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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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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 of Thelloy Development Group Limited (the “Company” and the “Directors” respectively) 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.

## HIGHLIGHTS

For the nine months ended 31 December 2016 (the “Period”):

- Revenue of the Group was approximately HK\$315.0 million, increased approximately 196.0% as compared to the corresponding period in 2015.
- Profit attributable to owners of the Company was approximately HK\$12.0 million (2015: loss of approximately HK\$4.3 million).
- The Directors did not recommend the payment of dividend for the Period.
- Earnings per share of the Company was approximately HK1.5 cents (2015: loss per share of approximately HK0.6 cents).

## RESULTS

The board of Directors (the “Board”) of 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 2015, as follows:

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

For the three months and nine months ended 31 December 2016

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	149,688	23,625	314,950	106,411
Direct cost		<u>(135,802)</u>	<u>(18,139)</u>	<u>(287,625)</u>	<u>(89,607)</u>
Gross profit		13,886	5,486	27,325	16,804
Other income	5	67	53	187	205
Other gains and losses		—	—	—	(25)
Administrative expenses		(4,141)	(6,950)	(13,007)	(19,835)
Finance costs	6	<u>(42)</u>	<u>(9)</u>	<u>(103)</u>	<u>(30)</u>
Profit (loss) before taxation	7	9,770	(1,420)	14,402	(2,881)
Income tax expense	8	<u>(1,612)</u>	<u>(325)</u>	<u>(2,376)</u>	<u>(1,464)</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company		<u>8,158</u>	<u>(1,745)</u>	<u>12,026</u>	<u>(4,345)</u>
Basic earnings (loss) per share	10	<u>HK1.02 cents</u>	<u>HK(0.20) cents</u>	<u>HK1.50 cents</u>	<u>HK(0.60) cents</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Note	Reserves				Total HK\$'000
		Issued share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	
At 1 April 2016 (Audited)		8,000	42,490	18,800	4,442	73,732
Profit and total comprehensive income for the period		—	—	—	12,026	12,026
<b>At 31 December 2016 (Unaudited)</b>		<u>8,000</u>	<u>42,490</u>	<u>18,800</u>	<u>16,468</u>	<u>85,758</u>
At 1 April 2015 (Audited)		18,800	—	—	36,582	55,382
Loss and total comprehensive expense for the period		—	—	—	(4,345)	(4,345)
Reorganisation		(18,800)	—	18,800	—	—
Placing of shares		1,700	53,550	—	—	55,250
Capitalisation issue		6,300	(6,300)	—	—	—
Transaction costs directly attributable to issue of shares		—	(4,760)	—	—	(4,760)
Dividend paid	9	—	—	—	(35,000)	(35,000)
<b>At 31 December 2015 (Unaudited)</b>		<u>8,000</u>	<u>42,490</u>	<u>18,800</u>	<u>(2,763)</u>	<u>66,527</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 and its shares are listed on GEM on 9 October 2015 (the “Listing”). The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104 and its principal place of business is Unit C, 21st Floor, Kings Tower, 111 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong.

The Group is principally engaged in building construction services in Hong Kong.

The condensed consolidated financial statements have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

The unaudited quarterly financial statements of the Group for the Period 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 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies used in preparing these unaudited condensed consolidated financial statements are consistent with those used in preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2016. 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.

The unaudited quarterly financial statements should be read in conjunction with the annual report for the year ended 31 March 2016.

## 3. SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the building construction services provided by the Group to external customers. The Group’s operation is solely derived from building 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 is 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		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>				
Building construction	85,700	10,489	162,783	43,626
Repair, maintenance, alteration and addition ("RMAA") works	52,000	13,136	136,257	62,785
Design and build	11,988	—	15,910	—
	<u>149,688</u>	<u>23,625</u>	<u>314,950</u>	<u>106,411</u>
Total	<u>149,688</u>	<u>23,625</u>	<u>314,950</u>	<u>106,411</u>

#### 5. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	67	53	187	175
Management fee income	—	—	—	30
	<u>67</u>	<u>53</u>	<u>187</u>	<u>205</u>

