POLYFAIR

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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.*

INTERIM RESULTS

The board (the "**Board**") of Directors is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2018 (the "**Reporting Period**"), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**107,070**	101,991
Cost of services		**(97,085)**	(88,019)
Gross profit		**9,985**	13,972
Other income, gain and loss	*5*	**245**	(154)
Administrative expenses		**(8,180)**	(4,439)
Finance costs	*6*	**(2,538)**	(1,264)
Other expenses		**–**	(6,607)
(Loss) profit before taxation	*7*	**(488)**	1,508
Taxation	*8*	**(10)**	(1,441)
(Loss) profit for the period		**(498)**	67
Other comprehensive (expenses) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**(79)**	44
Other comprehensive (expenses) income for the period		**(79)**	44
Total comprehensive (expenses) income for the period		**(577)**	111
(Loss) earnings per share – basic		**HK cents**	HK cents
	10	**(0.06)**	0.01

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2018

	Notes	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**1,570**	1,569
Deposits		**413**	413
Payments for life insurance policies		**8,414**	8,379
Pledged bank deposits		**35,051**	25,000
		45,448	35,361
Current assets			
Contract assets	*12B*	**68,126**	–
Amounts receivable on contract work	*12B*	**–**	83,148
Progress payments receivable	*12A*	**20,837**	17,848
Retention money receivable	*13*	**26,194**	22,906
Prepayments, deposits and other receivables		**8,565**	5,165
Pledged bank deposits		**7,013**	7,001
Bank balances and cash		**24,753**	64,313
		155,488	200,381
Current liabilities			
Trade and other payables	*14*	**27,798**	47,925
Tax payable		**827**	827
Bank borrowings	*15*	**103,090**	117,192
		131,715	165,944
Net current assets		**23,773**	34,437
Net assets		**69,221**	69,798
Capital and reserves			
Share capital	*16*	**8,000**	8,000
Reserves		**61,221**	61,798
Total equity		**69,221**	69,798

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note)*	**Translation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2017 (Audited)	3,000	–	–	–	16,614	19,614
Profit for the period	–	–	–	–	67	67
Other comprehensive income for the period	–	–	–	44	–	44
Total comprehensive income for the period	–	–	–	44	67	111
At 30 September 2017 (Unaudited)	3,000	–	–	44	16,681	19,725
At 1 April 2018 (Audited)	8,000	37,915	3,000	100	20,783	69,798
Loss for the period	–	–	–	–	(498)	(498)
Other comprehensive expenses for the period	–	–	–	(79)	–	(79)
Total comprehensive expenses for the period	–	–	–	(79)	(498)	(577)
At 30 September 2018 (Unaudited)	8,000	37,915	3,000	21	20,285	69,221

Note: Other reserve represented the difference between the share capital of the Company issued as consideration of acquiring Polyfair Construction & Engineering Limited ("**Polyfair HK**") and the issued share capital of Polyfair HK on 19 January 2018 pursuant to a group reorganisation as set out in note 1B.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
	Note	**(Unaudited)**	(Unaudited)
Net cash used in operating activities	*20*	**(12,678)**	(48,203)
Net cash used in investing activities			
Interest received		**64**	–
Acquisition of property, plant and equipment		**(174)**	(223)
Placement of pledged bank deposits		**(10,063)**	(3,000)
Payments for life insurance policies		**–**	(8,573)
		(10,173)	(11,796)
Net cash (used in) from financing activities			
New bank borrowings raised		**211,593**	164,701
Repayments of bank borrowings		**(225,693)**	(111,546)
Advance from a director		**–**	28,039
Repayment to a director		**–**	(14,389)
Finance costs paid		**(2,538)**	(1,264)
Transaction costs attributable to issue of shares		**–**	(64)
		(16,638)	65,477
Net (decrease) increase in cash and cash equivalents		**(39,489)**	5,478
Cash and cash equivalents at the beginning of the period		**64,313**	9,465
Effect of foreign exchange rate difference		**(71)**	105
Cash and cash equivalents at the end of the period		**24,753**	15,048
Analysis of cash and cash equivalents:			
Bank balances and cash		**24,753**	15,048

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1A. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 25 May 2017 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited with effect from 23 February 2018 (the "**Listing Date**"). Its controlling shareholder is C.N.Y. Holdings Limited ("**CNY**"), a company incorporated in the British Virgin Islands (the "**BVI**") and is held as to 83% by Mr. Chow Mo Lam ("**Mr. Chow**") and 17% by Mr. Yu Lap On Stephen ("**Mr. Yu**"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company acts as investment holding company and its subsidiaries are principally engaged in construction and engineering business. The Company and all of the subsidiaries are collectively referred to as the Group.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**").

