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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 2025 AND CONTINUED SUSPENSION 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 2025 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	*4*	**237,585**	427,341
Cost of services		**(320,868)**	(403,214)
Gross (loss) profit		**(83,283)**	24,127
Other income, gains and losses, net	*5*	**2,570**	1,904
Impairment losses under expected credit loss model, net	*6*	**(22,954)**	(4,065)
Administrative expenses		**(20,296)**	(9,214)
(Loss) profit from operation		**(123,963)**	12,752
Finance costs	*7*	**(8,450)**	(10,765)
(Loss) profit before tax		**(132,413)**	1,987
Income tax expenses	*8*	**(658)**	(750)
(Loss) profit for the year	*9*	**(133,071)**	1,237
Other comprehensive income (expense) for the year, net of income tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**12**	(10)
Total comprehensive (expense) income for the year		**(133,059)**	1,227
(Loss) earnings per share			
Basic and diluted (HK cents)	*11*	**(16.16)**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

	Notes	**2025** **HK$'000**	2024 *HK$'000*
Non-current assets			
Property, plant and equipment		**104**	199
Right-of-use assets		**–**	1,506
Financial assets at fair value through profit or loss		**–**	11,425
Deferred tax assets		**–**	658
		104	13,788
Current assets			
Trade receivables	*12*	**6,385**	84,630
Contract assets	*13*	**158,859**	198,382
Prepayments, deposits and other receivables		**1,590**	30,487
Financial assets at fair value through profit or loss		**10,147**	–
Pledged bank balances		**35,287**	36,630
Bank balances and cash		**811**	12,696
		213,079	362,825
Current liabilities			
Trade and other payables	*14*	**135,912**	148,508
Contract liabilities	*13*	**–**	3,113
Tax payable		**168**	168
Bank and other borrowings	*15*	**135,001**	148,892
Lease liabilities		**–**	1,539
		271,081	302,220
Net current (liabilities) assets		**(58,002)**	60,605
Total assets less current liabilities		**(57,898)**	74,393
Non-current liabilities			
Other borrowings	*15*	**–**	600
Other payables	*14*	**–**	532
		–	1,132
Net (liabilities) assets		**(57,898)**	73,261
Capital and reserves			
Share capital		**8,487**	8,000
(Deficit) reserves		**(66,385)**	65,261
Total (deficit) equity		**(57,898)**	73,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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 9/F.,Wing Hing Industrial Building, No.499 Castle Peak Road, Kowloon, 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 HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

Except as described below, the application of the amendments to HKFRS Accounting Standards 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 HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (continued)

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the 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.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern. During the year ended 31 March 2025, the Group reported a gross loss of approximately HK$83,283,000 and loss attributable to owners of the Company of approximately HK$133,071,000, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$58,002,000 and HK$57,898,000 respectively. Moreover, the Group's total borrowings of approximately HK$135,001,000 were classified as current liabilities as at 31 March 2025, while its bank balances and cash amounted to approximately HK$811,000 only.

The following plans and measures are formulated to mitigate the Group's liquidity risk and improve the Group's financial position:

– financial support from the major shareholder from time to time, by considering the financial needs of the Group;

– negotiating with banks for new facilities on the future projects to be successfully engaged by the Group;

– considering for fund raising by issuing shares to enrich the capital of the Group;

– negotiating with certain suppliers and sub-contractors to extend payment due date and reduce the amount of payment;

– the Group is expected can be entered into new profitable construction contracts and be able to generate net operating cash inflows from its future business operations; and

– the Group will continue to take active measures to control administrative and operating costs through various channels.