#### 6. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
— bank borrowings	34	—	79	—
— obligations under finance leases	8	9	24	30
	<u>42</u>	<u>9</u>	<u>103</u>	<u>30</u>

## 7. PROFIT (LOSS) BEFORE TAXATION

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Profit (loss) before taxation has been arrived at after charging:				
Depreciation of plant and equipment	94	208	400	621
Directors' remuneration	1,838	857	4,767	1,817
Other staff costs				
Salaries and other benefits	493	724	2,896	2,113
Retirement benefits scheme contributions	49	53	138	105
Lease payments under operating lease in respect of buildings	442	527	1,325	1,194
Loss on disposal of plant and equipment (included in other gains and losses)	—	—	—	25
	<u>—</u>	<u>—</u>	<u>—</u>	<u>25</u>

## 8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Hong Kong Profits Tax	1,612	325	2,376	1,464
	<u>1,612</u>	<u>325</u>	<u>2,376</u>	<u>1,464</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the Period (2015: 16.5%).

## 9. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the Period (2015: Nil).

During the nine months ended 31 December 2015 and prior to the reorganisation of the Group in connection with the Listing, Techoy Construction Company Limited, an indirect wholly-owned subsidiary of the Company, declared and paid special dividends of HK\$35,000,000 to Mr. Lam Kin Wing Eddie ("Mr. Lam").

## 10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the respective profit (loss) attributable to equity holders of the Company, and the weighted average number of the Company's ordinary shares of 800,000,000 (2015: 681,927,273) in issue during the Period.

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

No diluted earnings (loss) per share for the Period (2015: Nil) has been presented as there were no potential ordinary shares in issue during the Period (2015: Nil).

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) attributable to owners of the Company (HK\$'000)	8,158	(1,745)	12,026	(4,345)
Weighted average number of ordinary shares in issue	800,000,000	785,217,391	800,000,000	681,927,273
Basic earnings (loss) per share	<u>HK1.02 cents</u>	<u>HK(0.20) cents</u>	<u>HK1.50 cents</u>	<u>HK(0.60) cents</u>

## 11. COMMITMENTS

### Commitments under operating leases

At 31 December 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	At 31 December 2016 HK\$'000 (Unaudited)	At 31 March 2016 HK\$'000 (Audited)
Within one year	499	1,516
In the second to fifth year, inclusive	—	101
	<u>499</u>	<u>1,617</u>

## 12. RELATED PARTY TRANSACTIONS

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Management fee received from a related company (Note)	<u>—</u>	<u>—</u>	<u>—</u>	<u>30</u>
Rental paid to a related company (Note)	<u>326</u>	<u>434</u>	<u>977</u>	<u>977</u>

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

## 13. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

During the Period, the Group continued to focus on its core contract works business, which includes building construction and RMAA works services. Leveraging on the Group's registered general building contractor license and certain crucial qualifications including but not limited to (i) Group C (confirmed) Approved Contractor for Public Works — Building Category; (ii) Approved Suppliers of Materials and Specialist Contractors for Public Works — Repair and Restoration of Historic Building Category (for “Western Style Buildings only”); (iii) Housing Authority List of Building Contractor — Building (New Works) Category; and (iv) Housing Authority List of Building Contractors — Maintenance Works Category.

The Group was awarded a number of projects during the Period. The most noteworthy project was the renovation works for the West Wing of the former Central Government Offices by the Architectural Services Department for use as office by the Department of Justice and law-related organisations (the “West Wing Project”). With a contract sum of approximately HK\$844 million, this is the single largest construction contract ever awarded to the Group, which surpasses our last record contract by approximately 230%. As a flagship project, the Group is honoured to contribute to the preservation of this symbolic building of the city and to give a second life to this Grade I Historic Building of Hong Kong through participating in this revitalisation project. In addition to this flagship revitalisation project, the Group were also awarded four new projects in December 2016 and January 2017, which are mainly building construction works, with the contract sum in aggregate of approximately HK\$988 million.

