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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)

PROFIT WARNING

This announcement is made by Polyfair Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2019, the Group is expected to record a net loss of approximately HK\$6.6 million for the year ended 31 March 2019 as compared to a net profit of approximately HK\$4.2 million for the corresponding period in 2018.

The Board considers that this was mainly attributable to the following reasons:

- (i) additional subcontracting costs incurred when carrying out two projects at Victory Avenue and Prince Edward Road West which were completed during the year ended 31 March 2019, the Group was informed by the main contractors of each of the projects that the works performed by a subcontractor was not satisfactory and was requested to rectify the works within limited time;
- (ii) the average gross profit margin of the projects for the year ended 31 March 2019 were relatively lower than the projects for the year ended 31 March 2018 as a result of the increasing competition from other contractors seeking to tender projects at lower price;
- (iii) the adoption of an expected credit loss model under Hong Kong Financial Reporting Standard 9 (“**HKFRS 9**”) “Financial Instruments”, loss allowance was provided by the Group for certain financial assets at amortised cost; and

(iv) an increase in finance costs and administrative expenses, mainly due to increase in staff cost and rental expense for new Hong Kong office.

The information contained in this announcement is only based on the preliminary review by the Group's management on the unaudited management accounts of the Group, which has not been confirmed nor audited by the Company's auditors.

As at the date of this announcement, the Company is in the process of finalising the annual results of the Group for the year ended 31 March 2019 and the overall financial results of the Group for the year ended 31 March 2019 will only be ascertained when all the relevant results and treatments are finalised.

Shareholders and potential investors are advised to read the announcement of the Company in relation to the results of the Group for the year ended 31 March 2019 carefully. The Group's results for the year ended 31 March 2019 are expected to be announced on or around 21 June 2019.

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

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

Hong Kong, 11 June 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chow Mo Lam, Mr. Yu Lap On Stephen and Mr. Wong Kam Man; and three independent non-executive Directors, namely Dr. Lung Cheuk Wah, Mr. Ng Ka Lok and Mr. Wong Chi Yung.

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 Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.polyfaircurtainwall.com.hk.