Other than those subsidiaries established in the People's Republic of China (the "**PRC**") whose functional currency is Renminbi ("**RMB**"), the functional currency of the Company and its remaining subsidiaries are HK$.

All values are rounded to the nearest thousands ("**HK$'000**") except when otherwise indicated.

1B. REORGANISATION AND PRESENTATION OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Before the completion of a group reorganisation (the "**Reorganisation**") as more fully explained in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus dated 31 January 2018 (the "**Prospectus**"), Polyfair HK was held as to 83% by Mr. Chow and 17% by Mr. Yu. In preparation of the listing of the Company's shares on GEM of the Stock Exchange (the "**Listing**") and pursuant to the reorganisation, the companies comprising the Group underwent the Reorganisation as described below.

(i) On 21 April 2017, CNY was incorporated in the BVI with limited liability, allotted and issued 83 and 17 shares, credited as fully paid at a par value of United States dollar ("**US$**") 1, to Mr. Chow and Mr. Yu, respectively.

(ii) On 25 May 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorised share capital was HK$380,000 divided into 38,000,000 shares of HK$0.01 each ("**Shares**", each a "**Share**") and initially one nil-paid share was allotted and issued at par to Sharon Pierson as the initial subscriber (who is an independent third party), which was then transferred to CNY on the same date, and an additional 99 nil-paid shares were allotted and issued at par to CNY on the same date.

(iii) On 8 June 2017, Polyfair Group Limited ("**Polyfair BVI**") was incorporated in the BVI with limited liability, allotted and issued one share, credited as fully paid at a par value of US$1 to the Company.

(iv) On 19 January 2018, Mr. Chow and Mr. Yu transferred the entire issued share capital of Polyfair HK to Polyfair BVI. The consideration was satisfied by allotting and issuing 83 and 17 shares of the Company to Mr. Chow and Mr. Yu, respectively, credited as fully paid and crediting as fully paid at par the 100 nil-paid shares in issue. The Company had nominated its direct wholly-owned subsidiary, Polyfair BVI, to hold the entire issued share capital of Polyfair HK. Mr. Chow and Mr. Yu had nominated CNY to hold the 100 new shares. After the above transaction, Polyfair HK is wholly-owned by Polyfair BVI.

The Reorganisation involved incorporation of and interspersing CNY, the Company and Polyfair BVI between Polyfair HK and its shareholders. Upon the completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group on 19 January 2018. The Group resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated statements of profit or loss and other comprehensive income and unaudited condensed consolidated statements of changes in equity and unaudited condensed consolidated statements of cash flows for the six months ended 30 September 2018 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence at those dates, taking into account the respective dates of incorporation, where applicable.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2018.

The unaudited condensed consolidated financial statement for the six months ended 30 September 2018 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of these new and amendments to HKFRSs did not have any material impact on the Group's condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group provides construction works to its customers. The Group's performance obligation from provision of construction contract work will be satisfied over time. Revenue from provision of contracting services is therefore recognized over time using input method.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments". In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

3.1.2 *Summary of effects arising from initial application of HKFRS 15*

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 March 2018** *HK$'000*	**Reclassification** *HK$'000*	**Carrying amounts under HKFRS 15 at 1 April 2018** *HK$'000*
Current assets				
Amounts receivable on contract work	*(a)*	83,148	(83,148)	–
Contract assets	*(a)*	–	83,148	83,148

Note:

(a) In relation to construction contracts previously accounted for under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. HK$83,148,000 of amounts receivable on contract work in relation to completed contracts within defect liability period was reclassified to contract assets.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported *HK$'000*	**Adjustment** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Current assets			
Amounts receivable on contract work	–	68,126	68,126
Contract assets	68,126	(68,126)	–

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these condensed consolidated financial statements.

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and contract assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (“***FVTPL***”)

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“**FVTOCI**”) or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including contract assets, prepayment, deposits and other receivable, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and other receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings based on its historical default rates which are adjusted for forward-looking estimates.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognized as at 1 April 2018.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents income received or receivable from provision of construction contract work.