During the Period, the Group was awarded the Quality Excellence Award and the Grand Award for the Hong Kong Building (Renovation/Revitalisation) Category (the “Awards”) at the Quality Building Award 2016. The Awards were granted in recognition of the high standard of quality of the revitalisation of another trophy project of the Group — the PMQ (元創方) (the “PMQ Project”), which was originally the Police Married Quarters for married junior police officers. The Directors believe that the Awards, together with the West Wing Project which is scheduled to complete in 2018, will mark an important milestone in the Group’s journey of growth in becoming one of the leaders in revitalisation projects.

During the Period, the revenue of the Group increased significantly which was mainly attributable to the strong growth momentum on both the building construction services and the RMAA services.

With certain major building construction projects completed substantially in 2015, revenue from our building construction services in the corresponding period in 2015 slipped to approximately HK\$43.6 million. There was, however, a strong rebound during the Period due to several new sizeable projects awarded and commenced during the Period, which drove the revenue of the building construction services up to approximately HK\$162.8 million in the Period. Revenue from our RMAA services continued to grow from approximately HK\$62.8 million in the corresponding period in 2015 to approximately HK\$136.3 million in the Period, which was mainly resulted from our newly awarded projects. Together with the contribution of revenue of HK\$15.9 million from the new revenue stream, design and build services, the overall revenue for the Period increased to approximately HK\$315.0 million from approximately HK\$106.4 million for the same period in 2015.

During the Period, as mentioned above, the Group has been awarded several new major projects with aggregated contract sum of approximately HK\$1.8 billion. The Group with total projects on hand with contract sum in aggregate of over HK\$2.0 billion has secured for the revenue of the Group in the coming years.

The Group will keep focusing on its existing business and looking for appropriate projects that cope with the overall strategy of the Group. We will continue the strategy on further developing our RMAA services by increasing the Group’s participation in tendering of building renovation/revitalization projects and maintaining the high standard of our work quality in this area. We will also continue to develop our building construction services and its design and build services.

We will continue to strengthen our competitive advantage for the Group’s continuous development and keep creating values for the shareholders of the Group.

## **Financial Review**

### ***Revenue***

During the Period, revenue of the Group increased from approximately HK\$106.4 million to approximately HK\$315.0 million as compared to the corresponding period in 2015, which is driven by both increases in revenue in building construction services and RMAA services. Revenue from building construction services for the Period increased from approximately HK\$43.6 million to approximately

HK\$162.8 million. For the revenue from RMAA services, during the Period, it increased from approximately HK\$62.8 million to approximately HK\$136.3 million. The new revenue stream, design and build services, also contributed additional revenue of HK\$15.9 million during the Period.

### ***Direct Cost***

The Group's direct cost increased from approximately HK\$89.6 million for the nine months ended 31 December 2015 to approximately HK\$287.6 million for the Period, representing an increase of approximately 221%. Such increase was mainly attributable to the increase in 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\$27.3 million and HK\$16.8 million for the nine months ended 31 December 2016 and 2015 respectively, representing a growth of approximately 62.6%. The increase was mainly driven by the corresponding increase in revenue during the Period.

The overall gross profit margin dropped from approximately 15.8% for the nine months ended 31 December 2015 to approximately 8.7% for the Period as the extent of increase in subcontracting charges and direct labour costs is greater than that of increase in revenue during the Period.

### ***Other Income***

The Group's other income amounted to approximately HK\$187,000 and HK\$205,000 for the nine months ended 31 December 2016 and 2015 respectively, representing a decrease of approximately 8.8%, which was mainly due to the decrease in management fee income from a related company during the Period.

### ***Administrative Expenses***

The Group's administrative expenses amounted to approximately HK\$13.0 million and HK\$19.8 million for the nine months ended 31 December 2016 and 2015 respectively, representing a decrease of approximately 34.4%. Such decrease was primarily due to the one-off non-recurring listing expenses of approximately HK\$11.7 million incurred in the corresponding period in 2015, and the effect of decrease in listing expenses were partially offset by the increase in rental expenses, directors' remuneration and professional fees due to business expansion after the Listing.

