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POLYFAIR

Polyfair Holdings Limited

寶發控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8532)

UPDATE IN RELATION TO DISCLAIMER OPINION ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Reference is made to the annual report (the “**2025 Annual Report**”) of Polyfair Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2025 (“**FY2025**”). As set out in the 2025 Annual Report, the auditors of the Company, Asia Alliance (HK) CPA Limited (the “**Auditors**”), had issued a disclaimer of opinion to the Group’s consolidated financial statements for FY2024/25 (the “**2025 Disclaimer Opinion**”). The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide an update to the shareholders of the Company (the “**Shareholders**”) in relation to the progress in resolving the issues underlying the 2025 Disclaimer Opinion.

MEASURES TO ADDRESS THE 2025 DISCLAIMER OPINION

As set out in the 2025 Annual Report, the Company has considered different measures to resolve the issues underlying the 2025 Disclaimer Opinion listed out as below:

(1) Financial support from the major shareholder

Phased funding committed by the major shareholder has been fully disbursed commencing April 2025, bolstering the Group’s working capital to sustain daily operations and project delivery. The major shareholder has also reiterated its continuous financial backing for the Group’s future development.

(2) Negotiation for new banking facilities

The Group has been actively engaging multiple banks to negotiate new credit facilities and extensions of existing loan arrangements, which form a core pillar of its financial strategy and day-to-day business continuity. As at the date of this Announcement, no binding agreements have yet been concluded, and the Group is in the process of realising its secured assets to settle outstanding bank borrowings. On a separate matter, DBS Bank (Hong Kong) Limited lodged a winding-up petition against the Company on 6 May 2026 in respect of the Company's guarantee liabilities for credit facilities extended to Polyfair Construction & Engineering Limited (the "PCE"), covering approximately HK\$6.41 million in outstanding principal plus accrued interest. The hearing for this petition is set to take place on 29 July 2026.

(3) Equity fundraising through issuance of shares

The Company keeps actively exploring feasible equity fundraising options via share issuances. Its team maintains continuous communications with prospective investors to assess investment appetite and push forward relevant financing preparations. The Group has expended substantial resources to liaise with interested parties and fine-tune terms for potential capital raising proposals; such exploratory talks are proceeding as scheduled, though the Company has not formulated any concrete equity fundraising plans as of the date of this Announcement.

(4) Liability management through subcontractor negotiations

The Group persists in constructive negotiations with selected subcontractors and suppliers to agree revised repayment timetables, striving to reach mutually agreeable terms that accommodate the operational demands of all sides. The previously agreed interest-free deferred instalment arrangement for a related party loan remains effective, and the Group conducts regular follow-ups to ensure its orderly execution. Beyond this, the Group continues active talks with banks on liability restructuring, having secured favourable preliminary feedback, and is making consistent progress to lock in formalised terms with respective banking counterparties.

Separately, several winding-up petitions have been issued against the Group's wholly-owned subsidiary, PCE. The petition filed by Starway (HK) Limited has been settled and formally withdrawn pursuant to a court order. The indebtedness underlying the petition brought by Mr. Ma Kin Tsang has been fully discharged, with the Group still awaiting the petitioner's formal withdrawal notice and corresponding court order. Another winding-up petition initiated by Atom Bondway Company Limited, arising from an outstanding judgment debt of HK\$1.27 million, is scheduled for hearing on 5 August 2026.

In tandem with liability management efforts, the Group is driving forward key business development initiatives to strengthen cash flow and operational capacity, with material progress achieved across multiple projects and strategic pursuits:

- **Awarded Projects:** The three new projects with a total contract value of approximately HK\$19 million have commenced after April 2026, with the Group having received the upfront deposit and commenced the procurement of materials for the projects. The projects are on track and expected to be completed within the next 6 to 9 months.
- **M&A Progress:** The Group has obtained the latest financial statements of Kings Construction & Decoration Company Limited and is advancing the final due diligence, negotiation of transaction terms and relevant internal approval procedures for the acquisition. Taking into account the time required for transaction due diligence, commercial negotiations and document preparation, the final decision on the acquisition is expected to be made on or before 31 December 2026.
- **Upcoming Major Project Pipeline:** To strengthen cash flow stability, diversify revenue streams and offset cyclical risks from traditional façade contracting, the Group continues to source new cross-border construction tender opportunities across Hong Kong, Mainland China and Macau. Strategically, the Group priorities Mainland development prospects focusing on electric vehicle manufacturing plants, energy storage infrastructure and related supporting equipment works. The Group is progressing a high-value tender bid for a Mainland spa club construction project valued between RMB15 million and RMB20 million, with bid preparations and communications with project owners well underway. Two local Hong Kong tender initiatives, covering the New Territories logistics warehouse and the renovation project of a private residential and commercial building on Hong Kong Island, are kept under review and no further particulars will be provided at this stage.

In line with its long-term diversification strategy, the Group expands into complementary construction verticals including interior fitting-out, electrical and drainage works while scaling up its business footprint in Macau and Mainland China. The Group is methodically evaluating cross-border business opportunities to enrich its tender pipeline and lower reliance on Hong Kong's residential façade market, with a view to restoring sustainable operating cash flows and mitigating property sector cyclical headwinds. These steps are part of the Company's comprehensive action plan to address the going concern issues highlighted in the Disclaimer of Opinion, with the aim of removing the disclaimer in the subsequent audit for the financial year ending 31 March 2026.

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 notice, 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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