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 2026

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 2026 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 March 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	4	**98,765**	237,585
Cost of services rendered		**(98,857)**	(320,868)
Gross loss		**(92)**	(83,283)
Other income, gains and losses, net	5	**694**	2,570
Impairment losses under expected credit loss model, net	6	**(33,986)**	(22,954)
Administrative expenses		**(10,935)**	(20,296)
Loss from operation		**(44,319)**	(123,963)
Finance costs	7	**(5,231)**	(8,450)
Loss before tax		**(49,550)**	(132,413)
Income tax expenses	8	**–**	(658)
Loss for the year	9	**(49,550)**	(133,071)
Other comprehensive income 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
Total comprehensive expense for the year		**(49,550)**	(133,059)
			(Restated)
Loss per share			
Basic and diluted (HK cents)	11	**(58.38)**	(161.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment		**55**	104
Right-of-use assets		**296**	–
		351	104
Current assets			
Trade receivables	*12*	**–**	6,385
Contract assets	*13*	**124,699**	158,859
Prepayments, deposits and other receivables		**2,086**	1,590
Financial assets at fair value through profit or loss		**–**	10,147
Pledged bank deposits		**–**	35,287
Bank balances and cash		**471**	811
		127,256	213,079
Current liabilities			
Trade and other payables	*14*	**141,593**	135,912
Tax payable		**168**	168
Bank and other borrowings	*15*	**92,996**	135,001
Lease liabilities		**156**	–
		234,913	271,081
Net current liabilities		**(107,657)**	(58,002)
Total assets less current liabilities		**(107,306)**	(57,898)
Non-current liabilities			
Lease liabilities		**142**	–
Net liabilities		**(107,448)**	(57,898)
Capital and reserves			
Share capital	*16*	**8,487**	8,487
Deficit		**(115,935)**	(66,385)
Net deficit		**(107,448)**	(57,898)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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 Flat B11 (A03), 8/F., Block B, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, 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 an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	*Lack of Exchangeability*

The application of the amendments to an HKFRS Accounting Standard 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 these consolidated financial statements.

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

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

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards–Volume 11*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[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 2026

3 Effective for annual periods beginning on or after 1 January 2027

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

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures ("**MPMs**") in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (the title of which will be changed to "Basis of Preparation of Financial Statements" upon effective of HKFRS 18) and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the Statement of profit or loss and disclosures in the future financial statement. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statement.

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 2026, the Group reported a gross loss of approximately HK$92,000 and loss attributable to owners of the Company of approximately HK$49,550,000, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$107,657,000 and HK$107,448,000 respectively. Moreover, the Group's total bank and other borrowings amounted to approximately HK$92,996,000 were classified as current liabilities as at 31 March 2026, while its bank balances and cash amounted to approximately HK$471,000 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 shareholders 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 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 to 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 and are of the opinion that taking into account the above mentioned financial condition, plan and measures, the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from the date of approval of these consolidated financial statement. Accordingly, 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 (continued)

Basis of preparation of consolidated financial statements (continued)

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:

	2026	2025
	HK$'000	*HK$'000*
Construction services for residential properties	**98,765**	237,585
Construction services for commercial properties	**–**	–
Revenue from contracts with customers	**98,765**	237,585

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 is all derived from Hong Kong based on the location of services.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2026	2025
	HK$'000	*HK$'000*
Bank interest income	**–**	633
Exchange gain, net	**–**	89
Fair value losses on financial assets at fair value through profit or loss	**–**	(1,278)
Project management fee income	**–**	1,000
Sundry income	**694**	2,126
	694	2,570

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2026	2025
	HK$'000	*HK$'000*
Impairment losses under expected credit loss model, net:		
– Trade receivables	**(1)**	5,301
– Contract assets	**34,001**	17,633
– Deposits and other receivables	**(14)**	20
	33,986	22,954

7. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
Interest expenses on:		
– Bank borrowings	**5,175**	7,936
– Bank overdrafts	**–**	420
– Other borrowings	**52**	52
– Lease liabilities	**4**	42
	5,231	8,450

8. INCOME TAX EXPENSES

	2026	2025
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	–	–
Deferred taxation	–	658
	–	658

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.

