THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Thelloy Development Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MUTUAL MASTER SERVICE AGREEMENT; (2) CHANGE OF COMPANY NAME; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
浤博資本有限公司

Unless the context otherwise requires, capitalised terms used in the lower portion of this cover shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 6 to 25 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 53 of this circular.

A notice of the EGM to be held via the eVoting Portal on Friday, 9 October 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the EGM via the eVoting Portal, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than 11:00 a.m. on Wednesday, 7 October 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting via the eVoting Portal at the EGM or any adjournment thereof should you so desire and in such event the form of proxy shall be deemed to be revoked.

This circular together with the form of proxy are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.thelloy.com).

References to time and dates in this circular are to Hong Kong time and dates.

In case of any inconsistency, the English version of this circular shall prevail over the Chinese version.

18 September 2026

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement I"	the announcement of the Company dated 12 June 2026 in relation to, among other things, the Mutual Master Service Agreement
"Announcement II"	the announcement of the Company dated 12 June 2026 in relation to, among other things, the Change of Company Name
"Announcements"	collectively, Announcement I and Announcement II
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
"Change of Company Name"	the proposed change of English name and Chinese name of the Company from "Thelloy Development Group Limited 德萊建業集團有限公司" to "Fortune Peace Development Group Limited 裕和建業集團有限公司"
"Commencement Date"	the date on which the Mutual Master Service Agreement becomes unconditional
"Company"	Thelloy Development Group Limited 德萊建業集團有限公司, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1546)
"connected person"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be held via the eVoting Portal on Friday, 9 October 2026 at 11:00 a.m. or any adjournment thereof for the Independent Shareholders to consider and, if thought fit, approve the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps), and for the Shareholders to consider and, if thought fit, approve the Change of Company Name
"eVoting Portal"	the online system allowing shareholders of a company to vote online, view the livestreaming of a meeting and ask questions online as shareholders do at a physical meeting without the need of physical attendance
"Fortune Peace"	Fortune Peace Holdings Limited, a company incorporated in Hong Kong with limited liability
"FP Group"	Fortune Peace and its subsidiaries
"FP Group Fee"	the fee payable by the relevant member(s) of the Group to the relevant member(s) of the FP Group for the FP Group Services under the Mutual Master Service Agreement
"FP Group Fee Annual Caps"	has the meaning ascribed thereto under the section headed "Continuing Connected Transactions – Mutual Master Service Agreement – Annual Caps" in the "Letter from the Board" in this circular
"FP Group Services"	building construction and related services, including but not limited to (i) building construction works, (ii) repair, maintenance, alteration and addition works, (iii) electrical and mechanical works, (iv) building information modelling services, (v) smart site safety system services, (vi) drainage and sundries works, (vii) façade works, (viii) steel works, (ix) project management, (x) project consultation, (xi) property management services, and/or such other ancillary and incidental services as shall be agreed by the parties in writing from time to time, to be provided by the FP Group to the Group on the terms and subject to the conditions of the Mutual Master Service Agreement
"Group"	the Company and its subsidiaries

"Group Fee"	the fee payable by the relevant member(s) of the FP Group to the relevant member(s) of the Group for the Group Services under the Mutual Master Service Agreement
"Group Fee Annual Caps"	has the meaning ascribed thereto under the section headed "Continuing Connected Transactions – Mutual Master Service Agreement – Annual Caps" in the "Letter from the Board" in this circular
"Group Services"	building construction and related services, including but not limited to (i) building construction works, (ii) repair, maintenance, alteration and addition works, (iii) electrical and mechanical works, (iv) design and build in connection with modular integrated construction, (v) project management, (vi) project consultation, and/or such other ancillary and incidental services as shall be agreed by the parties in writing from time to time, to be provided by the Group to the FP Group on the terms and subject to the conditions of the Mutual Master Service Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps)
"Independent Financial Adviser" or "Rainbow Capital"	Rainbow Capital (HK) Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Mutual Master Service Agreement (including the Group Fee Annual Caps and FP Group Fee Annual Caps)
"Independent Shareholders"	Shareholders who are not required under the Listing Rules to abstain from voting on the resolution(s) approving the Mutual Master Service Agreement and the transactions contemplated thereunder

"Latest Practicable Date"	10 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Choi"	Mr. Choi Chi Wan, being the father of Mr. Choi SYD and one of the ultimate beneficial owners of each of Fortune Peace and World Nexus
"Mr. Choi SYD"	Mr. Choi Sheung Yi Derek, being an executive Director and the son of Mr. Choi
"Mr. Ng"	Mr. Ng Wing Chiu Raymond, being the father of Mr. Ng JY and one of the ultimate beneficial owners of each of Fortune Peace and World Nexus
"Mr. Ng JY"	Mr. Ng Jonathan Yee, being an executive Director, the chairman of the Board and the chief executive officer of the Company as well as the son of Mr. Ng
"Mr. Soong"	Mr. Soong Tze Man, being the father of Ms. Soong WS and one of the ultimate beneficial owners of each of Fortune Peace and World Nexus
"Ms. Soong WS"	Ms. Soong Wing Suen, being an executive Director and the daughter of Mr. Soong
"Mutual Master Service Agreement"	the conditional agreement dated 12 June 2026 (as supplemented by the extension letter dated 31 August 2026) entered into between the Company and Fortune Peace in relation to the provision of Group Services and FP Group Services for a term commencing from the Commencement Date and ending on 31 March 2029, or such earlier date on which the Mutual Master Service Agreement shall be terminated in accordance with the terms thereof (both dates inclusive)

"Service Subcontract(s)"	the relevant contract(s) entered into and to be entered into between member(s) of the Group and member(s) of the FP Group from time to time after arm's length negotiations in relation to the provision of Group Services or FP Group Services (as the case may be), on the terms and subject to the conditions set out in the Mutual Master Service Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"World Nexus"	World Nexus Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent

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)

Executive Directors:
Mr. Ng Jonathan Yee
(Chairman and Chief Executive Officer)
Mr. Choi Sheung Yi Derek
Ms. Soong Wing Suen
Mr. Lam Arthur Chi Ping

Independent non-executive Directors:
Mr. Ip Yik Nam *JP*
Mr. Tso Ping Cheong Brian
Ms. Leung Wai Yan

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104, Cayman Islands

Head office and principal place of business in Hong Kong:
Portion B of 11/F.,
Sui Ying Industrial Building,
1 Yuk Yat Street,
To Kwa Wan, Kowloon,
Hong Kong

18 September 2026

To the Shareholders

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MUTUAL MASTER SERVICE AGREEMENT; (2) CHANGE OF COMPANY NAME; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to the Announcements in relation to, among other things, the Mutual Master Service Agreement and the Change of Company Name.

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Mutual Master Service Agreement (including the Group Fee Annual Caps and FP Group Fee Annual Caps); (ii) the letter from the Independent Board Committee with its advice to the Independent Shareholders in respect of the Mutual Master Service Agreement; (iii) the letter from the Independent Financial Adviser with its recommendation to the Independent Board Committee and Independent Shareholders in the same regard; (iv) further information in respect of the Change of Company Name; and (v) a notice of the EGM.

CONTINUING CONNECTED TRANSACTIONS

On 12 June 2026 (after trading hours), the Company entered into the Mutual Master Service Agreement with Fortune Peace, pursuant to which (i) the Group has conditionally agreed to provide the Group Services to the FP Group from time to time for specific project(s) undertaken by the FP Group in accordance with the requirements of such project(s), and (ii) the FP Group has conditionally agreed to provide the FP Group Services to the Group from time to time for specific project(s) undertaken by the Group in accordance with the requirements of such project(s).

Mutual Master Service Agreement

The principal terms of the Mutual Master Service Agreement are as follows:

Subject matter:

Subject to the entering into of the Service Subcontract(s) between the relevant member(s) of the Group and the relevant member(s) of the FP Group after arm's length negotiations,

(i) Fortune Peace has agreed to engage any member(s) of the Group for the provision of the Group Services to any member(s) of the FP Group during the term of the Mutual Master Service Agreement from time to time for specific project(s) undertaken by any member(s) of the FP Group in accordance with the requirements of such project(s); and

(ii) the Company has agreed to engage any member(s) of the FP Group for the provision of the FP Group Services to any member(s) of the Group during the term of the Mutual Master Service Agreement from time to time for specific project(s) undertaken by any member(s) of the Group in accordance with the requirements of such project(s).

Each of Fortune Peace and the Company shall have the absolute discretion to determine whether to provide any FP Group Services or Group Services (as the case may be) and the Mutual Master Service Agreement shall not restrict or limit each of the Group and the FP Group to provide similar services to any third parties.

Condition precedent: The Mutual Master Service Agreement shall be conditional upon the Independent Shareholders' approval in respect of the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps) having been obtained on or before 11 December 2026 (or such later date as the parties may agree in writing).

If such condition shall not be so satisfied, all obligations of each party shall cease and determine and none of the parties shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Mutual Master Service Agreement).

Term: Subject to the fulfilment of the above condition precedent, the period shall commence from the date on which the Mutual Master Service Agreement becomes unconditional and end on 31 March 2029, or such earlier date on which the Mutual Master Service Agreement shall be terminated in accordance with the terms thereof (both dates inclusive).

Annual caps: The annual aggregate monetary value of the Group Fee to be charged by the Group:

(i) for the period commencing from the Commencement Date and ending 31 March 2027, shall not be more than HK$230,000,000;

(ii) for the financial year ending 31 March 2028, shall not be more than HK$300,000,000; and

(iii) for the financial year ending 31 March 2029, shall not be more than HK$390,000,000

(collectively, "**Group Fee Annual Caps**").

The annual aggregate monetary value of the FP Group Fee to be charged by the FP Group:

(i) for the period commencing from the Commencement Date and ending 31 March 2027, shall not be more than HK$22,000,000;

(ii) for the financial year ending 31 March 2028, shall not be more than HK$29,000,000; and

(iii) for the financial year ending 31 March 2029, shall not be more than HK$37,000,000

(collectively, "**FP Group Fee Annual Caps**").

Payment terms: The specific payment terms (including time and method of payment) for the provision of the Group Services by the Group to the FP Group and FP Group Services by the FP Group to the Group shall be agreed by the parties in the Service Subcontract(s) to be entered into by them, with reference to the payment terms of similar services in the market and the payment terms offered by or provided to independent third parties.