The Directors have reviewed the Group's cash flow forecasts prepared by management of the Group, which cover a period of not less than twelve months from the end of the reporting period. Taking into account of the plans and measures as described above, the Directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of preparation of consolidated financial statements (continued)

Going concern (continued)

Notwithstanding the above, the execution of the plans and measures by the Group is in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant shareholder, banks, suppliers and sub-contractors that are available as at the date of the consolidated financial statements were approved and authorised for issue for extending the going concern assessment, material uncertainty exists as to whether the Group can (i) successfully obtaining financial support from the major shareholder, ii) successfully negotiating with banks for new facilities; (iii) successfully raising funds by issuing shares; (iv) successfully negotiating with the suppliers and sub-contractors for those long overdue payments to be extended and reduce payment; (v) successfully enter into new profitable construction contracts and generate net operating cash inflows; and (vi) successfully implementing cost controls.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify its non-current assets as current assets and to provide for further liabilities which might arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

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:

	2025	2024
	HK$'000	*HK$'000*
Construction services for residential properties	**237,585**	373,819
Construction services for commercial properties	**–**	53,522
Revenue from contracts with customers	**237,585**	427,341

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

	2025 *HK$'000*	2024 *HK$'000*
Bank interest income	**633**	774
Exchange gain, net	**89**	21
Fair value losses on payments for life insurance policies	**(1,278)**	(896)
Project management fee income	**1,000**	2,000
Sundry income	**2,126**	5
	2,570	1,904

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025 *HK$'000*	2024 *HK$'000*
Impairment losses under expected credit loss model, net, on:		
– Trade receivables	**5,301**	1,385
– Contract assets	**17,633**	2,548
– Deposits and other receivables	**20**	132
	22,954	4,065

7. FINANCE COSTS

	2025 *HK$'000*	2024 *HK$'000*
Interest expenses on:		
– Bank borrowings	**7,936**	10,161
– Bank overdrafts	**420**	262
– Other borrowings	**52**	218
– Provision for long service payment	**–**	15
– Lease liabilities	**42**	109
	8,450	10,765

8. INCOME TAX EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	–	638
Deferred taxation	**658**	112
	658	750

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 Profits 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 2025 and 2024.

Pursuant to the PRC Income Tax Law and the respective regulations, the 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 2025 (2024: 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%.

During both years ended 31 March 2025 and 2024, a subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

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.

9. (LOSS) PROFIT FOR THE YEAR

	2025	2024
	HK$'000	*HK$'000*
(Loss) profit for the year is arrived at after charging:		
Directors' remuneration	**2,748**	6,449
Other staff costs:		
– Salaries and other benefits	**29,220**	47,022
– Retirement benefit schemes contributions	**1,785**	2,774
– Provision for long service payment	**(532)**	517
– Provision for termination compensation	**2,511**	–
Total staff costs*	**35,732**	56,762
Auditor's remuneration	**600**	600
Cost of inventories recognised as expenses	**82,020**	156,608
Subcontracting fee	**178,385**	146,949
Depreciation of property, plant and equipment	**69**	86
Depreciation of right-of-use assets	**1,506**	1,505
Lease payments not included in measurement of lease liabilities	**273**	402
Loss on written-off of property, plant and equipment	**26**	–
Written-off of other receivables	**2,373**	–

* *The staff costs of approximately HK$24,490,000 (2024: HK$51,990,000) and HK$11,242,000 (2024: HK$4,772,000) 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 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

11. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

	2025	2024
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of calculating basic and diluted earnings per share	**(133,071)**	1,237

Number of shares

	2025	2024
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**823,504**	800,000

No diluted loss per share for both years ended 31 March 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years.

12. TRADE RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables		
Contract with customers	**6,386**	84,888
Less: allowance for credit losses	**(1)**	(258)
	6,385	84,630

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 date of issuance of the payment certificates issued by customers, is as follows:

	2025	2024
	HK$'000	*HK$'000*
0 - 30 days	**1,337**	55,240
31 - 90 days	**5,048**	29,390
	6,385	84,630

13. CONTRACT ASSETS AND LIABILITIES

	2025	2024
	HK$'000	*HK$'000*
Contract assets arise from construction contracts		
– retention receivables of construction contracts	**76,896**	65,992
– unbilled revenue of construction contracts	**102,868**	135,662
	179,764	201,654
Less: Allowance for credit losses	**(20,905)**	(3,272)
	158,859	198,382