For the year ended 31 March 2026 and 2025, no provision for Hong Kong Profits Tax has been made for the Group as the Group did not generate any assessable profits arising in Hong Kong.

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 2026 (2025: 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 2027, 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 2026 and 2025, 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 the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the 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 FOR THE YEAR

	2026	2025
	HK$'000	*HK$'000*
Loss for the year is arrived at after charging:		
Directors' remuneration	**1,301**	2,748
Other staff costs:		
– Salaries and other benefits	**3,007**	29,220
– Retirement benefit schemes contributions	**347**	1,785
– Provision for long service payment	**–**	(532)
– Provision for termination compensation	**–**	2,511
Total staff costs*	**4,655**	35,732
Auditor's remuneration	**800**	600
Cost of inventories recognised as expenses	**–**	82,020
Subcontracting fee	**96,062**	178,385
Depreciation of property, plant and equipment	**49**	69
Depreciation of right-of-use assets	**25**	1,506
Lease payments not included in measurement of short-term leases	**393**	273
Loss on written-off of property, plant and equipment	**–**	26
Written-off of other receivables	**–**	2,373

* *The staff costs of approximately HK$2,795,000 (2025: HK$24,490,000) and HK$1,860,000 (2025: HK$11,242,000 were expensed as costs of services rendered and administrative expenses respectively.*

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2026, nor has any dividend been proposed since the end of the reporting period (2025: Nil).

11. LOSS PER SHARE

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

Loss

	2026	2025
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic and diluted earnings per share	**(49,550)**	(133,071)

Number of shares

	2026	2025
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**84,875**	82,350

A share consolidation on the basis that every ten (10) issued and unissued then existing share had been completed on 16 January 2026 (the "**Share consolidation**"). The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the effects of the Share consolidation retrospectively for the year ended 31 March 2025 as if it occurred as of 1 April 2024.

No diluted loss per share for both years ended 31 March 2026 and 2025 were presented as there were no potential ordinary shares in issue for both years.

12. TRADE RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade receivables from contract with customers	–	6,386
Less: allowance for credit losses	–	(1)
	–	6,385

12. TRADE RECEIVABLES (continued)

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:

	2026	2025
	HK$'000	*HK$'000*
0 – 30 days	–	1,337
31 – 90 days	–	5,048
	–	6,385

13. CONTRACT ASSETS

	2026	2025
	HK$'000	*HK$'000*
Contract assets arise from construction contracts		
– retention receivables of construction contracts	**76,896**	76,896
– unbilled revenue of construction contracts	**102,709**	102,868
	179,605	179,764
Less: allowance for credit losses	**(54,906)**	(20,905)
	124,699	158,859

14. TRADE AND OTHER PAYABLES

	2026	2025
	HK$'000	*HK$'000*
Trade payables		
– from third parties	**77,055**	83,288
Other payables and accruals		
Accrued charges	**20,513**	13,096
Amounts due to directors	**3,467**	3,467
Other payables	**18,071**	14,444
Retention payables	**21,617**	21,617
Deposit received	**870**	–
	64,538	52,624
Total trade and other payables	**141,593**	135,912
Less: other payables classified as non-current liabilities	**–**	–
Total trade and other payables classified as current liabilities	**141,593**	135,912

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:

	2026	2025
	HK$'000	*HK$'000*
0 – 30 days	**–**	7,708
31 – 60 days	**–**	914
61 – 90 days	**–**	34,910
Over 90 days	**77,055**	39,756
	77,055	83,288

15. BANK AND OTHER BORROWINGS

	2026	2025
	HK$'000	*HK$'000*
Bank loans – secured	**70,475**	110,344
Bank loans – unsecured	**12,694**	12,694
Bank overdrafts – secured	**–**	8,223
Loan from a related party – unsecured	**2,980**	2,980
Loan from the immediate holding company	**6,847**	760
	92,996	135,001
Less: borrowings classified as current liabilities	**(92,996)**	(135,001)
Borrowings classified as non-current liabilities	**–**	–

