Annual Results. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 1 August 2024.

By order of the Board
Polyfair Holdings Limited
Chow Mo Lam
Chairman and Executive Director

Hong Kong, 31 July 2024

As at the date of this announcement, the executive Directors are Mr. Chow Mo Lam (Chairman), Mr. Yu Lap On Stephen (Chief Executive Officer), Mr. Wong Kam Man and Mr. Wong Wai Man; and the independent non-executive Directors are Dr. Lung Cheuk Wah, Mr. Man Yun Yee and Mr. Wong Chi Yung.