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POLYFAIR

Polyfair Holdings Limited

寶發控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8532)

SUBSCRIPTIONS OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

THE SUBSCRIPTIONS

The Board announces that on 30 June 2025, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$1,274,938 at the Conversion Price of HK\$0.024 per Conversion Share.

The Conversion Shares will be allotted and issued by the Company to the Subscribers under the General Mandate.

As at the date of this announcement, the Company has 848,744,000 Shares in issue. Assuming that there will be no change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the Convertible Bonds, the Conversion Shares represent (i) approximately 6.26% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.89% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Completion is conditional upon and subject to the fulfilment of the Conditions Precedent. If any of the Conditions Precedent is not fulfilled on or before the Long Stop Date, the Subscription Agreements will lapse and become null and void, and the parties to the Subscription Agreements will be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

The Company will make an application to the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

GENERAL

As Completion is conditional upon the fulfilment of the Conditions Precedent as set out in the paragraphs headed “Conditions Precedent” below, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

On 30 June 2025, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds.

The Subscription Agreements

The principal terms and conditions of the Subscription Agreements are summarised as follows:

Date: 30 June 2025

Parties: (1) the Company; and

(2) the Subscribers.

As of the date of this announcement, to the best of the Directors’ knowledge, information and belief, Subscriber A and Subscriber B are Independent Third Parties.

Subject matter

Subject to the fulfilment of the Conditions Precedent and the terms and conditions of the Subscription Agreements, the Subscribers shall subscribe for, and the Company shall issue to the Subscribers, the Convertible Bonds in an aggregate principal amount of HK\$1,274,938.

According to the Subscription Agreements, the allocation of the Convertible Bonds among the Subscribers and the relevant settlement methods are specified below:

Subscribers	The principal amounts	Settlement method
Subscriber A	HK\$869,188.00	Will be offset against the payables owed by the Company to Subscriber A upon Completion
Subscriber B	HK\$405,750.00	Will be offset against the payables owed by the Company to Subscriber B upon Completion
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Total	HK\$1,274,938.00	

Upon the issuance of the Convertible Bonds at Completion, each of Subscriber A and Subscriber B will formally enter into a deed of settlement to discharge the Company's repayment obligation owed to him/her for the above-specified indebted amounts with immediate effect.

Terms and conditions of the Convertible Bonds

Issuer:	The Company
Principal Amount:	Subscriber A: HK\$869,188.00 Subscriber B: HK\$405,750.00
Interest:	The Convertible Bonds are non-interest bearing.
Maturity Date:	The date falling thirty-six (36) months from the issuance date of the Convertible Bonds or, if this is not a Business Day, on the first Business Day thereafter.
Redemption:	The Company may at any time before the Maturity Date by written notices to relevant holder(s) of the Convertible Bonds, redeem the Convertible Bonds (in whole or in part) at 100% to the principal amount of the part of the Convertible Bonds to be redeemed.

Unless previously converted or cancelled or to be converted on the Maturity Date or unless the holder of the Convertible Bonds has previously issued a notice to require redemption of the Convertible Bonds upon occurrence of an event of default, the Company shall redeem all the outstanding principal amount of the Convertible Bonds at 100% of the principal amount thereof on the Maturity Date.

Any amount of the Convertible Bonds which is redeemed by the Company will be forthwith cancelled.

Conversion:

Each of the holders of the Convertible Bonds shall have the right at any time from the date of issue of the Convertible Bonds up to the Maturity Date to convert the whole or any part of the outstanding principal amount of the Convertible Bonds registered in its name into Conversion Shares at the Conversion Price.

The Company shall also have the right at any time from the date of issue of the Convertible Bonds up to the Maturity Date to convert the whole or any part of the outstanding principal amount of the Convertible Bonds registered in the name of any holders of the Convertible Bonds into Conversion Shares at the Conversion Price.

Conversion Restrictions:

The conversion rights under the Convertible Bond shall only be exercisable so long as (i) each of the holders of the Convertible Bond and its respective parties acting in concert (as defined in the Takeovers Code) will not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bond and its parties acting in concert; and (ii) the holders of the Convertible Bond and its associates (as defined in the GEM Listing Rules) will not render Shares held in public hands being less than the minimum public float of the Shares required under the GEM Listing Rules.

Conversion Price:

HK\$0.024, which will be subject to adjustment for, among other matters, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible securities, issue of new shares at less than the then prevailing market price per Share, consideration issues and other dilutive events.

