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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: 1546)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018**

### **HIGHLIGHTS**

- The Group recorded total revenue for the year ended 31 March 2018 of approximately HK\$911.5 million, representing growth of approximately 94.6% over 2017.
- Profit attributable to owners of the Company for the year ended 31 March 2018 was approximately HK\$61.2 million, representing an increase of approximately 145.2% as compared to 2017.
- The Board recommended the payment of a final dividend of HK2.5 cents per share in respect of the year ended 31 March 2018, which is subject to the approval of the Company’s shareholders at the forthcoming AGM.

## AUDITED ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Thelloy Development Group Limited (the “Company”) are pleased to announce the audited results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2018 (the “Year”) together with the comparative audited figures for the year ended 31 March 2017, as follows:

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

*For the year ended 31 March 2018*

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 HK\$'000
Revenue	3	<b>911,517</b>	468,363
Direct costs		<b>(808,344)</b>	(418,949)
Gross profit		<b>103,173</b>	49,414
Bank interest income		<b>359</b>	245
Administrative expenses		<b>(27,700)</b>	(19,341)
Other expenses		<b>(1,242)</b>	–
Finance costs	4	<b>(67)</b>	(160)
Profit before taxation	5	<b>74,523</b>	30,158
Income tax expense	6	<b>(13,305)</b>	(5,191)
Profit and total comprehensive income for the year		<b>61,218</b>	24,967
Earnings per share	8		
Basic ( <i>HK cents</i> )		<b>7.65</b>	3.12

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
Non-current asset			
Plant and equipment		<u>907</u>	<u>658</u>
Current assets			
Trade receivables	9	74,128	86,848
Other receivables, deposits and prepayments		49,183	30,269
Amounts due from customers for contract work		14,853	4,325
Pledged bank deposits		26,044	21,002
Bank balances and cash		<u>238,102</u>	<u>84,901</u>
		<u>402,310</u>	<u>227,345</u>
Current liabilities			
Trade payables	10	67,891	54,660
Other payables and accrued expenses		64,678	32,290
Amounts due to customers for contract work		118,596	38,885
Tax payable		8,135	2,908
Obligations under finance leases		–	75
Bank borrowings		<u>–</u>	<u>486</u>
		<u>259,300</u>	<u>129,304</u>
Net current assets		<u>143,010</u>	<u>98,041</u>
Net assets		<u><u>143,917</u></u>	<u><u>98,699</u></u>
Capital and reserves			
Share capital	11	8,000	8,000
Reserves		<u>135,917</u>	<u>90,699</u>
Equity attributable to owners of the Company		<u><u>143,917</u></u>	<u><u>98,699</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Other reserve</b> <i>HK\$'000</i>	<b>Retained earnings</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2016	8,000	42,490	18,800	4,442	73,732
Profit and total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>24,967</u>	<u>24,967</u>
At 31 March 2017	8,000	42,490	18,800	29,409	98,699
Profit and total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>61,218</u>	<u>61,218</u>
Dividend paid ( <i>note 7</i> )	<u>–</u>	<u>–</u>	<u>–</u>	<u>(16,000)</u>	<u>(16,000)</u>
At 31 March 2018	<u><u>8,000</u></u>	<u><u>42,490</u></u>	<u><u>18,800</u></u>	<u><u>74,627</u></u>	<u><u>143,917</u></u>

## 1. GENERAL

Thelloy Development Group Limited (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 28 May 2015 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 October 2015. The Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange with effective from 26 October 2017. Its immediate and ultimate holding company is Cheers Mate Holding Limited, a company incorporated in the British Virgin Islands (the “BVI”). The address of the Company’s registered office and the principal place of business are PO Box 309, Uglan House, Grand Cayman, Cayman Islands, KY1-1104 and Unit C, 21st Floor, Kings Tower, 111 King Lam Street, Lai Chi Kwok, Kowloon, Hong Kong, respectively.

The Company and its subsidiaries (the “Group”) are principally engaged in property construction services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As Part of the Annual Improvements to HKFRSs 2014 – 2016 cycle

Except as disclosed below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Amendments to Hong Kong Accounting Standard (“HKAS”) 7 “Disclosure Initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the note to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the note to the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the construction contracts by the Group to external customers. The Group's operation is solely derived from construction services in Hong Kong for both years. 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 prepared based on same accounting policies adopted by the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

#### Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered. The Group's plant and equipment amounting to HK\$907,000 (2017: HK\$658,000) as at 31 March 2018 are all physically located 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 year is as follows:

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>441,505</b>	87,677
Customer B	<b>189,074</b>	N/A*
Customer C	<b>97,406</b>	N/A*
Customer D	<b>N/A*</b>	141,838
Customer E	<b>N/A*</b>	47,198

\* These customers accounted for less than 10% of revenue during the year.