16. SHARE CAPITAL

	Number of Shares	**Amount**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each as at 1 April 2024 and 31 March 2025	5,000,000	50,000
Share consolidation *(note (a))*	(4,500,000)	–
Ordinary shares of HK$0.10 each as at **31 March 2026**	500,000	50,000
Issued and full paid:		
Ordinary shares of HK$0.01 each as at 1 April 2024	800,000	8,000
Issue of new shares under placing *(note (b))*	48,744	487
Ordinary shares of HK$0.01 each as at 31 March 2025	848,744	8,487
Share consolidation *(note (a))*	(763,870)	–
Ordinary shares of HK$0.10 each as at **31 March 2026**	84,874	8,487

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

Note:

(a) On 19 December 2025, the board proposed to implement the share consolidation on the basis that every ten issued and unissued Shares of par value of HK$0.01 each in the share capital of the Company be consolidated into one consolidated share of par value of HK$0.10 each. On 14 January 2026, the ordinary resolution was duly passed by the shareholders at the extraordinary general meeting, and the share consolidation became effective on 16 January 2026,

(b) On 7 October 2024, a total of 48,744,000 shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.041 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate. The gross proceeds from the Placing are approximately HK$1,998,000 and the net proceeds from the Placing (after deducting the commission, professional fees and other related costs and expenses incurred in the Placing) are approximately HK$1,900,000.

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 an ongoing projects as of 31 March 2026, with a total contract value (including contract sum and variation orders) of HK$357.6 million. The cumulative revenue recognized for these projects up to that date amounted to HK$356.3 million. This includes HK$60.9 million that was recognized specifically during the financial year ended 31 March 2026.

OUTLOOK

Hong Kong's façade and curtain wall contracting business relies heavily on local residential and commercial construction activity. Per the Rating and Valuation Department's latest Hong Kong Property Review 2026, projected new private residential unit completions are revised downwards to 16,980 for 2026 and 15,360 for 2027, pointing to gradual weakening demand for core façade services amid lasting pressure on Hong Kong private property developers. While the Group faces ongoing liquidity challenges and going-concern risks highlighted by the auditor's disclaimer of opinion for FY2025 and 2026, management remains cautiously optimistic about the long-term prospects of its core high-quality façade and curtain wall contracting operations. Faced with widespread global economic headwinds, constrained industry cash flow and bearish sentiment across Hong Kong's construction and property sectors, the Group has rolled out a holistic multi-pronged recovery plan to resolve unresolved financial uncertainties and stabilise daily operations. Major shareholders have delivered phased financial support starting April 2025 to boost working capital and project delivery capacity, with further financial backing committed for future operations. The Group is also renegotiating banking facilities, exploring equity fundraising and restructuring liabilities owed to subcontractors, suppliers and lenders, targeting the removal of the auditor's disclaimer opinion for the financial year ending 31 March 2027.

To strengthen cash flow stability, diversify revenue streams and offset cyclical risks from traditional façade contracting, the Group has expanded its secured project portfolio and tender pipelines across Hong Kong and Mainland China. Three newly awarded construction projects totalling approximately HK$19 million have commenced construction with upfront deposits received and are scheduled for completion within six to nine months. Strategically, the Group is advancing to one high-value tender bid: a Mainland spa club construction project valued between RMB15 million and RMB20 million. The Group is sourcing new Mainland construction opportunities focused on electric vehicle manufacturing plants, energy storage infrastructure and related equipment. The acquisition of Kings Construction & Decoration Company Limited remains in progress, with a final acquisition decision due on or before 31 December 2026.

In line with its long-term diversification strategy, the Group continues to expand into complementary construction verticals including interior fitting-out, electrical and drainage works, while scaling up its business footprint in Macau and Mainland China. Final long-term expansion roadmaps are still being refined, and the Group is methodically evaluating cross-border business opportunities to enrich its project portfolio and reduce reliance on Hong Kong's residential façade market. Through consistent settlement of outstanding financial obligations, active tendering for high-value new works, targeted merger and acquisition activities, and strategic cross-industry and cross-border expansion centred on Mainland electric vehicle and energy storage projects, the Group aims to restore sustainable operating cash flows, mitigate cyclical headwinds stemming from the property sector and clear the disclaimer of opinion. The management team remains fully focused on navigating the tough operating environment, executing its turnaround strategy and capturing emerging construction prospects to deliver steady long-term profitability for the Group.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK$138.8 million or 58.4% from approximately HK$237.6 million for the year ended 31 March 2025 to approximately HK$98.8 million for the year ended 31 March 2026. Such decline is primarily due to the substantial completion of projects in last year. 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.