	2025	2024
	HK$'000	*HK$'000*
Contract liabilities – construction	**–**	3,113

14. TRADE AND OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade payables		
– from third parties	**83,288**	103,084
Other payables and accruals		
Accrued charges	**13,096**	7,499
Amounts due to directors	**3,467**	13,844
Other payables	**14,444**	2,137
Provision on long service payment	**–**	532
Retention payables	**21,617**	21,944
	52,624	45,956
Total trade and other payables	**135,912**	149,040
Less: Other payables classified as non-current liabilities	**–**	(532)
Total trade and other payables classified as current liabilities	**135,912**	148,508

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:

	2025	2024
	HK$'000	*HK$'000*
0 – 30 days	**7,708**	49,551
31 – 60 days	**914**	8,941
61 – 90 days	**34,910**	11,896
Over 90 days	**39,756**	32,696
	83,288	103,084

15. BANK AND OTHER BORROWINGS

	2025	2024
	HK$'000	*HK$'000*
Bank loans – secured	**110,344**	120,437
Bank loans – unsecured	**12,694**	20,038
Bank overdrafts – secured	**8,223**	4,517
Loan from a related party – unsecured	**2,980**	4,500
Loan from the immediate holding company	**760**	–
	135,001	149,492
Less: borrowings classified as current liabilities	**(135,001)**	(148,892)
Borrowings classified as non-current liabilities	**–**	600

16. MAJOR NON-CASH TRANSACTIONS

On 29 March 2025, Mr. Chow Mo Lam ("**Mr. Chow**"), an executive director of the Company agreed to settle HK$20,462,000 of the amount due to him by assign him certain deposits and other receivable in same amount.

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.

The Group had two ongoing projects as of 31 March 2025, with a total contract value (including contract sum and variation orders) of HK$539.0 million. The cumulative revenue recognized for these projects up to that date amounted to HK$537.7 million. This includes HK$205.9 million that was recognized specifically during the financial year ended 31 March 2025.

OUTLOOK

The demand for façade and curtain wall works is primarily 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 2025 and 2026 are 20,862 new units and 20,098 new units respectively. This information is sourced from the Hong Kong Property Review 2025, issued by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region. This forecast of completions of residential buildings indicated that the demand for façade and curtain wall works is anticipated to decline slightly in the coming future.

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. Despite the ongoing challenges facing Hong Kong's property sector and related industries, which have affected façade and curtain wall engineering works, the Company remains steadfast in its commitment to sustaining this core business. The Company is actively pursuing new project opportunities to enhance resilience and drive growth.

To achieve this, the Company plans to diversify its operations by expanding into complementary sectors, including (i) interior decoration; (ii) electrical and drainage works; and (iii) logistics and frozen storage warehouse.

The strategic expansion outlined above aligns with the Company's objective to broaden the scope of our construction business. The Company is evaluating opportunities to extend its operations into Macau and Mainland China, leveraging its expertise to capture new market potential. While concrete plans for these expansions have not yet established, the Company is committed to exploring these avenues.

By enhancing operational skills, pursuing business acquisitions, and exploring expansion into related business sectors, the Company aims to generate profits for the Group and mitigate sector-specific risks. The Company expects to navigate the evolving market landscape effectively while capitalizing on emerging opportunities.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK$189.8 million or 44.4% from approximately HK$427.3 million for the year ended 31 March 2024 to approximately HK$237.6 million for the year ended 31 March 2025. Such decline is primarily due to the substantial completion of projects last year. During 2025, the Company concentrated on four ongoing projects and managed variation orders for several recently completed projects, down from seven in 2024. However, the revenue recognized from these variation orders is comparatively small compared to the overall project values. Consequently, this situation has resulted in a significant reduction in recognized revenue.