Pricing policy: The actual Group Fee and FP Group Fee to be charged pursuant to the Group Fee Annual Caps and the FP Group Fee Annual Caps, respectively, shall be subject to further arm's length negotiations between the relevant parties to the Service Subcontract(s) and shall be set out in the Service Subcontract(s), provided that:

(i) in the case of the Group Fee, such Group Fee shall be at a reasonable commercial rate equivalent to (or more favourable to the Group than) the fees charged by the Group when providing similar Group Services to independent third parties in the ordinary and usual course of business and on normal commercial terms;

(ii) in the case of the FP Group Fee, such FP Group Fee shall be at a reasonable commercial rate equivalent to (or more favourable to the Group than) the fees paid by the Group when receiving similar FP Group Services from independent third parties in the ordinary and usual course of business and on normal commercial terms;

(iii) such Group Fee shall be determined with reference to the following factors, including but not limited to:

(a) prevailing market prices (i.e. prices at which independent third parties in the same region provide the same or similar services on normal commercial terms in the ordinary course of business in respect of comparable projects); and

(b) various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and

(iv) such FP Group Fee shall be the actual costs plus a premium of not more than 3% of the actual costs. The actual costs include all costs incurred in connection with the FP Group Services provided, such as labour, materials, equipment and project management.

Basis of determining the Group Fee Annual Caps and FP Group Fee Annual Caps

The Group Fee Annual Caps are determined taking into account the following factors, including but not limited to, (i) number of existing ongoing construction projects held by the FP Group (including residential construction projects in Hong Kong); (ii) number of new construction projects expected to be held by the FP Group; (iii) the anticipated fee scale for the Group Services; (iv) potential business growth of the Group and the FP Group; and (v) the FP Group's estimated future demand for the Group Services.

The Group Fee Annual Caps are primarily determined with reference to the following:

Relevant period/financial year	**Estimated aggregate value of various building construction works that may be undertaken by the Group** *(Note 1)*	**Group Fee Annual Caps**
From the Commencement Date to 31 March 2027	HK$228.2 million	HK$230 million
For the financial year ending 31 March 2028	HK$296.9 million	HK$300 million
For the financial year ending 31 March 2029	HK$386.5 million	HK$390 million

Notes:

1. The FP Group was awarded two public housing development projects in Hong Kong in 2026, with an aggregate contract value of approximately HK$5.8 billion, and contract periods ending in 2029 and 2030. As at the Latest Practicable Date, the construction works in respect of these projects have commenced and the FP Group intends to further subcontract certain construction works to third parties, with the total estimated value of such subcontracts amounting to approximately HK$559 million, HK$638 million, HK$625 million and HK$714 million for the financial years ending 31 March 2027, 2028, 2029 and 2030, respectively. Such works to be subcontracted by the FP Group to third parties include (i) building construction works (such as site preparation works, site formation and underground drainage works, hard landscaping works and carcass works) and (ii) certain specialist works (such as plumbing installation, fire services installation, lift and escalator installation and soft landscaping works). The Group possesses relevant qualifications and experience for the building construction works aforementioned. For details of the Group's qualifications, please refer to the section headed "Information on the Company and the Group".

   From the Group's available capacity for providing the Group Services in each relevant period/financial year, the Company estimated the aggregate value of various building construction works (comprising cost and premium) that may be undertaken by the Group, considering (i) the volume of works the FP Group may further subcontract to third parties, (ii) the volume of such works that fall within the Group's area of expertise, and (iii) recent fee quotations the Group offered to independent third parties for building construction works of a similar nature, scope and complexity.

2. The Directors estimated a general buffer of approximately HK$2.0 million to HK$3.5 million catering for any unexpected pricing adjustment or variation orders for the building construction works.

As at the date of the Mutual Master Service Agreement, the Group Fee Annual Caps were determined by reference to not more than 50% of the Group's forecasted total revenue for the three financial years ending 31 March 2027, 2028 and 2029.

The FP Group Fee Annual Caps are determined taking into account the following factors, including but not limited to, (i) number of existing ongoing construction projects held by the Group (including recreational and educational construction projects in Hong Kong); (ii) number of new construction projects expected to be held by the Group; (iii) the expected costs incurred in connection with the FP Group Services, (iv) potential business growth of the Group and the FP Group; and (v) the Group's estimated future demand for the FP Group Services.

As of the date of the Mutual Master Service Agreement, the FP Group Fee Annual Cap for the period from the Commencement Date to 31 March 2027 was primarily derived from two then existing construction projects held by the Group (with aggregate contract value of approximately HK$1.1 billion) which may require FP Group Services, details of which are as set out below:

Construction projects	Estimated costs to be incurred by the FP Group *(Note 1)*	Estimated premium *(Note 2)*	Estimated FP Group Fee *(Note 3)*
Public sector recreational project	HK$1.4 million for project management and consultation services	3%	HK$20 million
	HK$17.9 million for certain building construction works		
Private sector academic building project	HK$1.7 million for electrical and mechanical works	3%	HK$2 million
		Total:	HK$22 million

Notes:

1. According to the FP Group's estimate, such costs it expects to incur include labour and/or subcontracting costs for the relevant works.

2. Pursuant to the Mutual Master Service Agreement, the FP Group Fee shall be the actual costs plus a premium of not more than 3% of the actual costs.

3. Such amounts are rounded to the nearest million.

In 2026, the Group submitted eight tenders, with an aggregate value of approximately HK$9.0 billion. These tenders relate to the construction of an engineering building at a university campus, residential developments, a school and a hotel, as well as maintenance and redevelopment works for certain buildings. The tender results are expected to be released in the latter half of 2026. Based on the Group's preliminary analysis, should the tenders be successful, the works requiring FP Group Services are expected to be approximately HK$29 million and HK$37 million for the financial years ending 31 March 2028 and 2029, respectively.

The above annual caps are determined on the principal assumption that, during the term of the Mutual Master Service Agreement, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the FP Group. This assumption is made in light of (a) the Hong Kong Government's estimated capital works expenditure of approximately HK$128 billion for 2026/2027, with sustained high levels from 2027/2028 to 2030/2031, and (b) the Construction Industry Council's projection of total industry construction expenditure reaching HK$305-360 billion by 2030/2031 according to the press release "DEVB supports continuous professional development in construction industry to address manpower needs" issued by the Hong Kong Government on 10 April 2026.

Based on the foregoing, the Board considers that the Group Fee Annual Caps and FP Group Fee Annual Caps (including the growth rates thereof) are fair and reasonable.

Having regard to (i) the good business relationships that the Group has maintained, and will continue to maintain, with the independent third-party customers and suppliers, (ii) the continued exploration and diversification of the Group's market base, and (iii) the expected business growth of the Group, the Directors are of the view that the gradual increase in the annual caps will not result in over-reliance on the FP Group.

Payment terms of the Group Services

The Group Fee shall be payable in cash by the FP Group, with each installment due within 21 calendar days from the date of the relevant monthly certified progress payment invoice under the Service Subcontract. The FP Group may hold up retention fund representing not more than 5% of the certified value, subject to a limit of retention fund of not more than 5% of the total contract sum, for securing the Groups' due performance, half of which shall be released to the Group after the issuance of a practical completion certificate by the owner's architect and the remaining half upon expiry of the defect liability period of one to two years subject to the confirmation from the same architect regarding satisfaction with the Group Services.

The Board has compared such payment terms of the Group Services with each of the Group and FP Group's terms for their respective independent private sector customers. Redacted extracts of the construction contracts with independent private sector customers were provided by the FP Group at the request of the Company for review. Their independent private sector customers typically (i) receive a credit period ranging from 28 to 35 calendar days and (ii) retain approximately 10% of the certified value (subject to a limit of retention fund of not more than 5% of the total contract sum), half of which shall be released after the issuance of a practical completion certificate by the owner's architect and the remaining half upon expiry of the defect liability period of one to two years subject to the confirmation from the same architect regarding satisfaction with the works.

As the 21-calendar day credit period is shorter, and the monthly certified value to be retained by the FP Group (albeit with the same 5% total contract-sum limit) is less, than the independent benchmark, it favours the Group by accelerating cash inflows and enhancing working capital. The Board therefore considers that the payment terms offered to the FP Group are fair, reasonable and on normal commercial terms or better.

Payment terms of the FP Group Services

The FP Group Fee shall be payable in cash by the Group, with each installment due within 35 business days from the date of the relevant monthly certified progress payment invoice under the Service Subcontract. The Group may hold up retention fund representing 10% of the certified value, subject to a limit of retention fund of not more than 5% of the total contract sum, for securing the FP Group's due performance, 40% of which shall be released to the FP Group after the issuance of a practical completion certificate by the owner's architect and the remaining 60% upon expiry of one-year defect liability period subject to the confirmation from the same architect regarding satisfaction with the FP Group Services.

The Board has reviewed the payment terms extended to the Group by its independent subcontractors, who typically (i) provide a credit period of 30 business days, and (ii) allow the Group to retain approximately 10% of the certified value (subject to a limit of retention fund of not more than 5% of the total contract sum), half of which shall be released to its independent subcontractors after the issuance of a practical completion certificate by the owner's architect and the remaining half upon expiry of the one-year defect liability period subject to the confirmation from the same architect regarding satisfaction with their works.

As the 35-business day credit period is longer, and the first retention instalment amount to be released after the issuance of the practical completion certificate is less, than the independent benchmark, it provides the Group with enhanced working capital and cash flow flexibility, as well as stronger security and quality assurance throughout the post-completion phase. The Board therefore considers the payment terms of the FP Group Services to be fair, reasonable and on normal commercial terms or better.

Methods and procedures for determining the Group Fee and other terms

The Company's management shall adopt the following methods and procedures in determining the Group Fee and other terms in respect of the provision of the Group Services:

(a) Determination of prevailing market price: Upon receipt of the FP Group's expression of interest in engaging the Group for the provision of the Group Services, the management shall obtain (i) the recent comparable quotations submitted by the Group to independent third parties for the same or similar services, and (ii) the fee quotations from at least three independent construction companies in Hong Kong providing the same or similar services for projects of comparable nature and scale, on a best endeavours basis, for the purpose of determining the prevailing market price.

(b) Management evaluation meetings: The management shall convene meeting(s) to consider and assess the following factors of the proposed engagement: (i) the estimated project scale, including all work expected to be performed by the Group, (ii) the functional and technical requirements expected by the FP Group, (iii) the expected construction period and key milestones and delivery timelines, (iv) the Group's capability and capacity to undertake the engagement, (v) the estimated costs to be incurred by the Group in connection with the Group Services (including labour, materials, equipment and project management), (vi) risk factors associated with the engagement, including project complexity, site conditions, potential delays and cost overruns, and (vii) profit margin to be determined having regard to the foregoing.

(c) Determination of the Group Fee and other terms: Following the determination of the prevailing market price and internal evaluation, the Group Fee and other terms shall be determined after arm's length negotiations between the relevant Group member and FP Group member, with (i) the Group Fee to be determined by reference to the prevailing market price, and various factors assessed in the management evaluation meetings, and (ii) other terms (such as specifications and milestones) to be determined based on the project requirements, subject to and upon the terms and conditions of the Mutual Master Service Agreement.

(d) Approval process: The management shall then submit the final draft Service Subcontract, together with all supporting information/documents (including fee quotations offered to/obtained from independent third parties and management evaluation meeting minutes), to the board of directors of the relevant Group member for its review and approval.