All revenue recorded by the Group during the Reporting Period is derived from its customers in Hong Kong. For the financial year ended 31 March 2026, the Group generated approximately HK$98.8 million in revenue from residential property projects, accounting for all of the Group's total revenue. By comparison, in the financial year ended 31 March 2025, the Group recorded roughly HK$237.6 million of revenue, all of which was attributable to residential property projects.

Cost of Services Rendered

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$98.9 million for the year ended 31 March 2026 from approximately HK$320.9 million for the year ended 31 March 2025, representing a decrease of approximately 69.2%. The decrease in service costs of the Group was not proportional to the drop in revenue. The primary reason lies in the Group's avoidance of unforeseen disruptive operational incidents this year, in contrast to the Previous Year when several subcontractors withdrew from multiple incomplete projects, which forced the Group to assume full responsibility for completing such works independently and consequently incurred substantially elevated labour costs.

Gross Loss and Gross Loss Margin

The Group recorded a gross loss of approximately HK$0.1 million, resulting in a gross loss margin of 0.1% for the year ended 31 March 2026. This represents a significant improvement compared with the previous year, when the Group achieved a gross loss of approximately HK$83.3 million and a gross loss margin of 35.1%. This change reflects a deterioration in financial performance, with a reduction in gross loss of HK$83.2 million and a decline of 35.0 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 decreased by approximately HK$1.9 million for the year ended 31 March 2026 to approximately HK$0.7 million. The decline was mainly driven by the absence of two income sources recognised in the prior year, namely supplier rebate and project management fee income, with the impact partially mitigated by insurance compensation received during the year.

Impairment Losses Under Expected Credit Loss, Net

The Group recorded the impairment losses under the expected credit loss model of approximately HK$34.0 million for the year ended 31 March 2026 as compared to the impairment losses of approximately HK$23.0 million for the year ended 31 March 2025, which was mainly affected by the current industry and general market conditions in which the Group operates.

Administrative Expenses

Administrative expenses of the Group decreased significantly by approximately HK$9.4 million for the year ended 31 March 2026, down to HK$10.9 million. The decrease was primarily attributable to material manpower restructuring undertaken in the last year.

Finance Costs

Finance costs decreased from approximately HK$8.5 million for the year ended 31 March 2025 to approximately HK$5.2 million for the year ended 31 March 2026. The decrease in finance costs was mainly attributable to a reduction in the bank borrowing balance with pledged assets.

Income Tax Expenses

The Group's income tax expenses decreased by approximately HK$0.7 million, from about HK$0.7 million for the year ended 31 March 2025 to HK$nil income tax expense for the year ended 31 March 2026.

Loss for the Year

The loss for the year ended 31 March 2026 amounted to approximately HK$49.6 million, compared to a loss of HK$133.1 million in 2025. The reduction in loss was primarily attributable to (i) gross losses margin reduced during current year; (ii) a decrease in administrative expenses of approximately HK$9.4 million; and (iii) the increase in impairment losses under expected credit loss model HK$11.0 million.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 31 March 2026 was approximately HK$0.5 million, which decreased by approximately HK$0.3 million when compared with approximately HK$0.8 million as at 31 March 2025. The pledged deposits were approximately HK$35.3 million as at 31 March 2025 and HK$nil as at 31 March 2025.

As at 31 March 2026, the Group had outstanding borrowings of approximately HK$93.0 million repayable on demand or within one year (2025: HK$135.0 million) and no outstanding borrowings of repayable after one year (2025: HK$nil). 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 0.79 as at 31 March 2025 and approximately 0.54 as at 31 March 2026. 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 241.2% to approximately 620.0% as at 31 March 2025 and 31 March 2026, respectively.