### ***Finance Costs***

For the nine months ended 31 December 2016 and 2015, the Group's finance costs amounted to approximately HK\$103,000 and HK\$30,000 respectively, representing an increase of approximately 243.3%. The increase in finance costs was mainly due to the increase of bank borrowing of approximately HK\$5,770,000 during the Period (2015: Nil).

### ***Income Tax Expense***

For the nine months ended 31 December 2016 and 2015, the Group's income tax expense amounted to approximately HK\$2.4 million and HK\$1.5 million respectively, representing an increase of approximately 62.3%.

### ***Profit (Loss) for the Period***

Profit and total comprehensive income for the Period increased by approximately HK\$16.4 million from loss of approximately HK\$4.3 million for the nine months ended 31 December 2015 to profit of approximately HK\$12.0 million for the Period. Such increase was primarily attributable to increase in revenue and gross profit, and the absence of listing expenses during the Period.

### ***Dividend***

The Board did not recommend the payment of an interim dividend for the Period (2015: Nil).

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.

### ***Liquidity and Financial Resources***

The Group maintained a sound financial position during the Period. As at 31 December 2016, the Group had bank balances and cash (including pledged bank deposits) of approximately HK\$92.9 million (31 March 2016: approximately HK\$57.8 million). The total interest-bearing borrowings, including obligations under finance leases and bank borrowings, of the Group as at 31 December 2016 amounted to approximately HK\$2.1 million (31 March 2016: approximately HK\$0.4 million), and the current ratio as at 31 December 2016 was approximately 1.6 (31 March 2016: approximately 2.2).

### ***Gearing Ratio***

The gearing ratio of the Group as at 31 December 2016 was approximately 2.4% (31 March 2016: approximately 0.5%), 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 31 December 2016, the Group had pledged bank deposits of approximately HK\$21.0 million (31 March 2016: approximately HK\$28.1 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 (the “Shares”) were listed on 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 31 December 2016, the Group did not have any capital commitment (31 March 2016: Nil).

### **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.

The Company complied with all code provisions in the CG Code during the Period saved for the deviation disclosed above.

### ***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 date of Listing (the “Listing Date”) to the date of this announcement.

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

As at 31 December 2016, 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 Securities and Futures Ordinance (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:

<b>Name of Directors</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding in the Company's issued share capital</b>
Mr. Lam	Interest in controlled corporation ( <i>Note 1</i> )	590,000,000(L)	73.75%
Mr. Chung Koon Man	Beneficial owner	2,000,000(L)	0.25%

(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 590,000,000 Shares held by Cheers Mate.

Save as disclosed above, as at 31 December 2016, none of the Directors nor chief executive of the Company has registered any interest or short position 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***

So far as the Directors are aware, as at 31 December 2016, 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:

<b>Name of shareholders</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding in the Company's issued share capital</b>
Cheers Mate	Beneficial owner	590,000,000(L)	73.75%
Ms. Cheng Pui Wah Theresa ( <i>Note 1</i> )	Interest of spouse	590,000,000(L)	73.75%

(L) denotes long position.

*Note:*

- (1) 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 31 December 2016, the Directors were not aware of any other persons or corporations 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 any 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 and its subsidiaries did not redeem, purchase or sell any 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.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Anglo Chinese Corporate Finance Limited (the "Compliance Adviser"), as at 31 December 2016, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 24 September 2015, the Compliance Adviser and its directors, employees or close associates did not have any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 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 conditionally approved and adopted a share option scheme on 22 September 2015 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

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

## AUDIT COMMITTEE

The Company has set up 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 Audit 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, 8 February 2017

*As at the date of this announcement, the executive directors of the Company are Mr. LAM Kin Wing Eddie, Mr. SHUT, Yu Hang and Mr. CHUNG Koon Man; 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 will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication. This announcement will also be published on the website of the Company at [www.thelloy.com](http://www.thelloy.com).*