Methods and procedures for determining the FP Group Fee and other terms

The Company's management shall adopt the following methods and procedures in determining the FP Group Fee and other terms in respect of the provision of the FP Group Services, in compliance with the Company's established internal supplier and subcontractor pre-qualification policy:

(a) Solicitation of fee quotations: Upon confirmation of the Group's engagement for a construction project, which gives rise to the need to appoint subcontractors, the management shall solicit written fee quotations from the FP Group and at least three independent subcontractors from the Company's approved list of suppliers and subcontractors.

(b) Management evaluation meetings: The management shall convene meeting(s) to assess potential subcontractors, addressing (i) functional and technical requirements to be fulfilled by the subcontractor; (ii) full identification and breakdown of all work to be performed under the proposed subcontract; (iii) budget constraints, key project milestones and schedule dates; and (iv) qualification of potential subcontractors from the Company's approved list of suppliers and subcontractors.

(c) Determination of FP Group Fee and other terms: Only upon the selection of the FP Group as the subcontractor shall the FP Group Fee and other terms be determined after arm's length negotiations between the relevant Group member and FP Group member, with (i) the FP Group Fee to be determined by reference to (A) the FP Group's proposed fee (comprising the actual costs incurred in connection with the FP Group Services, including labour, materials, equipment and project management, plus a premium of not more than 3% of such actual costs) and (B) the fee quotations previously solicited from at least three independent subcontractors; and (ii) other terms (such as specifications and milestones) be determined based on the project requirements, subject to and upon the terms and conditions of the Mutual Master Service Agreement.

(d) Approval process: The management shall then submit the final draft Service Subcontract, together with all supporting documents (including fee quotations received from the FP Group and independent subcontractors and management evaluation meeting minutes), to the board of directors of the relevant Group member for its review and approval.

INFORMATION ON FORTUNE PEACE

Fortune Peace, which is a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding. The FP Group is principally engaged in building construction, building services, building management, property investments and money lending business.

As at the Latest Practicable Date, (i) Fortune Peace is ultimately beneficially owned as to 60% by Mr. Ng and his family (namely, Ms. Yee Suk Chun Sophie and Mr. Ng JY), 20% by Mr. Choi and 20% by Mr. Soong; and (ii) World Nexus, being the controlling Shareholder, is ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong. In addition, each of Mr. Ng, Mr. Choi and Mr. Soong is the father of Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS, being the executive Directors, respectively. As such, Fortune Peace is a connected person of the Company under the Listing Rules.

INFORMATION ON THE COMPANY AND THE GROUP

The Company, which is a company incorporated in the Cayman Islands with limited liability, is principally engaged in investment holding. The Group is principally engaged in the provision of (i) building construction services, (ii) repair, maintenance, alteration and addition works services, and (iii) design and build services in Hong Kong as main contractor.

As at the Latest Practicable Date, the Group is (i) a registered general building contractor under the Buildings Ordinance (Cap. 123), (ii) a registered contractor on the Hong Kong Development Bureau's List of Public Works Contractors – Buildings Category (Group C), (iii) an approved contractor for repair and restoration of historic buildings for works related to western style buildings only on the Hong Kong Development Bureau's List of Approved Suppliers of Materials and Specialist Contractors for Public Works, (iv) a building contractor in NW1 category (being eligible to tender only for new works contracts with a value of up to HK$700 million) on the Hong Kong Housing Authority List of Building Contractors, (v) a building contractor in maintenance works M2 category (probationary) on the Hong Kong Housing Authority List of Building Contractors, (vi) a registered general building contractor under the Building Rehabilitation Company Registration Scheme launched by the Building Rehabilitation Platform managed by Hong Kong Building Rehabilitation Facilitation Services Limited, a subsidiary of the Urban Renewal Authority, (vii) a specialist trade contractor registered at the Hong Kong Construction Industry Council, and (viii) a registered electrical contractor under the Electricity (Registration) Regulations (Cap. 406 Sub. Leg.).

As at the Latest Practicable Date, the Group had on hand and/or secured (i) three construction projects from the public sector, with an aggregate total contract sum of approximately HK$1,250 million and estimated sum under variation order(s) of approximately HK$73.0 million, of which approximately HK$254.7 million represents the aggregate estimated amount of remaining works to be completed, (ii) one educational construction project from the private sector, with a total contract sum of approximately HK$567 million and estimated sum under variation order(s) of approximately HK$15.0 million, of which approximately HK$94.2 million represents the estimated amount of remaining works to be completed, and (iii) one recreational redevelopment project from the NGO sector, with a total contract sum of approximately HK$136.7 million, which has not commenced.

Set forth below are further details of the construction projects the Group had on hand and/or secured:

Construction projects	Expected contract period	Approximate stage of completion as at the Latest Practicable Date
Public sector projects		
Recreational	September 2023 – March 2027	66.3%
Two residential repair and maintenance	July 2022 – January 2027	18.3%
	July 2022 – January 2027	11.4%
Private sector project		
Academic building	August 2022 – December 2026	83.9%
NGO sector project		
Recreational	September 2026 – July 2027	0%

REASONS FOR AND BENEFITS OF ENTERING INTO THE MUTUAL MASTER SERVICE AGREEMENT

The FP Group is a well-established building construction and services provider. In common with the Group, the FP Group is a registered contractor on the Hong Kong Development Bureau's List of Public Works Contractors – Buildings Category (Group C) and a registered electrical contractor under the Electricity (Registration) Regulations (Cap. 406 Sub. Leg.). Additionally, in contrast to the Group, the FP Group is registered as an Electrical Contractor, Fire Services Contractor, Water Pump Contractor, and Property Services Agent under the Hong Kong Housing Authority. While the Group is a contractor in NW1 (being eligible to tender only for new works contracts with a value up to HK$700 million), the FP Group is a contractor in NW2 (being eligible to tender for new works contracts of unlimited value) on the Hong Kong Housing Authority List of Building Contractors.

By virtue of the above, the FP Group generally undertakes larger-scale projects with relatively higher contract values, greater operational and technical complexity, and larger site magnitudes. Its diverse range of building construction works spans both the public and private sectors, and encompasses residential developments, commercial premises, hospitality facilities, educational institutions, and government buildings.

Provision of the FP Group Services to the Group

Given the Group's lack of certain registrations and expertise, the Directors believe that engaging the FP Group as a subcontractor would enable the Group to (i) offer integrated project solutions without developing in-house specialist capabilities, (ii) benefit from the FP Group's experience and expertise, and (iii) facilitate the smooth operation of its business by having a stable and reliable source of support. The Group may also engage FP Group for services within the Group's own capabilities in specific circumstances, particularly during periods of elevated workload to ensure timely project completion.

Provision of the Group Services by the Group

Having regard to the large-scale projects undertaken by the FP Group, which require reliable subcontractors, the Directors consider that providing the Group Services to the FP Group would allow the Group to (i) generate stable revenue from a well-established party, (ii) achieve operational synergies and more efficient resource allocation, and (iii) gain market exposure to larger-scale and more diverse projects that the Group would not typically secure on a standalone basis, thereby enhancing its track record and capabilities.

In light of the above, the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the recommendation from the Independent Financial Adviser and excluding Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS who had abstained from voting at the relevant Board meeting) consider that (i) the Mutual Master Service Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the Mutual Master Service Agreement (including the pricing mechanism, the Group Fee Annual Caps and the FP Group Fee Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed above, the Group is a building contractor in NW1 category (being eligible to tender only for new works contracts with a value of up to HK$700 million). Nevertheless, based on the specific guidelines for building contractors set out in the Guide to Registration of Works Contractors and Property Management Services Providers issued by Hong Kong Housing Authority and last revised in June 2025, an NW1 contractor is also eligible to tender for new works contracts with a value over HK$700 million in the form of a joint venture with an NW2 contractor provided that, among other things, (a) the NW2 contractor shall be the lead participant/shareholder having the percentage of participation/share in the joint venture with the range of 70% to 90%, and (b) the two NW1 and NW2 contractors which form the joint venture shall not be related companies, and (c) the NW1 contractor shall have fulfilled all the conditions for being eligible to tender for new works contracts with a value up to HK$700 million on its own. Accordingly, the Group may participate in new works contracts of unlimited value so long as the above conditions are complied with. In addition, the HK$700 million limit applies specifically to the tendering of individual Housing Authority's new works contracts. An NW1 contractor may therefore tender for multiple new works contracts, subject to compliance with the applicable workload capping limits, and may also be engaged for other construction projects from both the public and private sectors. In light of the above and the measures in place to ensure that the revenue generated from the Group Services will not exceed 40% of the Group's total revenue for each of the financial years ending 31 March 2027, 2028 and 2029 as set out in the section headed "Internal control measures" below, the Board considers that the continuing connected transactions contemplated under the Mutual Master Service Agreement will not result in undue reliance on the FP Group.

INTERNAL CONTROL MEASURES

In order to ensure that the terms of the Mutual Master Service Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable to the Company and its Shareholders as a whole, the Group has adopted the following measures:

(i) the Company has assigned the operations manager of the Company to supervise the continuing connected transactions and review and assess whether the continuing connected transactions contemplated under the Mutual Master Service Agreement are on normal commercial terms, fair and reasonable and conducted in accordance with the terms of the Mutual Master Service Agreement and to also quarterly update the market price with reference to, among other things, (a) the awarded sums of comparable contract types as listed on the Architectural Services Department website's "Contracts Awarded (in the past three months)" page, and (b) quotations received from independent third parties for relevant construction works from time to time, for the purpose of considering if the Group Fee and FP Group Fee charged for a specific transaction are on normal commercial terms, fair and reasonable and in accordance with the aforesaid pricing policy;

(ii) prior to the entering into of the Service Subcontract(s), the operations manager of the Company will review all the Group Fee and FP Group Fee rates and pricing of the continuing connected transactions under the Mutual Master Service Agreement, by obtaining at least three fee quotations from independent third parties as disclosed herein, to ensure that they are not less favourable to the Group than those offered to/ received by the independent third parties;

(iii) in the case of both FP Group Services and Group Services, specifically designated personnel of the Company will monitor the transactions under the Mutual Master Service Agreement on a monthly basis to ensure that the aggregate transaction amounts do not exceed the approved annual caps of the respective period/financial year;

(iv) in the case of Group Services only, to ensure that (a) the percentage of revenue to be generated from the provision of the Group Services to the FP Group under the Mutual Master Service Agreement remains below 40% for each of the financial years ending 31 March 2027, 2028 and 2029, and (b) there will not be an increasing trend of reliance on the FP Group during the term of the Mutual Master Service Agreement:

(I) The operations manager and the finance department shall monitor on a monthly basis (A) the ratio of the financial year-to-date revenue actually recognised from the Group Services to the financial year-to-date total revenue of the Group for the same period, and (B) the ratio of the forecasted revenue from the Group Services under the existing Service Subcontract(s) to the forecasted total revenue of the Group for the current and each subsequent financial year falling within the term of the Mutual Master Service Agreement (as determined based on executed contracts). The Board shall promptly be notified if any of the above ratios reaches 35%. The entering into of new Service Subcontract(s) shall thereafter be temporarily suspended until such ratios have fallen back below 35%.