Our revenue during the Reporting Period are generated from the Group's customers in Hong Kong. For the year ended 31 March 2025, the Group generated revenue of approximately HK$237.6 million from residential properties projects, representing 100% of the Group's revenue. In contrast, for the year ended 31 March 2024, the Group reported revenue of approximately HK$373.8 million from residential property projects and HK$53.5 million from commercial properties, representing approximately 87.5% and 12.5% of the Group's total revenue, respectively.

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 decreased to approximately HK$320.9 million for the year ended 31 March 2025 from approximately HK$403.2 million for the year ended 31 March 2024, representing a decrease of approximately 20.4%. The decrease in service costs of the Group is not proportional to the reduction in revenue. The primary reasons include: (i) poor conditions at the construction site, which necessitated the assignment of additional manpower as project durations exceeded the planned schedule; (ii) the need for defect rectifications; and (iii) rework or finalization of incomplete projects due to subcontractors leaving or delivering substandard quality.

Gross (Loss) Profit and Gross (Loss) Profit Margin

The Group recorded a gross loss of approximately HK$83.3 million, resulting in a gross loss margin of 35.1% for the year ended 31 March 2025. This represents a significant decline compared to the previous year, when the Group achieved a gross profit of approximately HK$24.1 million and a gross profit margin of 5.6%. This change reflects a deterioration in financial performance, with a reduction in gross profit of HK$107.4 million and a decline of 40.7 percentage points in gross margin.

The gross loss and gross loss margin are due to the substantial reduction in recognized revenue, while the cost of services remains high, as detailed in the sections head "Revenue" and "Cost of Services" above.

Other Income, Gains and Losses, Net

The other income, gains and losses, net increased by approximately HK$0.7 million for the year ended 31 March 2025 to approximately HK$2.6 million. The increase was primarily due to a rise in sundry income related to the Guaranteed Aluminum Purchase Rebate from a supplier, amounting to approximately HK$2.1 million. This increase offset a reduction in project management fee income of approximately HK$1.0 million and an increase of approximately HK$0.4 million in fair value losses on payments for life insurance policies for the Directors.

Impairment Losses Under Expected Credit Loss, Net

The Group recorded the impairment losses under the expected credit loss model of approximately HK$23.0 million for the year ended 31 March 2025 as compared to the impairment losses of approximately HK$4.1 million for the year ended 31 March 2024, which was mainly affected by the current industry and general market conditions in which the Group operates.

Administrative Expenses

Administrative expenses of the Group increased significantly by approximately HK$11.1 million for the year ended 31 March 2025, reaching HK$20.3 million. The increase was primarily attributable to additional payments for laid-off staff concerning annual leave compensation and payments in lieu of notice.

Finance Costs

Finance costs decreased from approximately HK$10.8 million for the year ended 31 March 2024 to approximately HK$8.5 million for the year ended 31 March 2025. The decrease in finance costs was mainly attributable to a reduction in the bank borrowing balance and a decline in the average interest rate of the bank borrowings.

Income Tax Expenses

The Group's income tax expenses decreased by approximately HK$0.1 million, from about HK$0.8 million for the year ended 31 March 2024 to an income tax expense of approximately HK$0.7 million for the year ended 31 March 2025.

(Loss) Profit for the Year

The loss for the year ended 31 March 2025 amounted to approximately HK$133.1 million, compared to a profit of HK$1.2 million in 2024. This significant loss is primarily attributable to (i) gross losses on several projects recorded in 2025; (ii) an increase in administrative expenses of approximately HK$11.1 million; and (iii) the increase in impairment losses under expected credit loss model HK$19.0 million.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 31 March 2025 was approximately HK$0.8 million, which decreased by approximately HK$11.9 million when compared with approximately HK$12.7 million as at 31 March 2024. The pledged deposits were approximately HK$36.6 million as at 31 March 2024 and approximately HK$35.3 million as at 31 March 2025.

As at 31 March 2025, the Group had outstanding borrowings of approximately HK$135.0 million repayable on demand or within one year (2024: HK$148.9 million) and no outstanding borrowings of repayable after one year (2024: HK$0.6 million). The Group's borrowings were denominated in HK$. 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 2024 and approximately 0.79 as at 31 March 2025. 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, increased from approximately 57.8% to approximately 241.2% as at 31 March 2024 and 31 March 2025, respectively.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 23 February 2018 (the "**Listing Date**").