#### 4. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interests on:		
Bank borrowings	60	128
Obligations under finance leases	<u>7</u>	<u>32</u>
	<b><u>67</u></b>	<b><u>160</u></b>

#### 5. PROFIT BEFORE TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,000	650
Depreciation of plant and equipment	450	495
Operating lease rentals in respect of buildings	1,774	1,770
Directors' remuneration	8,136	6,704
Staff costs:		
Salaries and allowances	72,767	30,150
Contributions to retirement benefits schemes	2,961	1,021
Total staff costs	<b><u>83,864</u></b>	<b><u>37,875</u></b>

#### 6. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	(13,366)	(5,271)
Overprovision in prior years	<u>61</u>	<u>80</u>
	<b><u>(13,305)</u></b>	<b><u>(5,191)</u></b>

## 7. DIVIDENDS

During the year ended 31 March 2018, an interim dividend in respect of the year ended 31 March 2018 of HK2.0 cents per ordinary shares, in an aggregate amount of HK\$16,000,000, has been recognised as distribution and paid (2017: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK2.5 cents per ordinary share, in an aggregate amount of HK\$20,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting (2017: nil).

## 8. EARNINGS PER SHARE

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

### Earnings

	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u><b>61,218</b></u>	<u>24,967</u>

	<b>Number of shares</b>	
	<b>2018</b>	2017
	<i>'000</i>	<i>'000</i>
Number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>800,000</b></u>	<u>800,000</u>

No diluted earnings per share for both years is presented as there is no potential ordinary share in issue for both years.



## 9. TRADE RECEIVABLES

The credit term granted by the Group to its customers is 30 days from the date of invoices on progress payments of contract work. An ageing analysis of trade receivables is presented based on the invoice date at the end of the reporting period.

	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
0 – 30 days	<b>68,745</b>	83,542
31 – 60 days	–	599
61 – 90 days	–	2,707
91 – 360 days	<b>2,077</b>	–
Over 360 days	<b>3,306</b>	–
	<u><b>74,128</b></u>	<u>86,848</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 93% (2017: 96%) of trade receivables as at 31 March 2018, that are neither past due nor impaired, has no default payment in the past.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgment including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of HK\$5,383,000 (2017: HK\$3,306,000) which are past due as at 31 March 2018, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivables and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 386 days (2017: 77 days) as at 31 March 2018.

## 10. TRADE PAYABLE

The credit period granted to the Group on subcontracting of contract work services is 30 to 45 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
0 – 30 days	<u><b>67,891</b></u>	<u>54,660</u>

## 11. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2016, 31 March 2017 and 31 March 2018	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2016, 31 March 2017 and 31 March 2018	<u>800,000,000</u>	<u>8,000</u>

All issued shares rank pari passu in all respects with each other.

## 12. EVENTS AFTER THE REPORTING PERIOD

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

## 13. CONTINGENT LIABILITIES

At 31 March 2018, performance guarantees of approximately HK\$34,632,000 (2017: HK\$47,686,000) are given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks or insurance company for any claims from customers under the guarantees due to the failure of the Group's performance. The performance guarantees are secured by project proceeds and will be released upon completion of the contract work.

The directors of the Company do not consider it is probable that a claim will be made against the Group.

## **BUSINESS REVIEW AND OUTLOOK**

With its continuous effort and strong performance achieved in the construction industry, the Company successfully transferred the listing of its shares from GEM to the Main Board of the Stock Exchange on 26 October 2017 (the “Transfer of Listing”). The Board believes that the Transfer of Listing will enhance the corporate profile of the Company, and improve the trading liquidity of the Shares and the Company’s recognitions by potential investors. The Board considers that the listing of the Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group.

During the Year, the Group continued to focus on its core contract works business, which includes building construction, repair, maintenance, alteration and addition (“RMAA”) works services and design and build 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 continuously awarded new projects during the Year with customers from both public and private sectors.

The Group will keep focusing on its existing business and looking for appropriate projects that cope with the overall strategy of the Group. The Group will strengthen its market position in the industry and increase its market shares by 1) further developing the private customers, in order to dilute the risk on decrease in projects on hand due to the filibuster in the Legislative Council; 2) strengthening the Group’s manpower in order to cater the growing demand for the businesses of the Group; and 3) targeting design and build projects with smaller contract sum in the near future.

The Board is of a view that the Government’s initiative to increase public housing supply, commercial land supply as well as the infrastructure projects can continue to support the growth of the construction industry in Hong Kong. The Government has announced several major construction projects, which will keep the industry active in the coming years. For instance, the Housing Authority and the Hong Kong Housing Society aim to produce about 94,500 public housing units over the next five years, and the railway network expansion is expected to be completed between 2016 to 2021. Several other railway projects are planned to commence in 2018 and are expected to be completed between 2023 to 2031.