The Group's operating activities are attributable to a single operating segment focusing on provision of construction contract work. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform with HKFRSs, that are regularly reviewed by the chief operating decision maker ("**CODM**") (i.e. being executive directors of the Company). The CODM regularly reviews revenue analysis by relevant types of properties for which construction contract work is provided, and considers them as one single operating segment since all revenue of the Group is generated from one single line of business. Other than revenue analysis, no operating results and no other discrete financial information are available for the assessment of performance.

An analysis of the Group's revenue are as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Residential properties	**63,665**	101,711
Commercial properties	**43,405**	280
	107,070	101,991

The CODM reviews the profit for the period of the Group as a whole to make decisions about resource allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM. The operation of the Group constitutes one single operating segment under HKFRS 8 "Operating Segments" and accordingly, no separate segment information other than entity level information is prepared.

The assets of the Group are mainly located in Hong Kong.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group during the period are as below:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A[1]	**19,666**	14,744
Customer B[2]	**N/A[4]**	22,772
Customer C[2]	**42,064**	38,915
Customer D[2]	**N/A[4]**	10,789
Customer E[3]	**33,444**	N/A[4]

1 Revenue from commercial properties and residential properties contract works.
2 Revenue from residential properties contract works.
3 Revenue from commercial properties contract works.
4 Revenue from these customers was less than 10% of the total revenue for the period.

5. OTHER INCOME, GAIN AND LOSS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**219**	–
Exchange gain (loss)	**26**	(154)
	245	(154)

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and bank overdrafts	**2,538**	1,264

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,547**	2,117
Other staff costs	**12,643**	8,903
Retirement benefit schemes contributions for other staff	**1,264**	835
Total staff costs	**16,454**	11,855
Auditor's remuneration	**500**	300
Depreciation of property, plant and equipment	**174**	73
Operating lease rentals in respect of rented premises	**967**	465
Listing expenses (included in other expenses)	**–**	6,607

8. TAXATION

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The tax charge comprises:		
Current tax		
Hong Kong Profits Tax	**–**	1,228
PRC Enterprise Income Tax	**10**	213
	10	1,441

(a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the six months ended 30 September 2018, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

For the six months ended 30 September 2017, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

(b) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiary is 25%.

The Group's subsidiary was qualified as "Small Low-profit Enterprise" and subject to an Enterprise Income Tax Rate of 10%, which was granted for three years starting from 2018.

No provision for taxation in other jurisdictions has been made as the Group has no operation outside Hong Kong and the PRC.

9. DIVIDENDS

No dividends were paid, declared and proposed by the Company since its incorporation.

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2018 (Six months ended 30 September 2017: Nil).

10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(498)**	67

	Six months ended 30 September	
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	**800,000,000**	600,000,000

Diluted earnings per share are not presented as there were no potential ordinary shares in issue during both periods.

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share has been taken into account the shares issued pursuant to the Reorganisation and the capitalisation issue of ordinary share as if they had been effective on 1 April 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of approximately HK$174,000 (Six months ended 30 September 2017: approximately HK$223,000).

12A. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 14 to 30 days after the work is certified, except for several credit worthy customers to whom an extended credit period would be granted. Retention money is usually withheld from the amounts receivable for work certified. 50% of the retention money is normally due upon completion of construction services and the remaining 50% portion is due upon finalisation of construction accounts.

The aged analysis of progress payments receivable is as follows:

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Within 30 days	**15,585**	9,884
31 to 90 days	**1,012**	4,309
Over 90 days	**4,240**	3,655
	20,837	17,848

The management of the Group closely monitors the credit quality of progress payments receivable. All of the progress payments receivable as at 30 September 2018, that is neither past due nor impaired is considered to be of good credit quality based on historical repayment from the customers.

Included in the Group's progress payments receivable balance with aggregate carrying amount of HK$4,240,000 (as at 31 March 2018: HK$3,655,000) at 30 September 2018 which is past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of progress payments receivable which are past due but not impaired:

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Over 90 days	**4,240**	3,655

The management of the Group believes that no impairment allowance is necessary as there has not been a significant change in credit quality of these customers and the balances are considered fully recoverable.

12B. CONTRACT ASSETS/AMOUNTS RECEIVABLE ON CONTRACT WORK

Contract assets

	At 30 September 2018 *HK$'000* **(Unaudited)**
Provision of contract work shown under current assets	**68,126**

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on construction works.

The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer its contract assets to progress payment receivable when the rights become unconditional.