CAPITAL STRUCTURE

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

On 19 December 2025, the Board proposed to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK$0.01 each be consolidated into one (1) Consolidated Share of par value of HK$0.1 each. The Share Consolidation was approved by the Shareholders at the extraordinary general meeting held on 14 January 2026 and became effective on 16 January 2026. Details of the Share Consolidation are set out in the Company's circular dated 19 December 2025 and announcements dated 14 January 2026 and 16 January 2026.

As at 31 March 2026, the Capital Reduction and the Share Sub-division have not yet become effective. The postponement of the effective date does not affect the Share Consolidation or the change in board lot size, both of which have already taken effect. Further announcement(s) will be made by the Company to inform the Shareholders on the outcome of the Court hearing and the effective date as and when appropriate.

As at 31 March 2026, the Company's issued share capital was HK$8,487,440 and the number of its issued ordinary shares was 84,874,400 of HK$0.1 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 2026, the Group's bank balances with carrying amounts of HK$nil (2025: HK$35.3 million), trade receivables with total amount of HK$nil (2025: HK$6.3 million) and financial assets at fair value through profit or loss of nil (2025: HK$10.1 million) were pledged to secure certain letters of guarantee facility and banking facilities respectively, granted to the Group.

As at 31 March 2025 and 2026, Mr. Yu Lap On Stephen ("**Mr. Yu**") and a company controlled by Mr. Chow Mo Lam ("**Mr. Chow**") 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 2026 and 2025, 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 2026.

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 2026, the Group had 13 (2025: 19) employees. Total staff cost (including Directors' emoluments) were approximately HK$4.7 million (2025: HK$35.7 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

Please see below a list of events after the reporting period:

1. On 24 April 2025, the indirect wholly-owned subsidiary of the Company (the "**Purchaser**") entered into a sale and purchase agreement with the vendors to acquire the entire issued share capital of Kings Construction & Decoration Company Limited at a total consideration of HK$7,500,000, to be settled by the issue of Convertible Bonds. The long stop date under the agreement was first extended to 30 June 2025 by a supplemental agreement dated 4 December 2025, and further extended to 31 December 2026 by another supplemental agreement signed on 30 June 2026. All other terms of the sale and purchase agreement remain unchanged, and further details will be disclosed in a separate announcement at a later date. For details, please refer to the announcements of the Company dated 24 April 2025, 25 April 2025 and 5 December 2025.

2. A winding-up petition dated 20 January 2026 was filed by Starway (HK) Limited at the High Court of the Hong Kong Special Administrative Region against Polyfair Construction & Engineering Limited ("**PCE**"), a wholly-owned subsidiary of the Company, arising from an outstanding judgment debt of approximately HK$416,000 (including legal costs) from a Lands Tribunal tenancy dispute. The parties entered into a settlement agreement in December 2025 which reduced the residual liability to HK$261,000, yet PCE failed to settle the scheduled instalments. The original hearing of the petition was fixed for 8 April 2026. The petitioner subsequently reached full settlement with PCE and applied to withdraw the petition, and the High Court granted an order for withdrawal on 31 March 2026. For details, please refer to the announcements of the Company dated 21 January 2026 and 8 April 2026.

3. A winding-up petition against PCE was lodged by Mr. Ma Kin Tsang at the High Court on 12 March 2026, arising from an outstanding judgment debt of HK$190,700 (inclusive of costs) under a Labour Tribunal consent order dated 8 May 2025. PCE defaulted on instalment repayments and ignored a statutory demand served on 9 December 2025, with overdue principal and interest totalling HK$156,900. The original hearing fixed for 27 May 2026 was adjourned to 24 June 2026 upon the petitioner's request. Full settlement of HK$156,900 was completed on 28 May 2026, yet the Group has not received the petitioner's formal withdrawal notice and awaits the Court's ruling. No winding-up order has been made as at the date of this annual report. For details, see the Company's announcements dated 17 March 2026 and 23 June 2026.

4. A winding-up petition dated 6 May 2026 was filed by DBS Bank (Hong Kong) Limited at the High Court against the Company, in connection with the Company's guarantee liabilities for banking facilities granted to PCE, with aggregate outstanding principal and accrued interest of approximately HK$6.41 million. A statutory demand was served on the Company on 9 January 2026 and remained unsatisfied in full. The hearing for the petition has been fixed for 29 July 2026. For details, please refer to the announcements of the Company dated 14 May 2026 and supplemented on 20 May 2026.

