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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2021

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.*

FIRST QUARTERLY 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 three months ended 30 June 2021 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 30 JUNE 2021

	Notes	Three months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	3	72,379	67,066
Cost of services		<u>(67,527)</u>	<u>(62,324)</u>
Gross profit		4,852	4,742
Interest revenue		13	31
Other income, gains and losses	4	19	1,467
Administrative expenses		<u>(2,629)</u>	<u>(3,140)</u>
Profit from operation		2,255	3,100
Finance costs	5	<u>(941)</u>	<u>(1,396)</u>
Profit before tax		1,314	1,704
Income tax expenses	6	<u>(153)</u>	<u>(137)</u>
Profit for the period	7	<u>1,161</u>	<u>1,567</u>
Other comprehensive income/(expenses) after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>36</u>	<u>(4)</u>
Other comprehensive income/(expenses) for the period, net of tax		<u>36</u>	<u>(4)</u>
Total comprehensive income for the period		<u>1,197</u>	<u>1,563</u>
Earnings per share	9		
Basic (HK cents)		<u>0.15</u>	<u>0.20</u>
Diluted (HK cents)		<u>0.15</u>	<u>0.20</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000 (Note)	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2020 (Audited)	8,000	37,915	3,000	12	15,476	64,403
Total comprehensive (expenses)/income for the period	–	–	–	(4)	1,567	1,563
At 30 June 2020 (Unaudited)	<u>8,000</u>	<u>37,915</u>	<u>3,000</u>	<u>8</u>	<u>17,043</u>	<u>65,966</u>
At 1 April 2021 (Audited)	8,000	37,915	3,000	10	17,415	66,340
Total comprehensive (expenses)/income for the period	–	–	–	36	1,161	1,197
At 30 June 2021 (Unaudited)	<u>8,000</u>	<u>37,915</u>	<u>3,000</u>	<u>46</u>	<u>18,576</u>	<u>67,537</u>

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 issued share capital of Polyfair HK pursuant to a group reorganisation completed on 19 January 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2021

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 Unit 1206-7, 12th Floor, Fortress Tower, 250 King’s Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together referred to as the “**Group**”) are provision of design and project management services for façade and installation of curtain wall systems in Hong Kong.

The unaudited condensed consolidated 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs include Hong Kong Accounting Standards and interpretations. The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are consistent with those adopted in the annual report for the year ended 31 March 2021, except for the new HKFRSs issued by the HKICPA that is adopted for the first time for the Reporting Period of the Group. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results of the Group. In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

The unaudited condensed consolidated financial statement for the three months ended 30 June 2021 have not been audited by the Company’s independent auditors, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amount received and receivable from provision of construction services.

The Group's operating activities are attributable to a single operating segment focusing on provision of construction services. 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 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.

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.

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

	Three months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Construction services for residential properties	35,103	53,817
Construction services for commercial properties	37,276	13,249
Revenue from contracts with customers	<u>72,379</u>	<u>67,066</u>

Revenue during each of the reporting period is mainly derived from customers in Hong Kong. The Group's provision of construction services are made directly with customers which are mainly property developers (including subsidiaries of property developers) and main contractors from the private sector in Hong Kong.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the period is as follows:

	Three months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Customer A	10,694	7,933
Customer B	10,776	860*
Customer C	407*	50,540
Customer D	12,875	1,315*
Customer E	30,013	1,849*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Exchange loss	(12)	—
Government subsidy	—	1,367
Sundry income	31	100
	<u>19</u>	<u>1,467</u>

5. FINANCE COSTS

	Three months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings and bank overdrafts	911	1,384
Interest on lease liabilities	30	12
	<u>941</u>	<u>1,396</u>

6. INCOME TAX EXPENSES

	Three months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profit Tax		
— Provision for the period	<u>153</u>	<u>139</u>
	<u>153</u>	<u>139</u>
Current tax — PRC Enterprise Income Tax:		
— Over-provision in prior year	<u>—</u>	<u>(2)</u>
	<u>153</u>	<u>137</u>

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%.

Hong Kong Profit Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profit over HK\$2 million for the period ended 30 June 2021 and 2020.

According to the Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), an entity eligible as a Small Low-profit Enterprise (小型微利企業) is subject to preferential tax treatments. From 1 January 2019 to 31 December 2021, a Small Low-profit Enterprise with annual taxable income not more than RMB1 million is subject to Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%. During both years, a subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments. No provision for Enterprise Income Tax for the period ended 30 June 2021 has been made as the subsidiary did not generate any assessable profits during the period.

7. PROFIT FOR THE PERIOD

	Three months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The Group's profit for the period is stated after charging the following:		
Directors' remuneration	1,399	1,344
Other staff costs:		
Salaries and other benefits	9,436	7,831
Retirement benefit schemes contributions	607	240
	<hr/>	<hr/>
Total staff costs*	11,442	9,415
	<hr/>	<hr/>
Auditor's remuneration	146	150
Depreciation of property, plant and equipment	71	133
Depreciation of right-of-use assets	452	455
Short-term lease rentals in respect of rented premises	117	71
	<hr/> <hr/>	<hr/> <hr/>

* The staff costs were expensed in direct costs and administrative expenses amounting to HK\$9,899,000 (2020: HK\$7,852,000) and HK\$1,543,000 (2020: HK\$1,563,000) respectively.

8. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the three months ended 30 June 2021 nor since the end of the report period.

