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THELLOY DEVELOPMENT GROUP LIMITED

德萊建業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8122)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

HIGHLIGHTS

For the six months ended 30 September 2015 (the “**Period**”):

- Revenue of the Group was approximately HK\$82.8 million, increased approximately 3.7% as compared to the corresponding period in 2014.
- Loss attributable to owners of the Company was approximately HK\$2.6 million (2014: profit of approximately HK\$8.3 million). Excluding the listing expenses of approximately HK\$8.4 million, the profit attributable to owners of the Company would have been approximately HK\$5.8 million for the Period.
- The Directors did not recommend the payment of an interim dividend.
- Loss per share of the Company was approximately HK0.4 cent (2014: earnings per share of approximately HK1.0 cent).

RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) of Thelloy Development Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the Period, together with the unaudited comparative figures for the corresponding period in 2014, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2015

	<i>Notes</i>	Three months ended 30 September		Six Months Ended 30 September	
		2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Revenue	4	33,603	30,529	82,786	79,801
Direct cost		<u>(29,040)</u>	<u>(26,817)</u>	<u>(71,468)</u>	<u>(66,363)</u>
Gross profit		4,563	3,712	11,318	13,438
Other income	5	96	30	152	60
Other gains and losses		(25)	—	(25)	—
Administrative expenses		(5,347)	(1,743)	(12,885)	(3,404)
Finance costs	6	<u>(12)</u>	<u>(69)</u>	<u>(21)</u>	<u>(126)</u>
(Loss) Profit before taxation	7	(725)	1,930	(1,461)	9,968
Income tax expenses	8	<u>(428)</u>	<u>(318)</u>	<u>(1,139)</u>	<u>(1,645)</u>
(Loss) Profit and total comprehensive (expense) income for the period attributable to the owners of the Company		<u>(1,153)</u>	<u>1,612</u>	<u>(2,600)</u>	<u>8,323</u>
Basic and diluted (loss) earnings per share	10	<u>(0.2) cent</u>	<u>0.2 cent</u>	<u>(0.4) cent</u>	<u>1.0 cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		30 September 2015	31 March 2015
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current asset			
Plant and equipment	<i>11</i>	<u>1,187</u>	<u>1,604</u>
Current assets			
Trade receivables	<i>12</i>	17,267	20,693
Other receivables, deposits and prepayment	<i>13</i>	11,729	12,430
Amount due from a related company	<i>14</i>	—	33,520
Pledged bank deposits	<i>15</i>	3,024	3,024
Bank balances and cash		<u>41,519</u>	<u>55,598</u>
		<u>73,539</u>	<u>125,265</u>
Current liabilities			
Trade and bills payables	<i>16</i>	272	1,215
Other payables and accrued charges	<i>17</i>	39,555	52,010
Amount due to customers for contract work		8,736	10,660
Tax payable		7,785	6,646
Obligations under finance leases		<u>371</u>	<u>581</u>
		<u>56,719</u>	<u>71,112</u>
Net current assets		<u>16,820</u>	<u>54,153</u>
Total assets less current liabilities		<u>18,007</u>	<u>55,757</u>
Non-current liabilities			
Obligations under finance leases		<u>225</u>	<u>375</u>
Net assets		<u>17,782</u>	<u>55,382</u>
Capital and reserves			
Share capital		—	18,800
Reserves		<u>17,782</u>	<u>36,582</u>
Equity attributable to owners of the Company		<u>17,782</u>	<u>55,382</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