Conversion Shares:	<p>In respect of the exercise of conversion rights, the number of Shares determined by dividing (a) the aggregate principal amount of the relevant Convertible Bonds to be converted by (b) the Conversion Price in effect on the relevant conversion date, and rounding down the resulting number of Shares, if necessary, to the nearest whole number.</p> <p>Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$0.024, a maximum of 53,122,416 Conversion Shares will be allotted and issued, representing (i) approximately 6.26% of the existing issued shares of the Company as at the date of this announcement, and (ii) approximately 5.89% of the issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares.</p>
Voting Rights:	The holders of the Convertible Bonds will not be entitled to attend or vote at any meetings of the Company, by reason only of being a holder of the Convertible Bonds.
Transferability:	The Convertible Bonds may not be transferred by the holders of the Convertible Bonds, without the prior written consent of the Company, to any person.
Ranking of Conversion Shares:	The Shares issued upon conversion shall rank pari passu in all respects with all other existing Shares outstanding at the Conversion Date and the holder of the Convertible Bonds shall be entitled in respect of its Conversion Shares to all dividends and other distributions the record date of which falls on a date on or after the Conversion Date.
Application for listing:	<p>No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.</p> <p>The Company will make an application to the GEM Listing Committee for the grant of listing of, and permission to deal in, the Conversion Shares.</p>

Conversion Price

The Conversion Price of HK\$0.024 per Conversion Share represents:

- (a) no discount to the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on 30 June 2025, being the date of the Subscription Agreements; and
- (b) a premium of approximately 6.19% over the average closing price of HK\$0.0226 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Subscription Agreements.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscribers with reference to, among other matters, the prevailing market price of the Shares.

Taking into account the estimated expenses for the Subscriptions of approximately HK\$60,000, comprising fees, costs, charges, and expenses of the Subscriptions, the net price of each Conversion Share amounts to approximately HK\$0.0229 per Conversion Share.

Conditions Precedent

Completion in respect of each Subscription Agreement shall be subject to the fulfilment of the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (b) the Company having complied with all the requirements under the GEM Listing Rules in connection with the Subscription, and the approval of the Board for the Subscription shall have been obtained; and
- (c) any other necessary approvals, consents, and/or waivers by the relevant governmental or regulatory authorities or bodies or other third parties as may be required by applicable laws, rules, or regulations for the Subscription having been obtained.

If any of the Conditions Precedent is not fulfilled on or before the Long Stop Date, the Subscription Agreement will lapse and become null and void, and the parties to the Subscription Agreement will be released from all obligations and liabilities thereunder, save for the liabilities for any antecedent breaches thereof.

As at the date of this announcement, save and except for Condition Precedent (a), which has yet to be satisfied, all other aforesaid Conditions Precedent have been fulfilled.

Completion

Subject to the fulfilment of the Conditions Precedent, Completion shall take place on the Completion Date, at such place and at such time as the Company and the Subscribers may agree, and each party to the Subscription Agreements shall perform its obligations in relation to Completion as set out in the Subscription Agreements. For avoidance of doubt, Completion in respect of the Subscription Agreements are not inter-conditional upon each other.

If the obligations at Completion set out in a Subscription Agreement are not complied with by either the Company or the Subscriber on the Completion Date, the non-defaulting party may:

- (a) proceed to the Completion so far as practicable and in any case without prejudice to its rights under the Subscription Agreement; or
- (b) postpone the Completion to a date (being a Business Day) falling not more than 30 days after the date set for the Completion in accordance with the Subscription Agreement; or
- (c) terminate the Subscription Agreement, and the parties to the Subscription Agreement will be released from all obligations and liabilities thereunder, save for the liabilities for any antecedent breaches thereof.

GENERAL MANDATE TO AND ALLOT AND ISSUE THE CONVERSION SHARES

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM of the Company held on 5 September 2024.

Under the General Mandate, the Company is authorised to allot and issue up to 160,000,000 new Shares. Up to the date of this announcement, no Share has been allotted and issued under the General Mandate. The maximum of 53,122,416 Conversion Shares to be allotted and issued will utilise 33.20% of the General Mandate. Accordingly, the Subscriptions are not subject to approval of the Shareholders.

REASONS AND BENEFITS FOR THE SUBSCRIPTIONS

The Company has an outstanding Indebted Salary Amounts of approximately HK\$1,274,938, which was incurred from June 2024, to the Subscribers. The Company and the Subscribers have agreed to settle the Indebted Salary Amount through the issuance of Convertible Bonds. This settlement and the issue of the Convertible Bonds, which provides for the Company's right to convert the Convertible Bonds into Shares, will also provide additional financial support for the Group to address its working capital needs by clearing a current liability which is already due.