In addition, according to the 2017 Policy Address, the Government will continue to support the development of housing, land use and transportation in Hong Kong, including but not limited to the construction of the Central Kowloon Route, the works of the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road which will connect with the Hong Kong-Zhuhai-Macao Bridge, respectively.

Accordingly, the Board takes a positive view of the construction industry in Hong Kong in the forthcoming years.

## **FINANCIAL REVIEW**

### **Revenue**

During the Year, revenue of the Group increased from approximately HK\$468.4 million to approximately HK\$911.5 million as compared to the year ended 31 March 2017, which is driven by both increase in revenue in building construction services; RMAA services and design and build services. Revenue from building construction services for the Year increased from approximately HK\$211.2 million to approximately HK\$224.8 million. For the revenue from RMAA services, during the Year, it increased from approximately HK\$212.6 million to approximately HK\$589.2 million. For the design and build services, it increased from approximately HK\$44.6 million to HK\$97.5 million during the Year.

### **Direct Costs**

The Group's direct costs increased from approximately HK\$418.9 million for the year ended 31 March 2017 to approximately HK\$808.3 million for the Year, representing an increase of approximately 92.9%. Such increase was in line with the increase of revenue during the Year.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit amounted to approximately HK\$103.2 million and HK\$49.4 million for the years ended 31 March 2018 and 2017 respectively, representing a growth of approximately 108.8%. The increase was mainly attributable to the increase in number of projects undertaken by the Group during the Year as compared to the corresponding year in 2017.

The overall gross profit margin remained stable at around 10.6% to 11.3% as the extent of increase in subcontracting charges and direct labour costs is generally in line with the increase in revenue during the Year.

### **Bank Interest Income**

The Group's bank interest income amounted to approximately HK\$359,000 and HK\$245,000 for the years ended 31 March 2018 and 2017 respectively, which was mainly due to the increase in bank deposits during the Year.

### **Administrative Expenses**

The Group's administrative expenses amounted to approximately HK\$27.7 million and HK\$19.3 million for the years ended 31 March 2018 and 2017 respectively, representing an increase of approximately 43.2%. Such increase was primarily due to the increase in staff costs to support business growth.

## **Other Expenses**

The Group's other expenses amounted to approximately HK\$1.2 million for the Year which represented the professional fee incurred for the Transfer of Listing.

## **Finance Costs**

For the years ended 31 March 2018 and 2017, the Group's finance costs amounted to approximately HK\$67,000 and HK\$160,000 respectively. The decrease in finance costs was mainly due to the decrease in bank borrowings during the Year.

## **Income Tax Expense**

For the years ended 31 March 2018 and 2017, the Group's income tax expense amounted to approximately HK\$13.3 million and HK\$5.2 million, represented an increase of approximately 156.3%, as a result of the increase in taxable profit for the Year.

## **Profit and Total Comprehensive Income for the Year**

Profit and total comprehensive income for the Year increased by approximately HK\$36.3 million from approximately HK\$25.0 million for the year ended 31 March 2017 to approximately HK\$61.2 million for the Year. Such increase was mainly due to the substantial increase in both revenue and gross profit during the Year.

## **Dividends**

The Board recommends the payment of a final dividend of HK2.5 cents per share in respect of the Year to the Shareholders (2017: Nil). The proposed final dividend will be payable on Monday, 3 September 2018, following the approval of the Shareholders at the annual general meeting of the Company to be held on 2 August 2018 (the "AGM"), to the Shareholders whose names appear on the register of members of the Company on Monday, 13 August 2018, being the record date for determining shareholder's entitlement to the proposed final dividend.

Together with the interim dividend HK2.0 cents per share paid during the Year, the full year dividend amounts HK4.5 cents (2017 full year: nil).

## **Closure of Register of Members**

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 2 August 2018, the register of members of the Company will be closed from Monday, 30 July 2018 to Thursday, 2 August 2018, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 July 2018.

For the purpose of ascertaining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 8 August 2018 to Monday, 13 August 2018, both days inclusive. No transfer of shares of the Company will be registered during the period. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 August 2018.

## **Liquidity and Financial Resources**

The Group maintained a sound financial position. As at 31 March 2018, the Group had bank balances and cash (including pledged bank deposits) of approximately HK\$264.1 million (2017: approximately HK\$105.9 million). As at 31 March 2018, the Group has no borrowings (2017: obligations under finance lease and bank borrowings of approximately HK\$0.6 million) and the current ratio as at 31 March 2018 was approximately 1.6 (2017: approximately 1.8).