		Reserves		
	Issued share capital	Merger reserve	(Accumulated losses) Retained earnings	Total
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2015 (Audited)	18,800	—	36,582	55,382
Loss and total comprehensive expense for the period	—	—	(2,600)	(2,600)
Reorganisation	(18,800)	18,800	—	—
Dividend paid	9	—	(35,000)	(35,000)
At 30 September 2015 (Unaudited)	<u>—</u>	<u>18,800</u>	<u>(1,018)</u>	<u>17,782</u>
At 1 April 2014 (Audited)	16,000	—	27,786	43,786
Issue of shares	2,800	—	—	2,800
Profit and total comprehensive income for the period	—	—	8,323	8,323
At 30 September 2014 (Unaudited)	<u>18,800</u>	<u>—</u>	<u>36,109</u>	<u>54,909</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(12,319)	6,904
NET CASH FROM (USED IN) INVESTING ACTIVITIES	33,621	(3,175)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(35,381)</u>	<u>1,840</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,079)	5,569
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>55,598</u>	<u>34,922</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<u><u>41,519</u></u>	<u><u>40,491</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2013 Revision) Chapter 22 of the Cayman Islands on 28 May 2015. The address of the Company's registered office is PO Box 309, Uglan House, Grand Cayman, Cayman Islands, KY1-1104 and its principal place of business is 2/F., Centre 600, 82 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong. The Company's shares are listed on Growth Enterprise Market of the Stock Exchange ("GEM") since 9 October 2015 (the "Listing Date").

The principal activities of the Group are providing (i) building construction services; and (ii) repair, maintenance, alteration and addition ("RMAA") works services in Hong Kong as main contractor.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM, the Company became the holding company of the Group on 22 September 2015. Details of the reorganisation were set out in the paragraph headed "History and Development — Reorganisation" of the prospectus of the Company dated 30 September 2015 (the "Prospectus").

The unaudited condensed interim financial statements of the Group are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") Listing Rules and the Hong Kong Companies Ordinance. This unaudited condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015 as set out in the Prospectus, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2015. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. SEGMENT INFORMATION

The Group's operation is solely derived from construction services in Hong Kong during the Period. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered.

4. REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue				
Building construction	17,848	10,725	33,137	37,215
RMAA works	<u>15,755</u>	<u>19,804</u>	<u>49,649</u>	<u>42,586</u>
Total	<u><u>33,603</u></u>	<u><u>30,529</u></u>	<u><u>82,786</u></u>	<u><u>79,801</u></u>

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Bank interest income	66	—	122	—
Management fee income	<u>30</u>	<u>30</u>	<u>30</u>	<u>60</u>
	<u><u>96</u></u>	<u><u>30</u></u>	<u><u>152</u></u>	<u><u>60</u></u>

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest on:				
— bank borrowings wholly repayable within five years	—	59	—	108
— obligation under finance leases wholly repayable within five years	<u>12</u>	<u>10</u>	<u>21</u>	<u>18</u>
	<u><u>12</u></u>	<u><u>69</u></u>	<u><u>21</u></u>	<u><u>126</u></u>

7. (LOSS) PROFIT BEFORE TAXATION

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) Profit before taxation has been arrived at after charging:				
Depreciation of plant and equipment	207	125	413	250
Directors' remuneration	480	330	960	660
Other staff costs				
Salaries and other benefits	690	703	1,389	1,172
Retirement benefits scheme contributions	26	25	52	51
Lease payments under operating lease in respect of buildings	326	326	667	651
Loss on disposal of plant and equipment (included in other gains and losses)	25	—	25	—
	<u>25</u>	<u>—</u>	<u>25</u>	<u>—</u>

8. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong profits tax	428	318	1,139	1,645
	<u>428</u>	<u>318</u>	<u>1,139</u>	<u>1,645</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the Period (2014: 16.5%).

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the reporting date (2014: Nil).

9. DIVIDEND

On 8 April 2015, Techoy Construction Company Limited (“Techoy Construction”), an indirect wholly-owned subsidiary of the Company, declared and paid special dividends of HK\$33,520,000 (HK\$1.783 per share) to Mr. Lam Kin Wing Eddie (“Mr. Lam”) which was settled with the amount due from a related company wholly owned by Mr. Lam.

On 24 July 2015, Techoy Construction declared and paid special dividends of HK\$1,480,000 (HK\$0.079 per share) to Mr. Lam by cash.

The Directors did not recommend a payment of an interim dividend for the Period (2014: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share amount is based on the respective (loss) profit attributable to equity holders of the Company, and the weighted average numbers of Company's ordinary shares of 630,000,000 (2014: 630,000,000) in issue during the Period.

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been retrospectively adjusted for the capitalisation issue as disclosed in note 19 as if the shares had been in issue throughout both periods.