As at 31 March 2025, the Company's issued share capital was HK$8,487,440 and the number of its issued ordinary shares was 848,744,000 of HK$0.01 each.

USE OF NET PROCEEDS FROM THE PLACING OF NEW ORDINARY SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 23 August 2024, 28 August 2024, 12 September 2024, and 8 October 2024 regarding the placing of new ordinary shares of the Company to not less than six placees (the "**Placees**") who and whose ultimate beneficial owners were independent third parties.

The Company and the placing agent (the "**Placing Agent**") entered into the placing agreement (the "**Placing Agreement**") on 23 August 2024, under which the Company appointed the Placing Agent to act as agent for procuring Placees on a best effort basis for a maximum of 160,000,000 ordinary shares (the "**Target Placing Share(s)**") at the adjusted placing shares at HK$0.041 per Placing Share.

On 8 October 2024, the Company completed the placement of 48,744,000 Shares (the "**Placing Shares**"), as the Target Placing Shares stated in the announcement dated 23 August 2024 were not fully subscribed. The net proceeds of the Placing Shares, after deducting the commission paid to the Placing Agent, relevant professional fees, and other related costs and expenses incurred in relation to the Placing Shares ("**Net Proceeds**"), amounted to approximately HK$1.90 million. The net proceeds per Placing Share is approximately HK$0.039.

As of 31 March 2025, the Company has fully utilised the net proceeds of HK$1.9 million. The Net Proceeds applied by the Group during the period from the completion date of the Placing Shares up to 31 March 2025 are as follows:

Intended use of proceeds	**Net proceeds (approximately)**	**Actual use of proceeds**	**Unused amount**
Bank loan repayment	HK$1.0 million	HK$1.0 million	–
General working capital (including staff cost, professional fees, rental payment and other general administrative and operating expenses)	HK$0.9 million	HK$0.9 million	–
Total	HK$1.9 million	HK$1.9 million	–

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 2025, the Group's bank deposits with carrying amounts of approximately HK$35.3 million (2024: HK$36.6 million), trade receivables with total amount of approximately HK$5.0 million (2024: HK$20 million), the financial assets at fair value through profit or loss of approximately HK$10.1 million (2024: HK$11.4 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 and 2025, 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. Details regarding the pledge of asset of Directors for the bank and other borrowings are set out in note 15 to the consolidated financial statement.

CAPITAL COMMITMENTS

As at 31 March 2025 and 2024, the Group did not have any significant capital commitments.

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 2025.

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 2025, the Group had 19 (2024: 153) employees. Total staff cost (including Directors' emoluments) were approximately HK$35.7 million (2024: HK$56.8 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.

EVENT AFTER THE REPORTING PERIOD

(a) Acquisition

On 24 April 2025, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**") and the vendors entered into the sales and purchase agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the vendors has conditionally agreed to sell, the 10,000 ordinary shares of Kings Construction & Decoration Company Limited (the "**Target Company**"), a private company incorporated in Hong Kong with limited liability, representing the entire issued shares in the Target Company, at the total consideration of HK$7,500,000 by issue of the Convertible Bonds. Upon completion, the entire shareholding of the Target Company will be owned by the Purchaser, and accordingly, the Target Company will become an indirect wholly-owned subsidiary of the Company. Further details of this transaction are set out in the Company's announcement dated 24 April 2025.

(b) Issuance of convertible bonds

On 30 June 2025, the Company entered into two subscription agreements with Mr. Wong Chi Kan Johnny and Ms. Yip Nuen Yu (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 ordinary share of nominal or par value of HK$0.01 each in the share capital of the Company which may be allotted and issued upon exercise of the conversion rights attached to the convertible bonds. Further details of this transaction are set out in the Company's announcement dated 30 June 2025.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 25 January 2018. Up to 31 March 2025, 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 CODE

The Directors, having reviewed the corporate governance practices of the Company, confirm that the Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the GEM Listing Rules, except for the code provision D.1.2 of the Code.