## **Gearing Ratio**

As at 31 March 2018, the Group had repaid all borrowings as the Group has sufficient funds to meet future capital expenditures and operational needs. The gearing ratio of 2017 was approximately 0.6% which was calculated as total borrowings divided by total equity as at the year ended.

## **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. 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 March 2018, the Group had pledged bank deposits of approximately HK\$26.0 million (2017: approximately HK\$21.0 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**

There has been no change in capital structure of the Company during the Year. The capital of the Company comprises ordinary shares and other reserves.

## **Capital Commitment**

As at 31 March 2018, the Group did not have any capital commitment (2017: Nil).

## **Human Resources Management**

As at 31 March 2018, the Group had a total of 224 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. The Group also sponsored staff to attend seminars and training courses.

## **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 Year, 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 Year.

## **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 Year.

## **Contingent Liabilities**

As at 31 March 2018, performance guarantees of approximately HK\$34.6 million (31 March 2017: HK\$47.7 million) were issued by certain banks to the Group's customers on behalf of the Group and approximately HK\$7.2 million (31 March 2017: HK\$20.3 million) of these guarantees were secured by pledged bank deposits of the Group. Save as the above, the Group had no material contingent liabilities at the end of the reporting period (2017: Nil).

# COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

**Business strategies up to 31 March 2018 as stated in the prospectus dated 30 September 2015 (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 has already secured projects requiring surety bond more than our planned amount

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 has employed additional staff to cope with the growth of revenue and continue to sponsor staff to attend seminars and training courses as demand fit

Investing in BIM software and provide required staff training

To purchase 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 has tried the use of BIM in small scale for heritage project as a trial kick off

Developing “design and build” services

To study the feasibility of setting up the “Design and Build” section  
To form the new “Design and Build” team from existing staff and recruit new staff (such as designers) where necessary

The Group has been awarded a “Design and Build” project as kick off for this section

General working capital

To increase working capital in order to secure Government Contracts

The Group injected additional working capital into the subsidiary to cope with the requirement of securing the Government Contract as requested



## USE OF PROCEEDS

The following table set forth the status of the use of proceeds from the placing of Shares subsequent to the listing of the Company on GEM on 22 September 2015 and up to the date of this announcement:

	<b>Planned use of proceeds as stated in the Prospectus up to 30 September 2017 <i>HK\$ million</i></b>	<b>Actual use of proceeds up to the date of this announcement <i>HK\$ million</i></b>
Further developing the Group's building construction and RMAA business	30.3	30.3
Further strengthening the Group's manpower	2.6	2.6
Investing in BIM software and provide required staff training	3.0	–
Developing “design and build” services	3.0	3.0
General working capital	4.3	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. The unused net proceeds of approximately HK\$3.0 million remained as general working capital of the Group.

## 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 on 22 September 2015. The Share Option Scheme will remain valid and effective following the Transfer of Listing and will be implemented in full compliance with the requirements under Chapter 17 of the Main Board Listing Rules.

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 its terms of reference as revised by the Board with effect from 26 October 2017. 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 audited consolidated financial statements of the Group for the Year 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 Listing Rules and legal requirements, and adequate disclosures have been made.

## **SUBSEQUENT EVENT**

The Group had no material event subsequent to the end of the reporting period and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company’s corporate governance code are based on the principles of the Corporate Governance code set out in Appendix 14 of the Listing Rules (the “CG Code”). 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 Kin Wing Eddie (“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 in the Year, save for code provision A.2.1.

## **PURCHASE, SALE OR REDEMPTION OF SHARES BY THE COMPANY'S LISTED SECURITIES**

The Company did not redeem any of its Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Year.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as code of conduct governing Directors securities transaction. In response to the specific enquiry made by the Company of the Directors, all Directors of the Company have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **THE ANNUAL GENERAL MEETING**

The AGM of the Company will be held at 1/F., 180-182 Hennessy Road, Wanchai, Hong Kong on Thursday, 2 August 2018 at 11:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Stock Exchange's website (<http://www.hkex.news.hk>) and the Company's website ([www.thelloy.com](http://www.thelloy.com)). The annual report of the Company for the Year will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Thelloy Development Group Limited**  
**Lam Kin Wing Eddie**  
*Chairman and executive Director*

Hong Kong, 20 June 2018

*As at the date of this announcement, the Board comprises three executive Directors namely Mr. Lam Kin Wing Eddie, Mr. Shut Yu Hang and Mr. Chung Koon Man, and three independent non-executive Directors namely Mr. Tang Chi Wang, Mr. Tse Ting Kwan and Mr. Wong Kwong On.*