There were no potentially dilutive ordinary shares in issue during the Period, and therefore the diluted (loss) earnings per share amount is equivalent to the basic (loss) earnings per share.

The calculations of basic and diluted (loss) earnings per share are based on:

	For the three months ended 30 September		For the six months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
(Loss) profit attributable to owners of the Company (HK\$'000)	(1,153)	1,612	(2,600)	8,323
Weighted average number of ordinary shares in issue	630,000,000	630,000,000	630,000,000	630,000,000
Basic and diluted (loss) earnings per share	<u>(0.2) cent</u>	<u>0.2 cent</u>	<u>(0.4) cent</u>	<u>1.0 cent</u>

11. PLANT AND EQUIPMENT

During the Period, the Group acquired plant and equipment of approximately HK\$21,000.

12. TRADE RECEIVABLES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Trade receivables	<u>17,267</u>	<u>20,693</u>

The Group's credit term offered to the customers is ranging from 30 to 45 days from the date of invoices on progress payments of contract works.

12. TRADE RECEIVABLES (CONTINUED)

Aging analysis of trade receivables

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
0–30 days	15,957	20,370
31–60 days	1,163	323
61–90 days	147	—
	<u>17,267</u>	<u>20,693</u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Deposits	5,348	2,727
Retention receivables	4,015	8,839
Prepayments	2,366	864
	<u>11,729</u>	<u>12,430</u>

14. AMOUNT DUE FROM A RELATED COMPANY

The amount is unsecured and interest free and repayable on demand.

15. PLEDGED BANK DEPOSITS

As at 30 September 2015 and 31 March 2015, pledged bank deposit represents deposit pledged to banks to secure the banking facilities granted to the Group, and carried with prevailing market interest rate from 0.01% to 1.15% per annum.

16. TRADE PAYABLES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Trade payables — aged within 30 days	<u>272</u>	<u>1,215</u>

17. OTHER PAYABLES AND ACCRUED CHARGES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Accrued charges	23,818	32,416
Deposits received	3,597	97
Retention payables	<u>12,140</u>	<u>19,497</u>
	<u>39,555</u>	<u>52,010</u>

18. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the Period:

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Management fee received from a related company (<i>Note</i>)	<u>30</u>	<u>60</u>
Rental paid to a related company (<i>Note</i>)	<u>543</u>	<u>651</u>

Note: The related company is wholly owned by Mr. Lam, a director and controlling shareholder of the Company.

19. SUBSEQUENT EVENT

The Company was listed on GEM on the Listing Date by way of placing, 200,000,000 shares (comprising 170,000,000 new shares offered by the Company and 30,000,000 sale shares offered by the selling shareholder) of HK\$0.01 each of the Company were issued at an issue price of HK\$0.325. The net proceeds were approximately HK\$39.1 million. Please refer to the Company's announcement dated 8 October 2015 and the Prospectus for further details of the placing. The following is a description of the authorised and issued share capital of the Company upon the completion of the placing.

	Number of shares	Share capital HK\$ (Unaudited)
Authorised:		
Ordinary shares	2,000,000,000	20,000,000
Issued and fully paid:		
Shares in issue	100	1
Shares issued under the capitalization issue (including 30,000,000 sale shares offered by the selling shareholder)	629,999,900	6,299,999
Shares issued under the placing	<u>170,000,000</u>	<u>1,700,000</u>
Total shares issued	<u><u>800,000,000</u></u>	<u><u>8,000,000</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is an established main contractor in Hong Kong focusing on providing (i) building construction services; and (ii) RMAA works services. The Group is responsible for the overall management and implementation of its projects. As a main contractor, the Group primarily focuses on project management, engineering design and technical submission, devising detailed work programmes, procurement of major construction materials, coordination with the customers or their consultants and the quality control of the works carried by the sub-contractors.

As a main contractor, the Group normally secures its projects through a tendering process. The Group usually identifies Government projects through reviewing the tender invitations from various Government departments published on the Gazette. As for projects from non-Government customers, the Group is generally invited by the customers by way of invitation letters to submit a tender for a potential project. Nevertheless, the Directors believe that, in the future, it is possible that the Group may be invited by customers to simply provide quotations without going through tendering process for projects which are less complex in terms of the sub-contractors involved and the time, scale and resources required, such as RMAA projects.