Code provision D.1.2 requires management to provide all members of the board with monthly updates on the issuer's business. The management of the Company currently reports to the Board on a half-yearly basis on the Group's performance, position and prospects and will promptly escalate to the Board if any material issues is noted. The Board believes that, with the executive Directors overseeing the daily operations of the Group and the effective communication between the executive Directors, management, and the non-executive Directors (including the independent non-executive Directors) on the Group's affairs, the current practice is sufficient for the Board members to discharge their duties. The Board will continue to review this practice and will make any necessary changes when appropriate, reporting to the shareholders accordingly.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the year ended 31 March 2025 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 Ms. Sun Shui. 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 2025 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 2025 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 2025 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.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2025 (2024: Nil).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Disclaimer of opinion

The following is an extract of the independent auditor's report of the Group's consolidated financial statements for the year ended 31 March 2025 which has included a disclaimer of opinion.

BASIS FOR DISCLAIMER OF OPINION

Material fundamental uncertainties relating to going concern

As described in Note 3 to the consolidated financial statements, the Group reported a gross loss of approximately HK$83,283,000 and loss attributable to owners of the Company of approximately HK$133,071,000 for the year ended 31 March 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$58,002,000 and HK$57,898,000 respectively. Moreover, the Group's total borrowings amounted to approximately HK$135,001,000 were classified as current liabilities as at 31 March 2025, while its bank balances and cash amounted to approximately HK$811,000 only.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company (the "**Directors**") have been undertaking a number of measures to improve the Group's liquidity and financial position as described in Note 3 to the consolidated financial statements. The consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends on the Group's ability to obtain sufficient future funding. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the Group fail to achieve the plans and measures as mentioned in Note 3 to the consolidated financial statements, it might not be able to continue to operate as a going concern, adjustments would be necessary to reclassify all non-current assets as current assets, to write-down the carrying values of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. In view of the potential interaction of multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, we are unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and we disclaim our opinion on the consolidated financial statements of the Group in respect of year ended 31 March 2025.

THE MANAGEMENT'S VIEW AND THE AUDIT COMMITTEE'S VIEW TOWARDS THE DISCLAIMER OF OPINION

The management of the Company concurs with the view of the Auditors. The audit committee of the Company (the "**Audit Committee**") has reviewed the Disclaimer for the Current Year and has well noted the basis thereof.

REMOVAL OF THE DISCLAIMER OF OPINION

As described in Note 3 to the consolidated financial statements, the management of the Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position and to restructure the existing borrowings. The above action plans and measures have been fully discussed with the Audit Committee and the Auditors. Contingent on the aforementioned plans and measures having a successful or favourable outcome, the Company expects that the Disclaimer of Opinion can be removed in the following year's audit of the Company (i.e. the audit for the financial year ending 31 March 2026). The Auditor's concern is on the status and development of (i) the Group's various defaulted borrowings; (ii) ongoing negotiations with banks for new facilities; (iii) negotiating with certain suppliers and sub-contractors to extend payment due date and reduce the amount of payment at the reporting date; and (iv) the Group is able to enter into new profitable construction contracts and generate net operating cash inflows from its future business operations. When the Group is able to resolve each of these matters to a satisfactory level, and provide with sufficient appropriate audit evidence relating to such matters to the Auditors, the Auditors will consider the removal of the Disclaimer of opinion in the coming audits of the Company.

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.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2025 and will continue to be suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules to keep its shareholders and potential investors informed of the latest progress in complying with the Resumption Guidance.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 31 October 2025

As at the date of this announcement, the executive Directors are Mr. Chow Mo Lam (Chairman), Mr. Yu Lap On Stephen (Chief Executive Officer) 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 will remain on the "Latest Listed Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company's website at www.polyfaircurtainwall.com.hk.