Amounts receivable on contract work

	At 31 March 2018 *HK$'000* (Audited)
Contract costs incurred plus recognised profits less recognised losses	540,929
Less: Progress billings	(457,781)
	83,148
Analysed for reporting purposes as:	
Amounts receivable on contract work	83,148

13. RETENTION MONEY RECEIVABLE

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Amounts receivable within one year	**9,952**	7,295
Amounts receivable after one year	**16,242**	15,611
	26,194	22,906

As at 30 September 2018, the Group's retention money receivable of HK$20,807,000 (as at 31 March 2018: HK$17,519,000) is not yet past due and the remaining balance of HK$5,387,000 (as at 31 March 2018: HK$5,387,000) is past due, of which HK$1,599,000 (as at 31 March 2018: HK$1,599,000) is past due for over one year. The Group does not hold any collateral over these balances. Management of the Group believes that no impairment allowance is necessary as there has been no significant change in credit quality of these customers and the balances are considered fully recoverable.

14. TRADE AND OTHER PAYABLES

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Trade payables	**17,084**	34,947
Retention payables – amount payable within one year	**7,032**	3,600
Retention payables – amount payable after one year	**59**	2,740
Accrued charges	**3,036**	5,585
Other payable	**152**	426
Receipt in advance	**435**	627
	27,798	47,925

The credit period of trade payables is 30 to 60 days.

The following is an aged analysis of trade payables based on the invoice date at the end of the Reporting Period:

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Within 30 days	**16,072**	27,592
31 to 60 days	**1,012**	7,031
61 to 90 days	**–**	240
Over 90 days	**–**	84
	17,084	34,947

15. BANK BORROWINGS

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Bank loans	**100,200**	109,321
Bank overdrafts	**2,890**	7,871
	103,090	117,192
Bank borrowings with carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
– within one year	**98,378**	110,203
– between one to two years	**2,412**	4,089
– between two to five years	**2,300**	2,900
	103,090	117,192
Comprising:		
Amount due within one year shown under current liabilities	**98,378**	110,203
Amount that are not repayable within one year from the end of the Reporting Period but containing a repayment on demand clause	**4,712**	6,989
	103,090	117,192

As at 30 September 2018, the Group's bank loans carry interests at Prime Rate less 2.00% to 2.50% per annum and Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.75% to 3.00% per annum (as at 31 March 2018: Prime Rate less 2.00% to 2.50% per annum and HIBOR plus 2.00% to 3.25% per annum), with effective interest rates ranging from 2.50% to 4.81% (as at 31 March 2018: 2.25% to 4.04%) per annum.

As at 30 September 2018, the unsecured and guaranteed bank borrowings of HK$6,366,000 (as at 31 March 2018: HK$7,967,000) are guaranteed by the Government of The Hong Kong Special Administrative Region under Small and Medium Enterprises ("**SME**") Loan Guarantee Scheme or/and The Hong Kong Mortgage Corporation Limited under SME Financing Guarantee Scheme.

As at 30 September 2018, the secured and guaranteed bank borrowings of HK$96,724,000 (as at 31 March 2018: HK$109,225,000) are secured by the pledged bank deposits of HK$42,064,000 (as at 31 March 2018: HK$32,001,000), invoices issued to customers with total amount of HK$31,971,000 (as at 31 March 2018: HK$24,034,000) and the payments for the life insurance policies of HK$8,652,000 (as at 31 March 2018: HK$8,613,000) and guaranteed by corporate guarantee provided by the Company.

As at 30 September 2018, bank overdrafts carry interests at Prime Rate less 1.15% per annum and Prime Rate less 1.80% (as at 31 March 2018: Prime Rate less 1.15% per annum and Prime Rate less 1.80% per annum), with an effective interest rate ranging from 3.45% to 4.23% (as at 31 March 2018: ranging from 3.45% to 4.10%) per annum.

16. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Authorised:		
At 31 March 2018 (Audited) and 30 September 2018 (Unaudited) (HK$0.01 each)	5,000,000,000	50,000
Issued and fully paid:		
At 31 March 2018 (Audited) and 30 September 2018 (Unaudited) (HK$0.01 each)	800,000,000	8,000

17. OPERATING LEASE COMMITMENTS

At the end of the Reporting Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2018 ***HK$'000*** **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Within one year	**1,771**	2,067
In the second to third year inclusive	**1,411**	1,895
	3,182	3,962

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for terms ranging from one to three years (as at 31 March 2018: one to three years) and the rentals are pre-determined and fixed.