(II) Before entering into a new Service Subcontract, the operations manager and the finance department shall review the ratio of the forecasted revenue from the Group Services under the existing Service Subcontract(s) and the new Service Subcontract to the forecasted total revenue of the Group for the current and each subsequent financial year falling within the term of the Mutual Master Service Agreement (as determined based on executed contracts). Such new Service Subcontract shall only be entered into if such ratios fall below 35%.

In light of the above measures, the Board is of the view that the percentage of revenue generated from the provision of the Group Services would not exceed 40% for any financial year ending 31 March 2027, 2028 and 2029. If such percentage exceeds 40%, the Group will conduct negotiations with the FP Group for suspension or termination of the relevant Service Subcontract(s). The Company will disclose in its annual report, the percentage of revenue generated from the provision of the Group Services to the FP Group for each of the financial years ending 31 March 2027, 2028 and 2029.

(v) the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions under the Mutual Master Service Agreement and provide a confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions (a) have not been approved by the Board, (b) are not, in all material respects, in accordance with the pricing policies of the Group, (c) are not entered into, in all material respects, in accordance with the relevant agreements governing the transactions, and (d) have exceeded the cap; and

(vi) the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions under the Mutual Master Service Agreement, and provide a confirmation in the annual report of the Company as to whether the continuing connected transactions (a) have been entered into in the ordinary and usual course of business of the Group, (b) are on normal commercial terms or better and (c) are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Taking into consideration the above internal control measures and the methods and procedures under the paragraphs headed "Methods and procedures for determining the Group Fee and other terms" and "Methods and procedures for determining the FP Group Fee and other terms" above, the Board considers that the Group has adopted adequate methods and procedures to determine if the price and other terms offered to/by the FP Group are fair and reasonable and comparable to those offered by independent third parties and to ensure that the transactions under the Mutual Master Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, (i) Fortune Peace is ultimately beneficially owned as to 60% by Mr. Ng and his family, 20% by Mr. Choi and 20% by Mr. Soong; and (ii) World Nexus, being the controlling Shareholder, is ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong. In addition, each of Mr. Ng, Mr. Choi and Mr. Soong is the father of Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS, being the executive Directors, respectively. As such, Fortune Peace is a connected person of the Company under the Listing Rules, and the entering into of the Mutual Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

Save for Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS, who have abstained from voting on the relevant resolutions of the Board, none of the Directors has material interest in the Mutual Master Service Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions of the Board.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Group Fee Annual Caps is more than 5% and the annual consideration is expected to exceed HK$10,000,000, the provision of Group Services by the Group to the FP Group under the Mutual Master Service Agreement is subject to reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the FP Group Fee Annual Caps is more than 5% and the annual consideration is expected to exceed HK$10,000,000, the provision of FP Group Services by the FP Group to the Group under the Mutual Master Service Agreement is subject to reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ip Yik Nam *JP*, Mr. Tso Ping Cheong Brian and Ms. Leung Wai Yan, has been established to advise the Independent Shareholders as to whether the terms of the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and as to how to vote, taking into account the recommendation of the Independent Financial Adviser. The Company has appointed Rainbow Capital as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

CHANGE OF COMPANY NAME

The Board proposed to change the English name and Chinese name of the Company from "Thelloy Development Group Limited 德萊建業集團有限公司" to "Fortune Peace Development Group Limited 裕和建業集團有限公司".

Conditions of the Change of Company Name

The Change of Company Name is subject to the following conditions:

(i) the passing of a special resolution by the Shareholders approving the Change of Company Name at the EGM; and

(ii) the approval of the Registrar of Companies in the Cayman Islands by issuing a certificate of incorporation on change of name to the Company.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of issue of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. Thereafter, the Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Reasons for the Change of Company Name

The Board believes that the proposed new name of the Company will provide the Company with a new corporate image which will enable the Group to better identify itself and capture potential business opportunities for its future development. Accordingly, the Board is of the view that the Change of Company Name is in the interests of the Company and the Shareholders as a whole.

Effect of the Change of Company Name

The Change of Company Name will not affect any of the rights of the Shareholders and the trading of the Shares on the Stock Exchange. After the Change of Company Name has become effective, any new issue of share certificates of the Company will be issued in the new English name and Chinese name of the Company. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Change of Company Name has become effective, continue to be valid evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangements for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company.

Subject to the confirmation of the Stock Exchange, the English and Chinese stock short name of the Company for trading of the Shares on the Stock Exchange will also be changed after the Change of Company Name has become effective.

The Company will make further announcement(s) to inform the Shareholders of the poll results of the special resolution, the effective date of the Change of Company Name, the new English and Chinese stock short names of the Company for trading of Shares on the Stock Exchange and other relevant changes as and when appropriate.

EGM

A notice of the EGM to be held via the eVoting Portal on Friday, 9 October 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

At the EGM, (a) ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Mutual Master Service Agreement and the transactions contemplated thereunder (including the Group Fee Annual Caps and FP Group Fee Annual Caps), and (b) a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Change of Company Name.

In order to ascertain the entitlement to attend and vote at the EGM via the eVoting Portal, the register of members of the Company will be closed from Tuesday, 6 October 2026 to Friday, 9 October 2026 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM via the eVoting Portal, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 5 October 2026. Shareholders whose names appear on the register of members of the Company on Friday, 9 October 2026 are entitled to attend and vote at the EGM or any adjournment thereof.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.thelloy.com).Whether or not you propose to attend the EGM via the eVoting Portal, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than 11:00 a.m. on Wednesday, 7 October 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof via the eVoting Portal should you so desire and in such event the form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, (i) save for World Nexus, which holds 501,257,000 Shares (representing approximately 62.7% of the issued share capital of the Company), no other Shareholder has a material interest in, and shall abstain from voting on the ordinary resolutions relating to, the Mutual Master Service Agreement at the EGM; and (ii) none of the Shareholders are required to abstain from voting on the special resolution relating to the Change of Company Name at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the EGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company must announce the poll results of the EGM in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 26 to 27 of this circular, which contains its advice to the Independent Shareholders in relation to the Mutual Master Service Agreement (including the Group Fee Annual Caps and FP Group Fee Annual Caps). Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 28 to 53 of this circular, which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the same.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) therefore consider that the transactions contemplated under the Mutual Master Service Agreement will be conducted on normal commercial terms or better to the Group and in the ordinary and usual course of business of the Group and that the terms of such agreement and the proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the proposed ordinary resolutions in relation thereto as set out in the notice of the EGM.

The Board also believes that the Change of Company Name is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the proposed special resolution at the EGM as set out in the notice of the EGM.

MISCELLANEOUS

Your attention is drawn to the additional information set out in the appendix to this circular.

The English text of this circular and form of proxy shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board of
Thelloy Development Group Limited
Ng Jonathan Yee
Chairman

The following is the text of the letter from the Independent Board Committee setting out its advice to the Independent Shareholders in relation to the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps) and the transactions contemplated thereunder.

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)

18 September 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MUTUAL MASTER SERVICE AGREEMENT; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 18 September 2026 (the "**Circular**"), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and as to how to vote on the proposed ordinary resolutions in relation thereto at the EGM. Rainbow Capital has been appointed as the Independent Financial Adviser to recommend the Independent Board Committee and the Independent Shareholders on these matters.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 25 of the Circular, the text of a letter of recommendation from Rainbow Capital as the Independent Financial Adviser as set out on pages 28 to 53 of the Circular and the additional information set out in the appendix to the Circular.

Having considered (i) the terms of the Mutual Master Service Agreement and the transactions contemplated thereunder (together with the Group Fee Annual Caps and the FP Group Fee Annual Caps); (ii) the recommendation of Rainbow Capital; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Mutual Master Service Agreement are fair and reasonable and the transactions contemplated thereunder (together with the Group Fee Annual Caps and the FP Group Fee Annual Caps) are on normal commercial terms, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the proposed ordinary resolutions at the EGM in relation to the Mutual Master Service Agreement and the proposed annual caps, as detailed in the notice of EGM set out on pages EGM-1 to EGM-3 of the Circular.

Yours faithfully,
For and on behalf of
Independent Board Committee
Thelloy Development Group Limited

Mr. Ip Yik Nam *JP*	**Mr. Tso Ping Cheong Brian**	**Ms. Leung Wai Yan**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

RAINBOW.
RAINBOW CAPITAL (HK) LIMITED
浤 博 資 本 有 限 公 司

18 September 2026

To the Independent Board Committee and the Independent Shareholders

Thelloy Development Group Limited
Portion B of 11/F.,
Sui Ying Industrial Building,
1 Yuk Yat Street,
To Kwa Wan, Kowloon,
Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MUTUAL MASTER SERVICE AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions (the "**Transactions**") contemplated under the Mutual Master Service Agreement (including the proposed annual caps), details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 18 September 2026 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 12 June 2026 (after trading hours), the Company entered into the Mutual Master Service Agreement with Fortune Peace, pursuant to which (i) the Group has conditionally agreed to provide the Group Services to the FP Group from time to time for specific project(s) undertaken by the FP Group in accordance with the requirements of such project(s), and (ii) the FP Group has conditionally agreed to provide the FP Group Services to the Group from time to time for specific project(s) undertaken by the Group in accordance with the requirements of such project(s).

As at the Latest Practicable Date, (i) Fortune Peace is ultimately beneficially owned as to 60% by Mr. Ng and his family, 20% by Mr. Choi and 20% by Mr. Soong; and (ii) World Nexus, being the controlling Shareholder, is ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong. In addition, each of Mr. Ng, Mr. Choi and Mr. Soong is the father of Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS, being the executive Directors, respectively. As such, Fortune Peace is a connected person of the Company under the Listing Rules, and the entering into of the Mutual Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the proposed annual caps under the Mutual Master Service Agreement is more than 5% and the annual consideration is expected to exceed HK$10,000,000, the Mutual Master Service Agreement and the transactions contemplated thereunder are subject to reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ip Yik Nam, JP, Mr. Tso Ping Cheong Brian and Ms. Leung Wai Yan, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Mutual Master Service Agreement is conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the Mutual Master Service Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group or the FP Group that could reasonably be regarded as relevant to our independence. We have been appointed as the joint independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to a mandatory unconditional cash offer, details of which are set out in the composite document of the Company dated 20 March 2026. Other than that, there was no other engagement between the Group or the FP Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Mutual Master Service Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Mutual Master Service Agreement (including the proposed annual caps) and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the terms of the Mutual Master Service Agreement (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Background information of the Group

The Company is an investment holding company listed on the Main Board of the Stock Exchange. The Group is principally engaged in providing (i) building construction services; (ii) repair, maintenance, alteration and addition ("**RMAA**") works and services; and (iii) design and build services in Hong Kong.