The Group holds various construction related licenses and qualifications that enable it to bid for and carry out Government and quasi-Government contracts. The Group is listed on the Contractor List and the Specialist List maintained by the Works Branch Development Bureau of the Government (“WBDB”). The Contractor List and the Specialist List are lists of contractors approved by the WBDB who are eligible to tender for Government contracts. The Group is listed as a Group C (confirmed) contractor under the Contractor List maintained by the WBDB in the “Building” category. Group C (confirmed) contractors are the highest ranking contractors in the Contractor List in terms of tender limit, and are eligible to tender for public works contracts of any values exceeding HK\$185.0 million.

The Company’s shares (the “Shares”) were listed on GEM on the Listing Date by way of placing (“Placing”). 200,000,000 placing Shares (comprising 170,000,000 new Shares offered by the Company and 30,000,000 sale Shares offered by the selling shareholder) were placed at HK\$0.325 per Share pursuant to the Placing. The net proceeds from the Placing were approximately HK\$39.1 million after deduction of listing-related expenses.

The Directors consider that with the support of the Government’s housing policies in the recent years and the Government’s policies to stimulate urban renewal plans and to revitalize old industrial buildings, it will lead to a general increase in the demand for the Group’s services, resulting in more business opportunities being presented to and secured by the Group and thus recording an increase in its revenue for the Period as compared to the same period in 2014.

Looking forward, the Group will continue to pursue the following key business strategies: (i) further developing its building construction and RMAA business by making use of additional financial resources available from the Placing to undertake more projects, as the aggregate number and size of projects that the Group are able to undertake in the business hinges on the amount of its available working capital in view of the time lags that often exist between making payments to the subcontractors and receiving payments from the customers and the possible requirements for surety bonds; (ii) further strengthening its in-house team of engineering staff by recruiting additional qualified and experienced engineers/project managers and site agents in order to cope with its business development and by providing more training opportunities to its engineering staff; and (iii) investing in the building information modeling (“BIM”) software.

The BIM software is a modernised software which intends to facilitate the planning, designing, constructing and managing of construction projects through automatic generation of drawings and reports, design analysis, schedule simulation and facilities management. The BIM software allows the Group to make better-informed decisions, reduces conflicts and changes during constructions and improves productivity. With the benefit of the BIM system, the Group can handle more complicated projects in a more precise manner.

Financial Review

Revenue

The Group's revenue increased from approximately HK\$79.8 million for the six months ended 30 September 2014 to approximately HK\$82.8 million for the Period, representing a growth of approximately 3.7%. Such increase was mainly due to the increase in RMAA services provided by the Group as a result of the Group's increased effort in expanding RMAA business and the increase in number of RMAA projects undertaken by the Group during the Period.

Direct Cost

The Group's direct cost increased from approximately HK\$66.4 million for the six months ended 30 September 2014 to approximately HK\$71.5 million for the Period, representing an increase of approximately 7.7%. Such increase was mainly attributable to the increase in the subcontracting charges with the increase in number of contracting projects undertaken by the Group during the Period.

Gross Profit

The Group's gross profit amounted to approximately HK\$11.3 million and HK\$13.4 million for the six months ended 30 September 2015 and 2014 respectively, representing a drop of approximately 15.8%. Such decrease was mainly attributable to the increase in the Group's subcontracting charges with the increase in number of RMAA projects undertaken by the Group during the Period which the gross profit of such projects is in general lower than that of building construction projects.

Other Income

The Group's other income amounted to approximately HK\$152,000 and HK\$60,000 for the six months ended 30 September 2015 and 2014 respectively, representing an increase of approximately 153.3%, which was mainly due to the increase in bank interest income earned from the bank deposits during the Period.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$12.9 million and HK\$3.4 million for the six months ended 30 September 2015 and 2014 respectively, representing an increase of approximately 278.5%. Such increase was primarily due to the listing expenses of approximately HK\$8.4 million incurred during the Period.