The Directors consider that the terms of the Subscription Agreements (including but not limited to the Conversion Price) are fair and reasonable, and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcements	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the date of this announcement
23 August 2024, 28 August 2024, 12 September 2024, 8 October, 2024	Placing of new shares under general mandate	Approximately HK\$6.3 million	General working capital	Fully utilised as intended

Save as disclosed above, the Company has not conducted any other equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 848,744,000 Shares in issue. The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon full conversion of the Convertible Bonds and the issue of the Conversion Shares (assuming there will be no change in the share capital of the Company prior to the conversion of Conversion Shares):

Shareholder	As at the date of this announcement		Immediately upon full conversion of Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
C. N.Y. Holdings Limited ("C.N.Y.") <i>(Note 1)</i>	554,280,000	65.31	554,280,000	61.46
Subscriber A	0	–	36,216,166	4.02
Subscriber B	0	–	16,906,250	1.87
Other Shareholders	294,464,000	34.69	294,464,000	32.65
Total	848,744,000	100.00	901,866,416	100.00

Note:

1. C.N.Y., a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Chow Mo Lam (“Mr. Chow”) as to 83% and by Mr. Yu Lap On Stephen (“Mr. Yu”) as to 17%. Both Mr. Chow and Mr. Yu are executive Directors. As such, Mr. Chow is deemed to be interested in all the Shares held by C.N.Y.
2. Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ABOUT THE GROUP

The principal subsidiary of the Group is a subcontractor that provides façade and curtain wall works solutions in Hong Kong. The Group provides both design and build services in 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.

INFORMATION ABOUT THE SUBSCRIBERS

The Subscriber A

The Subscriber A is an ex-staff of an indirect subsidiary in the Group.

The Subscriber B

The Subscriber B is an ex-staff of an indirect subsidiary in the Group.

GENERAL

As Completion is conditional upon fulfilment of the Conditions Precedent as set out in the paragraphs headed “Conditions Precedent” above, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“AGM”	the annual general meeting held by the Company on 5 September 2024
“Board”	board of Director(s)

“Business Day(s)”	any day(s) on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning No.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Company”	Polyfair Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8532)
“Completion”	completion of the Subscriptions in accordance with the Subscription Agreements
“Completion Date”	a date falling within five (5) Business Days following the date on which all the Conditions Precedent are fulfilled (or such other date as the Company and the Subscribers may mutually agree in writing)
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Subscription Agreements
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Date”	the date on which the Subscribers exercises its/their conversion rights by delivering to the principal place of business of the Company a written notice stating its/their intention to convert, together with the Convertible Bonds certificate
“Conversion Price”	HK\$0.024 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds

“Conversion Share(s)”	the Share(s) which may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$1,274,938 issued by the Company and subscribed by the Subscribers pursuant to the Subscription Agreements
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal with up to 160,000,000 Shares, representing 20% of the total number of the issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebted Salary Amounts”	the aggregate amount of payables due to the Subscribers of HK\$1,274,938
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of, and not connected with the Company and any of its respective connected persons
“Long Stop Date”	31 August 2025 (or such other date as the Company and the Subscribers may mutually agree in writing)
“Maturity Date”	the date falling thirty-six (36) months from the issuance date of the Convertible Bonds or, if that is not a Business Day, on the first Business Day thereafter

“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Share(s)”	ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively the Subscriber A and the Subscriber B
“Subscriber A”	Mr. Wong Chi Kan Johnny
“Subscriber B”	Ms. Yip Nuen Yu
“Subscriptions”	the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	collectively Subscription Agreement A and Subscription Agreement B
“Subscription Agreement A”	the subscription agreement dated 30 June 2025 entered into between the Company and Subscriber A in respect of the Subscriptions
“Subscription Agreement B”	the subscription agreement dated 30 June 2025 entered into between the Company and Subscriber B in respect of the Subscriptions
“%”	per cent.

By Order of the Board
Polyfair Holdings Limited
Chow Mo Lam
Chairman

Hong Kong, 30 June 2025

As at the date of this announcement, the executive Directors are Mr. Chow Mo Lam, Mr. Yu Lap On Stephen and Mr. Wong Wai Man; and the independent non-executive Directors are Dr. Lung Cheuk Wah, Mr. Man Yun Yee and Ms. Sun Shui.

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 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 Listed Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting and on the website of the Company at www.polyfaircurtainwall.com.hk.