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2024, 2025 and 2026 ("**FY2024**", "**FY2025**" and "**FY2026**", respectively) as extracted from the annual reports of the Company for FY2025 and FY2026 (the "**2025 Annual Report**" and the "**2026 Annual Report**", respectively):

(i) Financial performance

	FY2024	**FY2025**	**FY2026**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Revenue	**257,992**	**400,168**	**470,425**
Direct costs	(227,763)	(391,900)	(458,754)
Gross profit	**30,229**	**8,268**	**11,671**
Other income	1,532	2,107	3,867
Impairment losses reversed/(recognised) on financial assets under expected credit loss model, net	142	(183)	170
Impairment loss on amount due from a joint venture	–	–	(3,766)
Administrative expenses	(34,977)	(34,824)	(35,058)
Share of profits/(losses) of joint ventures	16,375	(19,531)	(3,435)
Finance costs	(4,510)	(7,436)	(7,070)
Profit/(loss) before tax	**8,791**	**(51,599)**	**(33,621)**
Income tax (expense)/credit	(512)	241	144
Profit/(loss) attributable to the Shareholders	**8,279**	**(51,358)**	**(33,477)**

FY2025 compared to FY2024

Revenue of the Group increased by approximately 55.1% from approximately HK$258.0 million for FY2024 to approximately HK$400.2 million for FY2025, primarily attributable to the increase in revenue from building construction services by approximately HK$180.6 million. The increase was mainly driven by the progress of two major projects awarded in 2022 and 2023, which have entered the final stage of construction during FY2025. As works in the later stage of construction typically carry higher contract values, this resulted in a significant increase in recognised revenue during the period.

Despite such moderate increase in revenue, the Group's gross profit decreased by approximately 72.6% from approximately HK$30.2 million for FY2024 to approximately HK$8.3 million for FY2025 as a result of the decrease in gross profit margin from approximately 11.7% for FY2024 to approximately 2.1% for FY2025. The decline in profitability was mainly due to (a) the lower overall gross profit recognised for certain projects awarded in 2022 and 2023 which carried limited tender margins amid intense market competition; (b) the increase in staff and labour costs due to prolonged project duration; and (c) the shortfall in the compensation received under the contract price fluctuation clause for public projects, as the actual amount certified and recoverable under the relevant contracts was lower than anticipated, giving rise to the shortfall.

The Group recorded a change from profit attributable to the Shareholders of approximately HK$8.3 million for FY2024 to loss attributable to the Shareholders of approximately HK$51.4 million for FY2025, primarily attributable to (a) the decrease in gross profit as mentioned above; (b) the change from share of profits of joint ventures of approximately HK$16.4 million for FY2024 to share of losses of joint ventures of approximately HK$19.5 million for FY2025 as a result of a decrease in the fair value of investment property held by a joint venture; and (c) the increase in finance costs by approximately HK$2.9 million mainly due to higher interest rate and addition of bank borrowings for FY2025.

FY2026 compared to FY2025

Revenue of the Group increased by approximately 17.6% from approximately HK$400.2 million for FY2025 to approximately HK$470.4 million for FY2026, primarily attributable to the increase in revenue from building construction services by approximately HK$73.9 million. The increase was mainly due to a project completed during FY2026.

In line with the increase in revenue, gross profit of the Group increased by approximately 41.2% from approximately HK$8.3 million for FY2025 to approximately HK$11.7 million for FY2026.

The Group recorded loss attributable to the Shareholders of approximately HK$33.5 million for FY2026, representing a decrease of approximately 34.8% as compared to that of approximately HK$51.4 million for FY2025. Such decrease was primarily attributable to (a) the increase in revenue and gross profit as mentioned above; and (b) the decrease in share of losses on joint ventures by approximately HK$16.1 million. The Group is involved in the property business through its interest in Great Glory Developments Limited and its subsidiaries ("**Great Glory Group**"), which is owed as to 49% by the Group. For FY2025, Great Glory Group recognised a fair value loss on investment property of approximately HK$39.5 million to reflect the change in fair value of its land lots in Yuen Long, resulting in the Group's sharing of this fair value loss of approximately HK$19.4 million which was recognised in share of losses on joint ventures in the consolidated financial statements of the Group. In May 2025, Great Glory Group sold its entire interests in a subsidiary which indirectly owned various land lots in Yuen Long. For FY2026, Great Glory Group only recognised a loss on disposal of subsidiary of approximately HK$6.6 million, resulting in the Group's sharing of the loss on disposal of subsidiary of approximately HK$3.2 million which was recognised in share of losses on joint ventures in the consolidated financial statements of the Group.

(ii) Financial position

	As at 31 March		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets, including:	**217,802**	**200,315**	**189,896**
Property, plant and equipment	94,571	89,698	84,434
Interests in joint ventures	119,793	108,954	99,943
Current assets, including:	**135,050**	**199,467**	**178,018**
Trade and other receivables	33,200	59,597	40,348
Contract assets	57,183	95,320	102,567
Cash and cash equivalents	32,066	31,381	30,692
Total assets	**352,852**	**399,782**	**367,914**
Current liabilities, including:	**180,765**	**280,003**	**229,113**
Trade and other payables	104,105	123,925	82,089
Bank borrowings	71,000	154,420	138,872
Non-current liabilities, including:	**2,409**	**1,459**	**53,958**
Loans from a shareholder	–	–	50,000
Total liabilities	**183,174**	**281,462**	**283,071**
Equity attributable to the Shareholders	**169,678**	**118,320**	**84,843**

As at 31 March 2026, total assets of the Group amounted to approximately HK$367.9 million, which mainly consisted of (a) property, plant and equipment of approximately HK$84.4 million; (b) interests in joint ventures of approximately HK$99.9 million; (c) trade and other receivables of approximately HK$40.3 million; (d) contract assets of approximately HK$102.6 million; and (e) cash and cash equivalents of approximately HK$30.7 million.

As at 31 March 2026, total liabilities of the Group amounted to approximately HK$283.1 million, which mainly consisted of (a) trade and other payables of approximately HK$82.1 million; (b) bank borrowings of approximately HK$138.9 million; and (c) loans from a shareholder of approximately HK$50.0 million.

As at 31 March 2026, the Group recorded equity attributable to the Shareholders of approximately HK$84.8 million with net current liabilities of approximately HK$51.1 million.

(iii) Overall comment

With reference to the 2025 Annual Report and the 2026 Annual Report, the Hong Kong construction sector experienced a marked divergence between private and public activity during FY2026. Private-sector projects recorded a sharp 22.3% contraction in output, which continued to weigh on market sentiment and project pipelines. Private developers maintained a cautious stance, deferring or scaling back development activity in response to soft demand, elevated financing costs and on-going uncertainty in the property market. In this environment, public works remained as the principal growth driver for the industry. The 2026-27 Budget issued by the Hong Kong government reaffirmed a high level of capital works spending. This is underpinned by the Northern Metropolis Development, transport-connectivity projects and continued investment in public housing and infrastructure, which together form a substantial forward pipeline of construction opportunities for contractors. Against this backdrop, the Group remained focused on public-sector and government-funded works, where its proven track record, project delivery capability and compliance standards represent key competitive advantages, which supported the Group's continued revenue growth for FY2025 and FY2026. Nevertheless, the Group's overall profitability remained under pressure, primarily due to limited tender margins on existing projects, rising production and logistics costs linked to supply-chain disruptions and tightened cash flow conditions across the supply chain. The Company has undertaken cost control and financial resilience measures, including organisational streamlining, workflow optimization, tighter budgetary controls, and selected asset divestments, while also investing in productivity and technology enhancement.

Looking forward, in order to capture future business opportunities and enhance its competitiveness, the Group intends to (a) actively adopt innovative technologies to modernise construction processes; (b) minimise subcontracting layers to reduce project disruptions and save costs; and (c) expand business opportunities by joining approved contractors lists and exploring more fitting-out and maintenance projects.

2. The Mutual Master Service Agreement

(i) Background and reasons

On the one hand, the Group is principally engaged in providing building construction services, RMAA works and services and design and build services in Hong Kong. On the other hand, with reference to the Letter from the Board, the FP Group is a well-established building construction and services provider. In common with the Group, the FP Group is a registered contractor on the Hong Kong Development Bureau's List of Public Works Contractors – Buildings Category (Group C) and a registered electrical contractor under the Electricity (Registration) Regulations (Cap. 406 Sub. Leg.). Additionally, in contrast to the Group, the FP Group is registered as an Electrical Contractor, Fire Services Contractor, Water Pump Contractor, and Property Services Agent under the Hong Kong Housing Authority. While the Group is a contractor in NW1 (being eligible to tender only for new works contracts with a value up to HK$700 million), the FP Group is a contractor in NW2 (being eligible to tender for new works contracts of unlimited value) on the Hong Kong Housing Authority List of Building Contractors. By virtue of the above, the FP Group generally undertakes larger-scale projects with relatively higher contract values, greater operational and technical complexity, and larger site magnitudes. Its diverse range of building construction works spans both the public and private sectors, and encompasses residential developments, commercial premises, hospitality facilities, educational institutions, and government buildings. As such, the Group's provision of the Group Services to the FP Group and the FP Group's provision of the FP Group Services to the Group under the Mutual Master Service Agreement would provide a stable stream of revenue to the Group and facilitate the business operation of the Group, thereby further promoting the business growth of the Group.

Although both of the Group Services and the FP Group Services are related to building construction and related services, the FP Group Services include a wider range of services and more specialised services and the FP Group holds certain licenses and registrations which the Group is lack of. As such, the FP Group's provision of the FP Group Services to the Group would enable the Group to (a) offer integrated project solutions without developing in-house specialist capabilities; (b) benefit from the FP Group's experience and expertise; and (c) facilitate the smooth operation of its business by having a stable and reliable source of support. The Group may also engage FP Group for services within the Group's own capabilities in specific circumstances, particularly during periods of elevated workload to ensure timely project completion.

As the FP Group generally undertakes larger-scale projects with relatively higher contract values, it needs to engage subcontractors from time to time. The provision of the Group Services to the FP Group would allow the Group to (a) generate stable revenue from a well-established party; (b) achieve operational synergies and more efficient resource allocation; and (c) gain market exposure to larger-scale and more diverse projects that the Group would not typically secure on a standalone basis, thereby enhancing its track record and capabilities.

Accordingly, with a view to facilitate the continual provision of services to each other, on 12 June 2026, the Company entered into the Mutual Master Service Agreement with Fortune Peace for the period commencing from the date on which the Mutual Master Service Agreement becomes unconditional and ending on 31 March 2029.

Based on the above, we concur with the Directors that the entering into of the Mutual Master Service Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

(ii) Principal terms

Details of the terms of the Mutual Master Service Agreement are set out in the Letter from the Board, which are summarised as follows:

Subject matter : Subject to the entering into of the Service Subcontract(s) between the relevant member(s) of the Group and the relevant member(s) of the FP Group after arm's length negotiations,

(a) Fortune Peace has agreed to engage any member(s) of the Group for the provision of the Group Services to any member(s) of the FP Group during the term of the Mutual Master Service Agreement from time to time for specific project(s) undertaken by any member(s) of the FP Group in accordance with the requirements of such project(s); and

(b) the Company has agreed to engage any member(s) of the FP Group for the provision of the FP Group Services to any member(s) of the Group during the term of the Mutual Master Service Agreement from time to time for specific project(s) undertaken by any member(s) of the Group in accordance with the requirements of such project(s).