Finance Costs

For the six months ended 30 September 2015 and 2014, the Group's finance costs amounted to approximately HK\$21,000 and HK\$126,000 respectively, representing a decrease of approximately 83.3%. Such decrease was mainly due to the full repayment of bank borrowing in January 2015.

Income Tax Expenses

For the six months ended 30 September 2015 and 2014, the Group's income tax expense amounted to approximately HK\$1.1 million and HK\$1.6 million respectively, representing a decrease of approximately 30.8%.

Loss for the Period

As a result of the aforesaid and in particular the Group's increase in revenue and increase in direct cost as discussed above, the profit and total comprehensive income attributable to owners of the Company decreased from approximately HK\$8.3 million for the six months ended 30 September 2014 to a loss of approximately HK\$2.6 million for the Period, representing a decrease of approximately HK\$10.9 million. Excluding the listing expenses of approximately HK\$8.4 million, the profit for the Period of the Group would have been approximately HK\$5.8 million and the decrease of profit would be approximately 30.1% as compared to the same period in 2014.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the Period (2014: Nil).

Special Dividend

Techoy Construction declared and settled special dividends of HK\$33.5 million and HK\$1.5 million in April and July 2015 respectively to Mr. Lam (2014: Nil).

Liquidity and Financial Resources

The Group maintained a sound financial position during the Period. As at 30 September 2015, the Group had a bank balances and cash of approximately HK\$41.5 million (31 March 2015: approximately HK\$55.6 million). The total interest-bearing loans, including obligations under finance leases only, of the Group as at 30 September 2015 was approximately HK\$0.4 million (31 March 2015: approximately HK\$0.6 million), and the current ratio as at 30 September 2015 was approximately 1.3 (31 March 2015: approximately 1.8).

Gearing Ratio

The gearing ratio of the Group as at 30 September 2015 was approximately 3.4% (31 March 2015: approximately 1.7%), which remained low as the Group was not in need of any material debt financing during the Period. The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at 30 September 2015, the Group had pledged bank deposits of approximately HK\$3.0 million (31 March 2015: approximately HK\$3.0 million) to secure the banking facilities granted to the Group. Save for the above, the Group did not have any charges on its assets.

Capital Structure

The Shares of the Company were listed on the GEM on 9 October 2015. There has been no change in capital structure of the Company since 9 October 2015. The capital of the Company comprises ordinary shares and other reserves.

Capital Commitment

As at 30 September 2015, the Group did not have any capital commitment.

Human Resources Management

As at 30 September 2015, the Group had a total of 47 employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

Foreign Currency Risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the Period, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Period.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the Period.

Contingent Liabilities

As at 30 September 2015, the Group had no material contingent liabilities.

Comparison of Business Strategies with Actual Business Progress

Business strategies up to 31 March 2016 as stated in the Prospectus	Implementation plan	Actual business progress up to the date of this announcement
Further developing the Group's building construction and RMAA business	To undertake more building construction and RMAA projects, in particular public housing construction, maintenance and renovation projects and heritage revitalisation projects in Hong Kong, with HK\$14.2 million reserved for satisfying potential customers' requirement for surety bonds	The Group is actively identifying suitable business opportunities with potential customers
Further strengthening the Group's manpower	To employ additional staff To sponsor the Group's staff to attend technical seminars and/or occupational health and safety courses organised by third parties	The Group is in the progress of recruiting more experienced and high calibre staff and sponsored its staff to attend technical seminars and occupational health and safety courses organized by third parties during the Period
Investing in BIM software and provide required staff training	To purchasing the BIM software from third-party providers To arrange for training workshops or courses for the Group's staff members in relation to the BIM software organised by third party	The Group is sourcing the BIM software from third-party providers
Developing "design and build" services	Study the feasibility of setting up the "Design and Build" section Form the new "Design and Build" team from existing staff and recruit new staff (such as designers) where necessary	The Group is having the feasibility study of setting up the "Design and Build" section
General working capital	To increase working capital in order to secure Government Contracts	The Group is planning the usage of the increase of working capital

Use of Proceeds

The following table set forth the status of the use of proceeds from the placing subsequent to the listing of the Group and up to the date of this announcement:

	Planned use of proceeds as stated in the Prospectus up to 31 March 2016 <i>HK\$ million</i>	Actual use of proceeds up to the date of this announcement <i>HK\$ million</i>
Further developing the Group's building construction and RMAA business	HK\$14.2	—
Further strengthening the Group's manpower	HK\$0.4	—
Investing in BIM software and provide required staff training	HK\$1.5	—
Developing "design and build" services	HK\$1.5	—
General working capital	HK\$4.3	—

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Corporate Governance Code

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lam serves as the chairman and also acts as chief executive of the Company, which constitutes a deviation from the code provision A.2.1.