18. CONTINGENT LIABILITIES

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

	At 30 September 2018 ***HK$'000*** **(Unaudited)**	At March 31 2018 *HK$'000* (Audited)
Surety bond issued in favour of customers	**8,160**	8,160

19. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	Six months ended 30 September	
	2018 ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Salaries and other short-term benefits	**2,250**	1,890
Post-employment costs	**27**	27
	2,277	1,917

20. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO NET CASH USED IN OPERATIONS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit before taxation	**(488)**	1,508
Adjustments for:		
Premium charged on life insurance policies	**115**	–
Depreciation	**174**	73
Finance costs	**2,538**	1,264
Interest income	**(219)**	–
	2,120	2,845
Operating profit before working capital changes		
Increase in prepayment, deposits and other receivable	**(3,397)**	(11,053)
(Decrease) increase in trade and other payables	**(20,887)**	10,496
Increase in retention receivables	**(3,288)**	(7,863)
Increase in progress payment receivables	**(2,989)**	(27,273)
Decrease in contract assets	**15,022**	–
Increase in amount receivable on contract works	**–**	(16,199)
Increase in retention payables	**751**	844
Cash used in operations	**(12,668)**	(48,203)
PRC Enterprise Income tax paid	**(10)**	–
Net cash used in operating activities	**(12,678)**	(48,203)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company (the "**Shares**") were successfully listed on GEM operated by the Stock Exchange on 23 February 2018 by way of share offer.

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

As at 30 September 2018, the Group had 12 projects in progress with a total original contract sum of approximately HK$589.7 million, in which HK$409.1 million was recognised as revenue as of 30 September 2018.

OUTLOOK

The demand for façade and curtain wall works is driven by construction of residential and commercial buildings. The development of residential buildings in Hong Kong has been a major driver of façade and curtain wall works and the number grew from 10,149 new units in 2012 to 17,791 new units in 2017.

Another driver for the façade and curtain wall works industry is office buildings in Hong Kong where the Hong Kong Government puts effort in developing areas like Kowloon East as new business areas. According to The Hong Kong Property Review 2018 compiled by the Rating and Valuation Department, completions of Grade A offices were 185,900 m^2, a hoist of 31% from 2016. Majority of the new developments came from Kwun Tong and Yau Tsim Mong, contributing 55% of the Grade A office completions. These buildings included both installation of curtain wall systems as the envelop system above the podium and the works for the building entrance, lobby and the associate stores.

Finally, it is expected that several of the Hong Kong Government's "Ten Mega Infrastructure Projects" will make use of façade and curtain wall works, such as the Kai Tak Cruise Terminal which was commissioned in 2013 and the ongoing construction of the Hong Kong Children's Hospital. We are hoping to be more competitive and able to compete for more sizeable and profitable projects.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 September 2018 was approximately HK$107.1 million (for the six months ended 30 September 2017: approximately HK$102.0 million), representing an increase of approximately 5.0% compared to the corresponding period in 2017. Such increase was mainly attributable to the revenue generated from the new projects at Pok Fu Lam Road and Clear Water Bay Road, which the letter of awards were signed during the six months ended 30 September 2018.

Cost of Services

The Group's cost of services primarily consisted of building material costs, subcontracting charges, staff costs and other direct costs. The cost of services increased to approximately HK$97.1 million for the six months ended 30 September 2018 from approximately HK$88.0 million for the six months ended 30 September 2017, representing an increase of approximately 10.3%. The increase was due to: (i) the increase in revenue; and (ii) additional sub-contracting costs incurred when carrying out certain projects.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$4.0 million from approximately HK$14.0 million for the six months ended 30 September 2017 to approximately HK$10.0 million for the six months ended 30 September 2018. The Group's gross profit margin decreased from approximately 13.7% for the six months ended 30 September 2017 to approximately 9.3% for the six months ended 30 September 2018, representing a decrease of approximately 4.4 percentage points. The decrease was due to the fact that (i) the gross profit margin of new projects were relatively lower than the projects for the six months ended 30 September 2017 as a result of the change in the mix of building type; and (ii) additional sub-contracting costs incurred when carrying out certain projects.

Other Income, Gain and Loss

Other income, gain and loss increased by approximately HK$0.4 million for the six months ended 30 September 2018 mainly due to depreciation in the exchange rate against RMB.

Administrative Expenses

Administrative expenses of the Group increased by approximately HK$3.8 million from approximately HK$4.4 million for the six months ended 30 September 2017 to approximately HK$8.2 million for the six months ended 30 September 2018. Administrative expenses consisted primarily of staff costs and Directors' emoluments, depreciation, legal and professional fee, rental expenses and other administrative expenses. The increase was mainly attributable to the increase in rental expenses of approximately HK$0.5 million for new Hong Kong office and increase in staff costs of approximately HK$2.6 million due to the increase in (i) unsuccessful tendering cost; and (ii) salary level during the period.