		Each of Fortune Peace and the Company shall have the absolute discretion to determine whether to provide any FP Group Services or Group Services (as the case may be) and the Mutual Master Service Agreement shall not restrict or limit each of the Group and the FP Group to provide similar services to any third parties.
Condition precedent	:	The Mutual Master Service Agreement shall be conditional upon the Independent Shareholders' approval in respect of the Mutual Master Service Agreement (including the Group Fee Annual Caps and the FP Group Fee Annual Caps) having been obtained on or before 11 December 2026 (or such later date as the parties may agree in writing). If such condition shall not be so satisfied, all obligations of each party shall cease and determine and none of the parties shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Mutual Master Service Agreement).
Term	:	Subject to the fulfilment of the above condition precedent, the period shall commence from the date on which the Mutual Master Service Agreement becomes unconditional and end on 31 March 2029, or such earlier date on which the Mutual Master Service Agreement shall be terminated in accordance with the terms thereof (both dates inclusive).
Payment terms	:	The specific payment terms (including time and method of payment) for the provision of the Group Services by the Group to the FP Group and FP Group Services by the FP Group to the Group shall be agreed by the parties in the Service Subcontract(s) to be entered into by them, with reference to the payment terms of similar services in the market and the payment terms offered by or provided to independent third parties.

Pricing policy

The actual Group Fee and FP Group Fee to be charged pursuant to the Group Fee Annual Caps and the FP Group Fee Annual Caps, respectively, shall be subject to further arm's length negotiations between the relevant parties to the Service Subcontract(s) and shall be set out in the Service Subcontract(s), provided that:

(a) in the case of the Group Fee, such Group Fee shall be at a reasonable commercial rate equivalent to (or more favourable to the Group than) the fees charged by the Group when providing similar Group Services to independent third parties in the ordinary and usual course of business and on normal commercial terms;

(b) in the case of the FP Group Fee, such FP Group Fee shall be at a reasonable commercial rate equivalent to (or more favourable to the Group than) the fees paid by the Group when receiving similar FP Group Services from independent third parties in the ordinary and usual course of business and on normal commercial terms;

(c) such Group Fee shall be determined with reference to the following factors, including but not limited to: (1) prevailing market prices (i.e. prices at which independent third parties in the same region provide the same or similar services on normal commercial terms in the ordinary course of business in respect of comparable projects); and (2) various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and

(d) such FP Group Fee shall be the actual costs plus a premium of not more than 3% of the actual costs. The actual costs include all costs incurred in connection with the FP Group Services provided, such as labour, materials, equipment and project management.

With reference to the Letter from the Board, the Company's management shall adopt the following methods and procedures in determining the Group Fee and other terms in respect of the provision of the Group Services:

(a) determination of prevailing market price: upon receipt of the FP Group's expression of interest in engaging the Group for the provision of the Group Services, the management shall obtain (1) the recent comparable quotations submitted by the Group to independent third parties for the same or similar services; and (2) the fee quotations from at least three independent construction companies in Hong Kong providing the same or similar services for projects of comparable nature and scale, on a best endeavours basis, for the purpose of determining the prevailing market price;

(b) management evaluation meetings: the management shall convene meeting(s) to consider and assess the following factors of the proposed engagement: (1) the estimated project scale, including all work expected to be performed by the Group; (2) the functional and technical requirements expected by the FP Group; (3) the expected construction period and key milestones and delivery timelines; (4) the Group's capability and capacity to undertake the engagement; (5) the estimated costs to be incurred by the Group in connection with the Group Services (including labour, materials, equipment and project management); (6) risk factors associated with the engagement, including project complexity, site conditions, potential delays and cost overruns; and (7) profit margin to be determined having regard to the foregoing;

(c) determination of the Group Fee and other terms: following the determination of the prevailing market price and internal evaluation, the Group Fee and other terms shall be determined after arm's length negotiations between the relevant Group member and FP Group member, with (1) the Group Fee to be determined by reference to the prevailing market price, and various factors assessed in the management evaluation meetings; and (2) other terms (such as specifications and milestones) to be determined based on the project requirements, subject to and upon the terms and conditions of the Mutual Master Service Agreement; and

(d) approval process: the management shall then submit the final draft Service Subcontract, together with all supporting information/documents (including fee quotations offered to/obtained from independent third parties and management evaluation meeting minutes), to the board of directors of the relevant Group member for its review and approval.

The Company's management shall also adopt the following methods and procedures in determining the FP Group Fee and other terms in respect of the provision of the FP Group Services, in compliance with the Company's established internal supplier and subcontractor pre-qualification policy:

(a) solicitation of fee quotations: upon confirmation of the Group's engagement for a construction project, which gives rise to the need to appoint subcontractors, the management shall solicit written fee quotations from the FP Group and at least three independent subcontractors from the Company's approved list of suppliers and subcontractors;

(b) management evaluation meetings: the management shall convene meeting(s) to assess potential subcontractors, addressing (1) functional and technical requirements to be fulfilled by the subcontractor; (2) full identification and breakdown of all work to be performed under the proposed subcontract; (3) budget constraints, key project milestones and schedule dates; and (4) qualification of potential subcontractors from the Company's approved list of suppliers and subcontractors;

(c) determination of FP Group Fee and other terms: only upon the selection of the FP Group as the subcontractor shall the FP Group Fee and other terms be determined after arm's length negotiations between the relevant Group member and FP Group member, with (1) the FP Group Fee to be determined by reference to (A) the FP Group's proposed fee (comprising the actual costs incurred in connection with the FP Group Services, including labour, materials, equipment and project management, plus a premium of not more than 3% of such actual costs) and (B) the fee quotations previously solicited from at least three independent subcontractors; and (2) other terms (such as specifications and milestones) be determined based on the project requirements, subject to and upon the terms and conditions of the Mutual Master Service Agreement; and

(d) approval process: the management shall then submit the final draft Service Subcontract, together with all supporting documents (including fee quotations received from the FP Group and independent subcontractors and management evaluation meeting minutes), to the board of directors of the relevant Group member for its review and approval.

In assessing the fairness and reasonableness of the terms of the Mutual Master Service Agreement, we have discussed with the management of the Group and noted that in order to ensure that the terms, in particular the pricing policy, of the transactions contemplated under the Mutual Master Service Agreement are on normal commercial terms and no less favourable to the Group than those of similar transactions contemplated with independent third parties at the relevant times, the Group will compare the Group Fee and the FP Group Fee with the price charged by the Group when providing similar Group Services to independent third parties or the fee paid by the Group when receiving similar FP Group Services from independent third parties (as the case may be), when determining the respective terms and prices.

In respect of the payment terms of the Group Services, as stated in the Letter from the Board, the Group Fee shall be payable in cash by the FP Group, with each installment due within 21 calendar days from the date of the relevant monthly certified progress payment invoice under the Service Subcontract. The FP Group may hold up retention fund representing not more than 5% of the certified value, subject to a limit of retention fund of not more than 5% of the total contract sum, for securing the Groups' due performance, half of which shall be released to the Group after the issuance of a practical completion certificate by the owner's architect and the remaining half upon expiry of the defect liability period of one to two years subject to the confirmation from the same architect regarding satisfaction with the Group Services. In this regard, we have obtained and reviewed all of the construction contracts (i.e. a total of two) between the Group and independent private sector customers from 2023 to 2026. The review period of 2023 to 2026 was selected to understand the payment terms under the historical construction contracts during the period which is close to the date of Mutual Master Service Agreement. Based on our review, we noted that the aforesaid construction contracts include credit period of 30 days and the limit of retention fund of 10% of the certified value (subject to a limit of retention fund of not more than 5% of the total contract sum). As such, the payment terms of the Group Services are no less favourable to the Group and thus are fair, reasonable and on normal commercial terms.

In respect of the payment terms of the FP Group Services, as stated in the Letter from the Board, the FP Group Fee shall be payable in cash by the Group, with each installment due within 35 business days from the date of the relevant monthly certified progress payment invoice under the Service Subcontract. The Group may hold up retention fund representing 10% of the certified value, subject to a limit of retention fund of not more than 5% of the total contract sum, for securing the FP Group's due performance, 40% of which shall be released to the FP Group after the issuance of a practical completion certificate by the owner's architect and the remaining 60% upon expiry of one-year defect liability period subject to the confirmation from the same architect regarding satisfaction with the FP Group Services. In this regard, we have randomly obtained and reviewed four subcontracting contracts between the Group and independent subcontractors from 2023 to 2026. The review period of 2023 to 2026 was selected to understand the payment terms under the historical subcontracting contracts during the period which is close to the date of Mutual Master

Service Agreement. Based on our review, we noted that the aforesaid subcontracting contracts include credit period of 30 days and the limit of retention fund of 10% of the certified value (subject to a limit of retention fund of not more than 5% of the total contract sum). As such, the payment terms of the FP Group Services are no less favourable to the Group and thus are fair, reasonable and on normal commercial terms.

In addition, it is stipulated under the pricing policy of the Mutual Master Service Agreement that the FP Group Fee will be determined on a "cost-plus" basis. On a "cost-plus" basis, the FP Group fee shall be the actual costs plus a premium of not more than 3% of the actual costs. As advised by the management of the Group, in practice, the premium rate shall be determined with reference to the nature, complexity and length of the FP Group Services provided, the overall demand and supply in the industry and urgency of orders. Taking into account that (a) based on our review on the aforesaid subcontracting contracts between the Group and independent subcontractors, we noted that there are no information on the premium rates charged by the independent subcontractors and we understood from the management of the Group that subcontractors normally would not disclose the specific premium rates earned by them; (b) the Group would compare the fee paid by the Group when receiving similar FP Group Services from independent third parties, to ensure that the price payable by the Group is at prevailing market price; (c) premium rate of not more than 3% only represents the maximum profit margin to be earned by the FP Group for providing the FP Group Services and the FP Group Fee will be determined in compliance with the Company's established internal supplier and subcontractor pre-qualification policy as discussed above; and (d) the cooperation between the Company and the FP Group under the Mutual Master Service Agreement is on non-exclusive basis so that the Group is free to not purchase the FP Group Services if the FP Group Fee is less favourable to the Group than those with independent third parties, we consider the premium rate of not more than 3% to be on normal commercial terms which are fair and reasonable.

It is also stipulated under the pricing policy of the Mutual Master Service Agreement that the Group Fee shall be determined with reference to the following factors, including but not limited to: (a) prevailing market prices (i.e. prices at which independent third parties in the same region provide the same or similar services on normal commercial terms in the ordinary course of business in respect of comparable projects); and (b) various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors. Taking into account that (a) the Group would compare the fees charged by the Group when providing similar Group Services to independent third parties to ensure that the Group Fee is at prevailing market price; (b) the Group Fee will be determined in accordance with the comparison, evaluation and approval methods and procedures as discussed above; and (c) the cooperation between the Company and the FP Group under the Mutual Master Service Agreement is on non-exclusive basis so that the Group is free to not provide the Group Services if the Group Fee is less favourable to the Group than those with independent third parties, we consider the pricing policy of the Group Fee to be on normal commercial terms which are fair and reasonable.