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2021 (Three months ended 30 June 2020: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

Earnings

	Three months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share	<u>1,161</u>	<u>1,567</u>

	Three months ended 30 June	
	2021	2020
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>800,000</u>	<u>800,000</u>

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.

As at 30 June 2021, the Group had 10 projects in progress with a total original contract sum of approximately HK\$593.2 million, of which approximately HK\$72.4 million was recognised as revenue during the Reporting Period.

During the Reporting Period, we were awarded two new projects, with a total contract sum of approximately HK\$92.5 million. Letter of award of these two projects were signed and all these two projects are now at the commencement stage.

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 13,643 new units in 2019 to 20,888 new units in 2020.

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 2021 compiled by the Rating and Valuation Department, office completions in 2020 were 69,000 m², representing a considerable fall of 74% from 2019. 88% of the completions were in the non-core districts. Completions of Grade A space amounted to 46,300 m², equivalent to 67% of the total supply. 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. Completions are expected to increase to 70,900 m² and 275,300 m² in 2021 and 2022 respectively. New supply in 2021 will mainly come from Kowloon at 60% of total completions, all attributable to Sham Shui Po, Wong Tai Sin and Yau Tsim Mong. In 2022, new supply will be concentrated in Kwun Tong, the Eastern district and Tsuen Wan, accounting for 31%, 23% and 15% of the estimated completions respectively.

Notwithstanding the negative impact from the economic slowdown driven by the global macro-economic conditions, the Group remains optimistic about its core business as the management believes that there is a market for quality façade and curtain wall works in Hong Kong. The Group will further strengthen its sales effort, closely monitor the status

of the projects and carefully control the cost of services as to expand its customer base and achieve sustainable business growth and long-term benefits to its shareholders. We are hoping to be more competitive and able to compete for more sizeable and profitable projects.

The Group considers that the recent outbreak of the COVID-19 would affect our business and the Group is actively updating its project status with its customers. The Board will continue to assess the potential impact of the outbreak on the Group's operation and will closely monitor the Group's exposure to relevant risks and uncertainties.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by approximately HK\$5.3 million or 7.9% from approximately HK\$67.1 million for the three months ended 30 June 2020 to approximately HK\$72.4 million for the three months ended 30 June 2021. Such increase was mainly attributable to the contribution from a sizable project, namely Fo Tan.

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\$67.5 million for the three months ended 30 June 2021 from approximately HK\$62.3 million for the three months ended 30 June 2020, representing an increase of approximately 8.3%. The increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$0.2 million from approximately HK\$4.7 million for the three months ended 30 June 2020 to approximately HK\$4.9 million for the three months ended 30 June 2021. The Group's gross profit margin decreased from approximately 7.0% for the three months ended 30 June 2020 to approximately 6.8% for the three months ended 30 June 2021, representing a decrease of approximately 0.2 percentage point. The decrease was mainly attributable to the additional subcontracting costs incurred when carrying out certain projects.

Other Income, Gains and Losses

Other income, gains and losses decreased by approximately HK\$1.4 million for the three months ended 30 June 2021. Such change was mainly attributable to the receipt of subsidies under the Employment Support Scheme launched by the Hong Kong SAR Government for the three months ended 30 June 2020.

Administrative Expenses

Administrative expenses of the Group decreased by approximately HK\$0.5 million from approximately HK\$3.1 million for the three months ended 30 June 2020 to approximately HK\$2.6 million for the three months ended 30 June 2021. The decrease was mainly attributable to the decrease in staff costs of approximately HK\$0.3 million and the decrease in legal and professional fee of approximately HK\$0.2 million.

Finance Costs

Finance costs decreased from approximately HK\$1.4 million for the three months ended 30 June 2020 to approximately HK\$0.9 million for the three months ended 30 June 2021. The decrease in finance costs was mainly attributable to the decrease in the average interest rate of the bank borrowings.

Taxation

The income tax expenses of the Group slightly increased by approximately HK\$10,000 from approximately HK\$140,000 for the three months ended 30 June 2020 to approximately HK\$150,000 for the three months ended 30 June 2021.

Profit for the Period

Profit for the Period decreased from approximately HK\$1.6 million for the three months ended 30 June 2020 to approximately HK\$1.2 million for the three months ended 30 June 2021. Such decrease was mainly attributable to the net result of: (i) the decrease in other income, gains and losses of approximately HK\$1.4 million; (ii) the decrease in the administrative expenses of approximately HK\$0.5 million; (iii) the decrease in the finance costs of approximately HK\$0.5 million; and (iv) the increase in gross profit of approximately HK\$0.2 million for the three months ended 30 June 2021.

OTHER INFORMATION

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

As at 30 June 2021, 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, to be entered in the register referred to therein, 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 BVI 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.

(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 BVI 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 June 2021, 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 June 2021.

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 June 2021, so far as it was known to any Directors or chief executive of the Company, the interests which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or of 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 BVI 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 June 2021, 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 BUSINESSES

For the three months ended 30 June 2021 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, either directly or indirectly, 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 for the three months ended 30 June 2021.

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 June 2021, no share option had been granted.

CORPORATE GOVERNANCE

As at 30 June 2021 and 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 three months ended 30 June 2021, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

AUDIT COMMITTEE

The Company established 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 paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The written terms of reference of the Audit Committee was revised on 12 November 2018. The Audit Committee comprises three independent non-executive directors: Dr. Lung Cheuk Wah, Mr. Man Yun Yee and 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 three months ended 30 June 2021 and this quarterly 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, 10 August 2021

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. Man Yun Yee 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.