Finance Costs

Finance costs increased from approximately HK$1.3 million for the six months ended 30 September 2017 to approximately HK$2.5 million for the six months ended 30 September 2018. The increase in finance costs was mainly attributable to the increase in average bank borrowings amount to finance our business.

Other Expenses

Other expenses decreased by approximately HK$6.6 million from approximately HK$6.6 million for the six months ended 30 September 2017 to nil for the six months ended 30 September 2018. The decrease was mainly attributable to the fact that an one-off listing expense of approximately HK$6.6 million was recognised during the six months ended 30 September 2017.

Taxation

The income tax expenses of the Group decreased by approximately HK$1.4 million from approximately HK$1.4 million for the six months ended 30 September 2017 to nil for the six months ended 30 September 2018. The decrease was due to the loss incurred for the six months ended 30 September 2018.

(Loss) profit for the Period

Loss for the period was approximately HK$0.5 million as compared to the profit of approximately HK$0.1 million for the six months ended 30 September 2017. Excluding the one-off listing expenses of the Group of approximately HK$6.6 million for the six months ended 30 September 2017, profit would reach approximately HK$6.7 million. Such change was mainly attributable to the decrease in the gross profit of approximately HK$4.0 million and increase in administrative expenses of approximately HK$3.7 million for the six months ended 30 September 2018.

LIQUIDITY AND FINANCIAL RESOURCES

On 23 February 2018, the Shares were listed on GEM of the Stock Exchange to raise gross proceeds of approximately HK$56 million. Details of the use of proceeds are set out in the paragraph headed "Use of Proceeds" on page 28 of this announcement.

Except for the proceeds raised from the Listing, the Group's capital expenditure and daily operations during the six months ended 30 September 2018 were mainly funded by cash generated from its operations and external borrowings.

Cash and bank balances as at 30 September 2018 was approximately HK$24.8 million, decreased by approximately HK$39.5 million when compared with approximately HK$64.3 million as at 31 March 2018. The decrease was mainly due to the placement of pledged bank deposits of approximately HK$10.1 million, cash used in daily operation of approximately HK$12.7 million and repayment of bank borrowings (net) of approximately HK$14.1 million.

The pledged deposits, including both the non-current and current portions, as at 30 September 2018 was approximately HK$42.1 million, increased by approximately HK$10.1 million when compared with approximately HK$32.0 million as at 31 March 2018, as a result of satisfying the requirements when renewing the banking facilities.

As at 30 September 2018, the Group had outstanding borrowings of approximately HK$98.4 million repayable within one year (as at 31 March 2018: HK$110.2 million) and outstanding borrowings of approximately HK$4.7 million repayable after one year (as at 31 March 2018: HK$7.0 million). The Group's borrowings were denominated in HK$.

The current ratio of our Group as at 30 September 2018 was approximately 1.2 times as compared to that of approximately 1.2 times as at 31 March 2018. The gearing ratio, being the total debt (including bank borrowings) divided by total equity at the end of the year, decreased from approximately 167.9% as at 31 March 2018 to approximately 148.9% as at 30 September 2018.

CAPITAL STRUCTURE

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

As at 30 September 2018, the Company's issued share capital was HK$8.0 million and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

PLEDGE OF ASSETS

As at 30 September 2018, the Group's bank deposits with carrying amounts of approximately HK$42.1 million (as at 31 March 2018: HK$32.0 million), invoices issued to customers with total amount of approximately HK$32.0 million (as at 31 March 2018: HK$24.0 million) and the payments for the life insurance policies of approximately HK$8.7 million (as at 31 March 2018: HK$8.6 million) were pledged to secure certain banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2018 and 31 March 2018, the Group did not have any significant capital commitments.

OPERATING LEASE COMMITMENTS

The Group's operating lease commitments are primarily related to the leases of its office and amounted to approximately HK$3.2 million and approximately HK$4.0 million as at 30 September 2018 and 31 March 2018, respectively.