The Group has adopted internal control measures to ensure the transactions contemplated under the Mutual Master Service Agreement will be made in accordance with its terms and pricing policy, please refer to the section headed "3. Internal control measures of the Group" below for our analyses of further safeguards imposed by the Group.

Taking into account that (a) the above pricing policy, methods and procedures for determining the Group Fee, the FP Group Fee and other terms safeguards the pricing terms of the Mutual Master Service Agreement to be no less favourable to the Group than those with independent third parties; (b) adequate internal control measures are implemented to ensure the terms of the transactions contemplated under the Mutual Master Service Agreement are fair and reasonable and no less favourable to the Group than those of similar transactions with independent third parties. In particular, we have obtained and reviewed the internal standard procedures of the Group which set out, among others, standard procedures for subcontracting covering areas such as (1) initial evaluation criteria for subcontractors; (2) approved list and monitoring of subcontractors; and (3) performance appraisal and re-evaluation of subcontractors. As such, the Group has established a proper subcontracting procedure and such procedure will be applied in the same manner as to either connected persons or independent third parties; and (c) the cooperation between the Company and the FP Group under the Mutual Master Service Agreement is on non-exclusive basis with no obligation on the Company's options to accept any terms and conditions (including pricing terms) for the Mutual Master Service Agreement which are less favourable to the Group than those with independent third parties, we consider that the terms of the Mutual Master Service Agreement (including pricing policy) are on normal commercial terms which are fair and reasonable.

(iii) Assessment of the proposed annual caps

Pursuant to the Mutual Master Service Agreement, the proposed annual caps for the transactions under the Mutual Master Service Agreement are set out below:

	For the period commencing from the Commencement Date and ending 31 March 2027	**For the financial year ending 31 March 2028**	**For the financial year ending 31 March 2029**
	HK$' million	*HK$' million*	*HK$' million*
Group Fee Annual Caps	230	300	390
FP Group Fee Annual Caps	22	29	37

In assessing the reasonableness of the Group Fee Annual Caps under the Mutual Master Service Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the Group Fee Annual Caps, they have taken into account the following factors, including but not limited to, (a) number of existing ongoing construction projects held by the FP Group (including residential construction projects in Hong Kong); (b) number of new construction projects expected to be held by the FP Group; (c) the anticipated fee scale for the Group Services; (d) potential business growth of the Group and the FP Group; and (e) the FP Group's estimated future demand for the Group Services.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the Group Fee Annual Caps and reviewed the relevant calculations. As advised by the management of the Group, as the FP Group generally undertakes larger-scale projects with relatively higher contract values, it needs to engage subcontractors from time to time. Against this backdrop, we have obtained and reviewed the schedule setting out a list of the existing ongoing construction projects held by the FP Group and the corresponding letters of acceptance issued by the Hong Kong Housing Authority. Based on our review, we noted that the FP Group has been newly awarded two construction projects in 2026 in relation to the construction of public housing developments in Hong Kong with the aggregated contract value of approximately HK$5.8 billion. These two projects have been commenced as at the Latest Practicable Date and are expected to be completed in 2029 and 2030. Based on the FP Group's internal assessment, cost budgets and services scope, they intend to further subcontract certain construction parts with the total estimated value of approximately HK$559 million, HK$638 million, HK$625 million and HK$714 million to third parties for the financial years ending 31 March 2027, 2028, 2029 and 2030, respectively. The Group Fee Annual Caps were then determined after considering the expected total subcontracting value as mentioned above, the timeline of the construction projects, the operational capacity of the Group and the expected costs incurred in connection with the Group Services, which we consider to be fair and reasonable. We understood from the management of the Group that the Group has prepared preliminary costs budgets on the subcontracting parts of the aforesaid two projects that may be undertaken by the Group. We have obtained and reviewed such costs budgets and noted that the expected costs incurred in connection with the Group Services are estimated after considering, among others, the timeline of the relevant works, the size and volume of the subcontracting parts such as number of doors, formworks, steel & metal works, vinyl flooring, sanitary fittings and etc., and average rates of such works. The average rates of such works are estimated based on the historical average rates of similar projects completed by the Group, professional experience and judgment of the Group and the prevailing prices of projects of similar nature, which we consider to be fair and reasonable.

In assessing the reasonableness of the FP Group Fee Annual Caps under the Mutual Master Service Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the FP Group Fee Annual Caps, they have taken into account the following factors, including but not limited to, (a) number of existing ongoing construction projects held by the Group (including recreational and educational construction projects in Hong Kong); (b) number of new construction projects expected to be held by the Group; (c) the expected costs incurred in connection with the FP Group Services, (d) potential business growth of the Group and the FP Group; and (e) the Group's estimated future demand for the FP Group Services.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the FP Group Fee Annual Caps and reviewed the relevant calculations. As advised by the management of the Group, as the FP Group Services include a wider range of services and more specialised services, particularly in electrical, fire services, water pump and property services, and the FP Group holds certain licenses and registrations which the Group is lack of, the Group would require the FP Group to provide the FP Group Services in the Group's own construction projects. Against this backdrop, we have obtained and reviewed a schedule setting out a list of the existing ongoing construction projects held by the Group and potential construction projects expected to be held by the Group. Based on our review, we noted that (a) the Group currently has two existing ongoing construction projects with the aggregated contract value of approximately HK$1.1 billion which demand for the FP Group Services in certain construction parts. One project is awarded by the Architectural Services Department of Hong Kong in relation to the construction of a park in Hong Kong with expected contract period from September 2023 to March 2027. Its value of work which requires the FP Group Services is expected to be approximately HK$19.8 million. Another project is awarded by a private sector in relation to the construction for new academic building in campus of a Hong Kong university with expected contract period from August 2022 to December 2026. Its value of work which requires the FP Group Services is expected to be approximately HK$1.8 million; and (b) in 2026, the Group has submitted eight tenders of potential construction projects with the aggregated contract value of approximately HK$9.0 billion which would demand for the FP Group Services based on the information available to the management of the Company. These eight submitted tenders are in relation to the construction of engineering building at a university campus, the construction of residential developments, the construction of a school building at a college, the construction of a hotel and the maintenance and redevelopment of certain buildings, the tender results of which are expected to be released in the second half of 2026. The expected contract period of these eight projects under tender are from the second half of 2026 to 2030. Based on the Group's preliminary analysis, if awarded, the value of work of these eight submitted tenders which require the FP Group Services is expected to be approximately HK$29 million and HK$37 million for FY2028 and FY2029, respectively. In this regard, we have also obtained and reviewed the letters of acceptance of these two existing ongoing construction projects and the invitation letters on the eight tenders and noted that information disclosed in the breakdown is consistent with those in the aforesaid documents. The FP Group Fee Annual Caps were then determined after considering the expected scope and scale of works to be undertaken, the expected value of the construction parts which require the FP Group Services, the timeline of the construction projects, the expected costs incurred in connection with the FP Group Services and the premium rate of 3%, which we consider to be fair and reasonable. In respect of the expected costs incurred in connection with the FP Group Services, the FP Group has prepared preliminary costs budgets on its construction projects. We have obtained and reviewed such costs budgets and noted that the expected costs incurred in connection with the FP Group Services are estimated after considering, among others, the outstanding balance of contract value for the two existing ongoing construction projects as at the date of the Mutual Master Service Agreement as well as the construction progress of the two existing ongoing construction projects as at the date of the Mutual Master Service Agreement, the number of employees involved, length of time required to complete the works and monthly salaries of each employee, which were estimated by the FP Group. As such estimate is determined based on the negotiation between the Group and the FP Group, the professional experience and judgment of the FP Group and the prevailing prices of projects of similar nature, we consider the expected costs incurred in connection with the FP Group Services to be fair and reasonable. In respect of the FP Group Fee Annual Caps for FY2028 and FY2029, given that the tender results have not been released yet, the Group estimates that the FP Group Fee Annual Caps shall increase at an annual growth rate of 30%. Taking into account that (a) as disclosed in the 2026 Annual Report, subcontracting is a common practice in the building construction services and RMAA work services industry in Hong Kong as it minimises the number of employees employed directly by main contractors, increases labour mobility and brings about cost efficiency. Historically, the Group's subcontracting costs have increased from approximately HK$108.5 million for FY2024 to approximately HK$252.9 million for FY2026, representing a compound annual growth rate ("**CAGR**") of approximately 52.7% during the period. The annual growth rate of the FP Group Fee Annual Caps of 30% is lower than the historical CAGR of the Group's subcontracting costs from FY2024 to FY2026; (b) the Group has submitted eight tenders of potential construction projects with the aggregated contract value of approximately HK$9.0 billion. If awarded, taking into account the Group's capability, resources level, cost effectiveness and complexity of the project, the Group may subcontract specific parts of the projects to other construction companies (including the FP Group) from time to time; and (c) the FP Group Fee Annual Caps of approximately HK$29 million for FY2028 and HK$37 million for FY2029 only represent approximately 11.5% and 14.6% of the Group's total subcontracting costs for FY2026, which is not significant, we consider that the FP Group Fee Annual Caps for FY2028 and FY2029 are also fair and reasonable.

As disclosed in the Letter from the Board, based on the specific guidelines for building contractors set out in the Guide to Registration of Works Contractors and Property Management Services Providers issued by Hong Kong Housing Authority and last revised in June 2025, an NW1 contractor is also eligible to tender for new works contracts with a value over HK$700 million in the form of a joint venture with an NW2 contractor provided that, among other things, (a) the NW2 contractor shall be the lead participant/shareholder having the percentage of participation/share in the joint venture with the range of 70% to 90%; (b) the two NW1 and NW2 contractors which form the joint venture shall not be related companies; and (c) the NW1 contractor shall have fulfilled all the conditions for being eligible to tender for new works contracts with a value up to HK$700 million on its own. Accordingly, the Group may participate in new works contracts of unlimited value so long as the above conditions are complied with. In addition, the HK$700 million limit applies specifically to the tendering of individual Housing Authority's new works contracts. An NW1 contractor may therefore tender for multiple new works contracts, subject to compliance with the applicable workload capping limits, and may also be engaged for other construction projects from both the public and private sectors. As such, although the Group is a contractor in NW1(being eligible to tender only for new works contracts with a value up to HK$700 million), the Group is permitted under its NW1 license to participate in the existing projects and other construction projects under tender with value exceeding HK$700 million.