The Board is of the view that vesting both roles in Mr. Lam will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

Code of Conduct Regarding Director's Securities Transactions

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, each of the Directors confirmed that he had complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the period from the Listing Date to the date of this announcement.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 September 2015, the Shares were not listed on GEM. Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable to the Group for the Period.

As at the date of this announcement, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of shareholder	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Lam	Interest in controlled corporation (Note 1)	600,000,000(L)	75%

(L) denotes long position.

Note:

1. Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate Holding Limited ("Cheers Mate"). By virtue of the SFO, Mr. Lam is deemed to be interested in 600,000,000 Shares held by Cheers Mate.

Save as disclosed above, as at the date of this announcement, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2015, the Shares were not listed on GEM. The respective Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Group for the Period.

So far as the Directors are aware, as at the date of this announcement, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholders	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Cheers Mate	Beneficial owner	600,000,000(L)	75%
Mr. Lam (<i>Note 1</i>)	Interest of a controlled corporation	600,000,000(L)	75%
Ms. Cheng Pui Wah Theresa (<i>Note 2</i>)	Interest of spouse	600,000,000(L)	75%

(L) denotes long position.

Notes:

- (1) Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate. By virtue of the SFO, Mr. Lam is deemed to be interested in 600,000,000 Shares held by Cheers Mate.
- (2) Ms. Cheng, Pui Wah Theresa is the spouse of Mr. Lam. By virtue of the SFO, Ms. Cheng is deemed to be interested in the same number of Shares in which Mr. Lam is deemed to be interested under the SFO.

Save as disclosed above, as at the date of this announcement, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Directors' Rights to Acquire Securities or Debenture

At no time during the Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

Purchase, Sale or Redemption of the Company's Listed Securities

Save for the listing of the Shares on GEM on the Listing Date, the Company did not redeem any of its listed Shares, nor did the Company or any of its subsidiaries purchase or sell any such Shares during the Period.

Directors' Interests in Competing Interests

During the Period, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally approved by the Company pursuant to the written resolutions of the then sole shareholder of the Company dated 22 September 2015. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share option Scheme.

(1) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants or advisers of the Group and to promote the success of the Group.

(2) *Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a Director, consultant and adviser of the Group, or any substantial shareholder of the Group, options to subscribe at a price calculated in accordance with paragraph (3) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(3) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(4) *Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

(5) *Maximum number of Shares*

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the GEM Listing Rules provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the Share Capital of the Company in issue from time to time.

(6) *Maximum entitlement of each Eligible Person*

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders of the Company and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(7) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(8) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

Audit Committee

The Company has set up an audit committee (the “Audit Committee”) on 22 September 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Corporate Governance Code. The duties of the Audit Committee are to review relationship with the Company’s external auditors, review the Company’s financial information, oversee the Company’s financial reporting system and internal control procedures and oversee the Company’s continuing connected transactions. The Audit Committee comprises the three independent non-executive Directors, namely Mr. TSE Ting Kwan, who is the chairman of the Audit Committee, Mr. TANG Chi Wang and Mr. WONG Kwong On. The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

By order of the Board
Thelloy Development Group Limited
LAM Kin Wing Eddie
Executive Director and Chairman

Hong Kong, 13 November 2015

As at the date of this announcement, the executive directors of the Company are Mr. LAM Kin Wing Eddie and Mr. SHUT, Yu Hang; and the independent non-executive directors of the Company are Mr. TSE Ting Kwan, Mr. TANG Chi Wang and Mr. WONG Kwong On.

This announcement, for which the Directors of Company collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the website of the Company at www.thelloy.com.