CONTINGENT LIABILITIES

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

	At 30 September 2018 (Unaudited) ***HK$ million***	At 31 March 2018 (Audited) *HK$ million*
Surety bond issued in favour of customers	8.2	8.2

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Apart from the reorganisation in relation to the Listing, there were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by our Group during the Reporting Period. Saved as disclosed in the Prospectus, our Group did not have other plans for significant investments, acquisitions and disposal of subsidiaries as at 30 September 2018.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The majority of the Group's businesses is in Hong Kong and is denominated in HK$, RMB and US$. 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 closely foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 83 (as at 31 March 2018: 89) employees. Total staff cost (including Directors' emoluments) were approximately HK$16.5 million (as at 31 March 2018: HK$31.6 million). The remuneration package offered to our employees generally included basic salaries, bonuses and other cash allowances or subsidies. Our Group determines the salary of our employees mainly based on each employee's qualifications, relevant experience, position and seniority. Our Group conducts annual review on salary increase and promotions based on the performance of each employee. Our Group provides on-the-job training to our employees and sponsors certain employees to attend training courses.

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 period.

PRINCIPAL RISK AND UNCERTAINTIES

The Group believes that the risk management practices are important and uses its best effort to ensure it has sufficiently mitigated the risks present in our operations and financial position as efficiently and effectively as possible.

– Changes in the cost of building materials and staff as well as the subcontracting fees may result in cost overrun, which could materially affect our results of operation and financial performance;

– Our Group may face difficulties in refinancing or increase in cost of financing;

– Mismanagement or delay of our projects will materially affect our reputation and also our financial performance as penalties and/or additional costs may be incurred;

– Cash flow of our projects may fluctuate;

– We rely on subcontractors to complete our projects. Underperformance by our subcontractors or unavailability of subcontractors may adversely affect our operations, profitability and reputation; and

– Our success significantly depends on the key management and our ability to attract and retain additional façade and curtain wall design team staff.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date (i.e. 23 February 2018) to 30 September 2018 is set out below:

Business objectives up to 30 June 2018 as set out in the Prospectus	**Actual business progress up to 30 September 2018**
To strengthen our financial positions to capture emerging business opportunities	
Earmark for settling upfront costs of three new projects and one potential project	Approximately HK$8.8 million was used to settle the upfront costs of the projects, namely Yue Man Square, Wing Kin Road and Yeung Uk Road where as the first payment of Yeung Uk Road was received in July 2018.
Earmark for satisfying the surety bond requirement of one of the new projects	The Group has not yet received the notice for the demand on surety bond as the terms were still under negotiation.

Business objectives up to 30 June 2018 as set out in the Prospectus	Actual business progress up to 30 September 2018
To expand our operation teams, offices and office equipment	
Recruit and pay the staff costs of up to 18 additional full-time staff	The Group has recruited one Contract Manager, one Project Manager, one Project Supervisor, one Project Coordinator and one Senior Accountant to explore new business opportunities and handle new projects.
Rent and pay the management fees of an extra office in Hong Kong	The Group rented an extra office at a different floor in the same building in March 2018.
Decoration, fixtures and furniture of the extra office in Hong Kong	The Group rented an extra office at a different floor in the same building. The decoration was completed in April 2018.
Purchase office equipment including, among others, the license of a design software	After the completion of the new office renovation in April 2018, the Group bought office equipment to support the expansion of our operation.

USE OF PROCEEDS

The Company has raised gross proceeds of approximately HK$56.0 million through share offer upon the Listing. After deducting the listing expenses, the net proceeds were approximately HK$28.2 million.

The actual net proceeds from share offer was different from the estimate net proceeds of approximately HK$34.2 million as set out in the Prospectus.

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 51.4% of the net proceeds, representing approximately HK$14.5 million, would be used for strengthening our financial position to capture emerging business opportunities, including settling upfront costs of new projects and satisfying the surety bond requirement of the projects, (ii) approximately 39.8% of the net proceeds, representing approximately HK$11.2 million, would be used for expanding our operation teams, and (iii) approximately 8.8% of the net proceeds, representing approximately HK$2.5 million, would be used for working capital and other general corporate purposes.

Analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2018 is set out below:

	Adjusted use of proceeds in the same manner as stated in the Prospectus *(HK$' million)*	**Planned use of net proceeds up to 30 September 2018** *(HK$' million)*	**Actual use of net proceeds up to 30 September 2018** *(HK$' million)*
Strengthening our financial position:			
– Settling upfront costs of three new projects	9.2	9.0	8.8
– Satisfying the surety bond requirement of Yue Man Square *(Note)*	5.3	5.3	–
Expanding our operation teams	11.2	3.4	2.3
General working capital	2.5	1.3	1.2
Total	28.2	19.0	12.3

Note:

There will be no changes in the planned use of proceeds for surety bond even though nil was used up to 30 September 2018.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, the interests or short positions of the Directors and the chief executive of the Company or their respective associates in Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and/or short positions which they are deemed or taken to have under such provisions of the SFO, or which will be required, pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Interests in shares of the Company

Name of Director	Capacity	Long/short Position	Number of shares held	Percentage of shareholding in the Company
Mr. Chow Mo Lam	Interest of controlled corporation	Long position	600,000,000 Shares *(Note)*	75%

Note: 600,000,000 Shares are directly held by C.N.Y. Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned by Mr. Chow Mo Lam ("**Mr. Chow**") as to 83% and by Mr. Yu Lap On Stephen ("**Mr. Yu**") as to 17%. Both Mr. Chow and Mr. Yu are the executive Directors. By virtue of the SFO, Mr. Chow is deemed to be interested in the 600,000,000 Shares held by C.N.Y. Holdings Limited. Each of Mr. Chow, Mr. Yu and C.N.Y. Holdings Limited is regarded as a controlling Shareholder.

(b) Interests in shares of the associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Long/short Position	Number of shares held	Percentage of shareholding in the associated corporation
C.N.Y. Holdings Limited	Mr. Chow Mo Lam	Beneficial owner	Long position	83 shares *(Note)*	83%
C.N.Y. Holdings Limited	Mr. Yu Lap On Stephen	Beneficial owner	Long position	17 shares *(Note)*	17%

Note: 600,000,000 Shares are directly held by C.N.Y. Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned by Mr. Chow as to 83% and by Mr. Yu as to 17%. Both Mr. Chow and Mr. Yu are the executive Directors. By virtue of the SFO, Mr. Chow is deemed to be interested in the 600,000,000 Shares held by C.N.Y. Holdings Limited. Each of Mr. Chow, Mr. Yu and C.N.Y. Holdings Limited is regarded as a controlling Shareholder.

Save as disclosed above, as at 30 September 2018, none of the Directors or the chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange as at 30 September 2018.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

Save as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" in this announcement, as at 30 September 2018, so far as was known to any Directors or chief executive of the Company, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued capital of the Company, or which were recorded in the register of interests required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

Name of Shareholders	Capacity	Long/short Position	Number of shares held	Percentage of shareholding in the Company
C.N.Y. Holdings Limited	Beneficial owner *(Note 1)*	Long position	600,000,000 Shares *(Note 1)*	75%
Ms. Hau Pak Sui	Interest of spouse *(Note 2)*	Long position	600,000,000 Shares *(Note 2)*	75%

Notes:

1. 600,000,000 Shares are directly held by C.N.Y. Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned by Mr. Chow as to 83% and by Mr. Yu as to 17%. Both Mr. Chow and Mr. Yu are executive Directors. By virtue of the SFO, Mr. Chow is deemed to be interested in the 600,000,000 Shares held by C.N.Y. Holdings Limited. Each of Mr. Chow, Mr. Yu and C.N.Y. Holdings Limited is regarded as a controlling Shareholder.

2. Ms. Hau Pak Sui is the spouse of Mr. Chow and she is deemed to be interested in the 600,000,000 Shares, in which Mr. Chow is deemed interested by virtue of the SFO.

Save as disclosed above, and as at 30 September 2018, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the share capital of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the six months ended 30 September 2018, 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.

SHARE OPTION SCHEME

The Group had adopted a share option scheme for the purpose of providing incentives and rewards to participants for the contribution of the Group. Up to 30 September 2018, no share option had been granted.

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 period from the Listing Date to 30 September 2018.

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.

CORPORATE GOVERNANCE

From the Listing Date up to the date of this announcement, the Company has applied the principles and code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 September 2018, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE ADVISER'S INTEREST

As at 30 September 2018 and the date of this announcement, as notified by the Company's compliance adviser, Sunfund Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 25 January 2018 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee of the Company (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 25 January 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive directors: Dr. Lung Cheuk Wah, Mr. Ng Ka Lok and Mr. Wong Chi Yung. Dr. Lung Cheuk Wah was appointed to serve as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of external auditor, review the financial statements and the information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 and this interim result and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and the adequate disclosure had been made.

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

Hong Kong, 12 November 2018

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 Kam Man; and the independent non-executive Directors are Dr. Lung Cheuk Wah, Mr. Ng Ka Lok and Mr. Wong Chi Yung.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.polyfaircurtainwall.com.hk.