5. A winding-up petition dated 8 May 2026 was filed by Atom Bondway Company Limited at the High Court against PCE, in connection with an unpaid judgment debt of HK$1.27 million arising from a settlement agreement dated 9 May 2025. PCE defaulted on the agreed settlement instalments. The hearing for the petition has been fixed for 5 August 2026. For details, please refer to the announcements of the Company dated 14 May 2026 and supplemented on 20 May 2026.

Save as disclosed above and the matters disclosed under the "Management Discussion and Analysis" section of this annual report, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to the end of the reporting period and up to the date of this annual report.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 25 January 2018. Up to 31 March 2026, 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 halfyearly 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.

Following the resignation of Mr. Man Yun Yee and Dr. Lung Cheuk Wah as the independent non-executive Director of the Company on 22 December 2025, (i) the number of the independent non-executive Directors has fallen below the minimum number required under Rule 5.05(1) of the GEM Listing Rules; (ii) the number of members of the Audit Committee has fallen below the minimum number required under Rule 5.28 of the GEM Listing Rules; and (iii) the remuneration committee must be chaired by an independent non-executive Director under Rule 5.34 of the GEM Listing Rules. The Company has appointed Mr. Zheng Lei as the independent non-executive Director on 12 June 2026. The Company has complied with the above requirements of the GEM Listing Rules after the appointment.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Tsang King Sun (the "**Mr. Tsang**") does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Tsang as the Company Secretary of the Company. In this respect, the Company has nominated Mr. Wong Wai Man as its contact point with Mr. Tsang. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Tsang's prior experience in acting as the company secretary of other companies listed on the Stock Exchange, both the Company and Mr. Tsang are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Tsang's experience in company secretarial functions, the Directors believe that Mr. Tsang has the appropriate company secretarial expertise for the purposes of Rule 5.14 of the GEM Listing Rules.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the year ended 31 March 2026 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: Ms. Sun Shui, Ms. Lo Lai Lai Samantha and Mr. Zheng Lei. On 22 December 2025, Ms. Lo Lai Lai Samantha 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 2026 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 2026 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF CCTH 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 2026 as set out in this annual results announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CCTH CPA Limited on this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2026 (2025: Nil).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report issued by the Group's independent auditor:

To the Shareholders of Polyfair Holdings Limited
(incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As described in Note 3 to the consolidated financial statements, the Group reported a gross loss of approximately HK$92,000 and loss attributable to owners of the Company of approximately HK$49,550,000 for the year ended 31 March 2026, and as of that date, the Group had net current liabilities and net liabilities of approximately HK$107,657,000 and HK$107,448,000 respectively. Moreover, the Group's total bank and other borrowings amounted to approximately HK$92,996,000 were repayable on demand as at 31 March 2026, while its bank balances and cash amounted to approximately HK$471,000 only.

These conditions together with the plans and measures described in note 3 to the consolidated financial statement 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 plans and measures to improve the Group's liquidity and financial position as described in Note 3 to the consolidated financial statements which are subject to material uncertainties. The consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends on the outcome of these plans and measures.

However, we were unable to obtain sufficient appropriate evidence to satisfy ourselves that the plans and measures taken by the Group underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable, including but not limited to, whether the Group will be able to enter into agreements with the lenders on the extension of the repayment schedule of certain borrowings and whether there will be new financing from other financial institutions. As a result, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the directors of the Company.

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.

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

The Audit Committee has reviewed the Disclaimer for current year and has well noted the basis thereof and agreed with auditor opinion. The Audit Committee instructed the Company's executive directors to make best efforts to implement the measures stated therein.

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 2027). 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.

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
Yu Lap On Stephen
Executive Director

Hong Kong, 30 June 2026

As at the date of this announcement, the executive Directors are Mr. Mu Ruifeng, Mr. Yu Lap On Stephen and Mr. Wong Wai Man; and the independent non-executive Directors are Mr. Zheng Lei, Ms. Sun Shui and Ms. Lo Lai Lai Samantha.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Announcements" page for at least seven days from the date of its posting and on the website of the Company at www.polyfaircurtainwall.com.hk.