Taking into account that (a) the basis and assumptions for the calculation of the Group Fee Annual Caps and the FP Group Fee Annual Caps; (b) the cooperation between the Group and the FP Group under the Mutual Master Service Agreement could generate stable stream of revenue to the Group and facilitate the business operation of the Group, thereby further promoting the business growth of the Group; (c) the number of existing ongoing construction projects held by the FP Group and the Group as well as the number of tenders of potential construction projects submitted by the Group; (d) it is a common industry practice in the construction industry for main contractors to subcontract part of their works to subcontractors; and (e) that the risk relating to the transactions contemplated under the Mutual Master Service Agreement would be controlled by the internal control measures stipulated under the section headed "3. Internal control measures of the Group" below, we consider the proposed annual caps under the Mutual Master Service Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As disclosed in the 2026 Annual Report, the Group recorded total assets of approximately HK$367.9 million as at 31 March 2026 and revenue of approximately HK$470.4 million for FY2026. The Group Fee Annual Caps of HK$390 million for the year ending 31 March 2029 represents approximately 106.0% and 82.9% of the Group's total assets and revenue, respectively, indicating that the level of reliance on the FP Group appears to be substantial to the Company's current scale of operation. Having considered that (a) before the entering into of the Mutual Master Service Agreement, the Group itself, based on its cooperation with independent third parties, have reached significant revenue growth from approximately HK$258.0 million for FY2024 to approximately HK$470.4 million for FY2026, representing a CAGR of approximately 35.0% during the period. Such significant revenue growth demonstrates the Group's independent operation capabilities; (b) the Mutual Master Service Agreement and the transactions contemplated thereunder are not exclusive. The Group is not restricted from working with other independent developers, property owners and contractors, it is a matter of the Group's choice and it remains at the Group's absolute discretion as to whether or not to provide the Group Services to the FP Group; (c) the Group intends to increase resources, including but not limited to the headcount, in its current tendering department, which is responsible for (1) promoting its services to independent developers and property owners, and (2) seeking quality tenders for the Group to participate in; and (d) the operation manager and finance department will monitor the percentage of revenue to be generated from the provision of the Group Services to the FP Group under the Mutual Master Service Agreement on a monthly basis to ensure that (1) it remains below 40% for each of the financial years ending 31 March 2027, 2028 and 2029, and (2) there will not be an increasing trend of reliance on the FP Group during the term of the Mutual Master Service Agreement. For details, please refer to the section headed "3. Internal control measures of the Group" below, we concur with the Directors that the provision of the Group Services would not give rise to reliance issue of the Company with its connected persons and its substantial shareholder.

In view of that the Group will (a) enhance its cooperation with independent developers and property owners and secure more construction projects; and (b) closely monitor the percentage of revenue to be generated from the provision of the Group Services to the FP Group to ensure that there will not be an increasing trend of reliance on the FP Group, we consider the Group's aforesaid measures are sufficient to prevent undue reliance on its connected persons and its substantial shareholder.

3. Internal control measures of the Group

As disclosed in the Letter from the Board, in order to ensure that the terms of the Mutual Master Service Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable to the Company and its Shareholders as a whole, the Group has adopted the following measures:

(i) the Company has assigned the operations manager of the Company to supervise the continuing connected transactions and review and assess whether the continuing connected transactions contemplated under the Mutual Master Service Agreement are on normal commercial terms, fair and reasonable and conducted in accordance with the terms of the Mutual Master Service Agreement and to also quarterly update the market price with reference to, among other things, (a) the awarded sums of comparable contract types as listed on the Architectural Services Department's website "Contracts Awarded (in the past three months)" page; and (b) quotations received from independent third parties for relevant construction works from time to time, for the purpose of considering if the Group Fee and FP Group Fee charged for a specific transaction are on normal commercial terms, fair and reasonable and in accordance with the aforesaid pricing policy;

(ii) prior to the entering into of the Service Subcontract(s), the operation manager of the Company will review all the Group Fee and FP Group Fee rates and pricing of the continuing connected transactions under the Mutual Master Service Agreement, by obtaining at least three fee quotations from independent third parties as disclosed herein, to ensure that they are not less favourable to the Group than those offered to/ received by the independent third parties;

(iii) in the case of both FP Group Services and Group Services, specifically designated personnel of the Company will monitor the transactions under the Mutual Master Service Agreement on a monthly basis to ensure that the aggregate transaction amounts do not exceed the approved annual caps of the respective period/financial year;

(iv) in the case of the Group Services only, to ensure that (a) the percentage of revenue to be generated from the provision of the Group Services to the FP Group under the Mutual Master Service Agreement remains below 40% for each of the financial years ending 31 March 2027, 2028 and 2029, and (b) there will not be an increasing trend of reliance on the FP Group during the term of the Mutual Master Service Agreement:

(a) the operations manager and the finance department shall monitor on a monthly basis (1) the ratio of the financial year-to-date revenue actually recognised from the Group Services to the financial year-to-date total revenue of the Group for the same period; and (2) the ratio of the forecasted revenue from the Group Services under the existing Service Subcontract(s) to the forecasted total revenue of the Group for the current and each subsequent financial year falling within the term of the Mutual Master Service Agreement (as determined based on executed contracts). The Board shall promptly be notified if any of the above ratios reaches 35%. The entering into of new Service Subcontract(s) shall thereafter be temporarily suspended until such ratios have fallen back below 35%.

(b) before entering into a new Service Subcontract, the operations manager and the finance department shall review the ratio of the forecasted revenue from the Group Services under the existing Service Subcontract(s) and the new Service Subcontract to the forecasted total revenue of the Group for the current and each subsequent financial year falling within the term of the Mutual Master Service Agreement (as determined based on executed contracts). Such new Service Subcontract shall only be entered into if such ratios fall below 35%.

In light of the above measures, the Board is of the view that the percentage of revenue generated from the provision of the Group Services would not exceed 40% for any financial year ending 31 March 2027, 2028 and 2029. If such percentage exceeds 40%, the Group will conduct negotiations with the FP Group for suspension or termination of the relevant Service Subcontract(s). The Company will disclose in its annual reports, the percentage of revenue generated from the provision of the Group Services to the FP Group for each of the financial years ending 31 March 2027, 2028 and 2029;

(v) the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions under the Mutual Master Service Agreement and provide a confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions (a) have not been approved by the Board, (b) are not, in all material respects, in accordance with the pricing policies of the Group, (c) are not entered into, in all material respects, in accordance with the relevant agreements governing the transactions, and (d) have exceeded the cap; and

(vi) the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions under the Mutual Master Service Agreement, and provide a confirmation in the annual report of the Company as to whether the continuing connected transactions (a) have been entered into in the ordinary and usual course of business of the Group, (b) are on normal commercial terms or better and (c) are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In connection with our work performed on assessing the internal control measures of the Group, we have obtained and reviewed the internal standard procedures of the Group which set out, among others, standard procedures for subcontracting covering areas such as (i) initial evaluation criteria for subcontractors; (ii) approved list and monitoring of subcontractors; and (iii) performance appraisal and re-evaluation of subcontractors. Moreover, we have discussed and understood from the management of the Group that (i) subcontracting with the independent third parties and connected persons of the Group will be applied with the same internal standard procedures; (ii) the external auditors of the Company will conduct an annual review of the continuing connected transactions under the Mutual Master Service Agreement, including the pricing policies and the annual caps; and (iii) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the Mutual Master Service Agreement to ensure that they are conducted on normal commercial terms and are in accordance with the terms of the Mutual Master Service Agreement.

Having considered the above, in particular (i) the internal control guidance regarding a proper subcontracting procedure will be applied in the same manner as to either connected persons or independent third parties; (ii) the ongoing monitoring of the transactions under the Mutual Master Service Agreement; and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Mutual Master Service Agreement and the proposed annual caps thereunder, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Mutual Master Service Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

(i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transaction involves the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and

(d) have exceeded the proposed annual caps;

(iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and

(iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the proposed annual caps not being exceeded, we are of the view that appropriate measures are in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the entering into of the Mutual Master Service Agreement is conducted in the ordinary and usual course of business of the Group and the terms of the Mutual Master Service Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Mutual Master Service Agreement (including the proposed annual caps).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

All registered Shareholders will be able to join the EGM via the eVoting Portal. The eVoting Portal can be accessed from any location with access to the internet via a smartphone, tablet device or computer.

Through the eVoting Portal, our registered Shareholders will be able to view the live video broadcast, participate in voting and submit questions online. Login details and information will be included in our letters to registered Shareholders regarding the eVoting Portal, which shall be separately mailed to the registered address of each of the registered Shareholders in due course.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can follow one of the following ways:

(1) attend the EGM via the eVoting Portal which provides a live streaming and interactive platform for submitting questions and voting online; or

(2) appoint the chairman of the EGM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the eVoting Portal.

Your proxy's authority and instruction will be revoked if you attend and vote via the eVoting Portal.

If you are a non-registered Shareholder, you should contact your banks, brokers, custodians, nominees or HKSCC Nominees Limited through which your shares are held (as the case may be) (collectively the "**Intermediary**") and instruct the Intermediary to appoint you as proxy or corporate representative to attend and vote via the eVoting Portal at the EGM and in doing so, you will be asked to provide your email address. Details regarding the eVoting Portal including the login details will be emailed to you by the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited.

If you have any questions relating to the EGM, please contact Tricor Investor Services Limited with the following details:

Address:	**17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong**
Email:	**emeeting@vistra.com**
Telephone:	**(852) 2980 1333**
Fax:	**(852) 2861 1465**

Shareholders are advised to check the websites of the Company (www.thelloy.com) and the Stock Exchange (www.hkexnews.hk) for the latest announcement and information relating to the EGM.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's interests in Shares, underlying Shares and debentures

As at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests and short positions 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 the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(b) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as known to the Directors, the following persons (not being the Directors or chief executive of the Company) had or were 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:

Name of Shareholder	Nature of interests	Number of Shares held	Approximate percentage of shareholding in the Company's issued share capital (Note 5)
World Nexus *(Note 1)*	Beneficial owner	501,257,000 (L)	62.7%
Smart Well Developments Limited *(Note 1)*	Interest in controlled corporation	501,257,000 (L)	62.7%
Mr. Ng *(Note 1)*	Interest in controlled corporation	501,257,000 (L)	62.7%
Ms. Yee Suk Chun Sophie *(Note 2)*	Interest of spouse	501,257,000 (L)	62.7%
Cheers Mate Holding Limited *(Note 3)*	Beneficial owner	79,200,000 (L)	9.9%
Mr. Lam Kin Wing Eddie *(Note 3)*	Interest in controlled corporation	79,200,000 (L)	9.9%
Ms. Cheng Pui Wah Theresa *(Note 4)*	Interest of spouse	79,200,000 (L)	9.9%

Notes:

1. World Nexus is incorporated in the British Virgin Islands with limited liability, and is an investment holding company ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong, respectively. Mr. Ng beneficially owns 100% of the issued share capital of Smart Well Developments Limited, which in turn beneficially owns 60% of the issued share capital of World Nexus. By virtue of the SFO, each of Mr. Ng and Smart Well Developments Limited is deemed to be interested in the Shares held by World Nexus. Mr. Ng JY, being an executive Director, is one of the directors of World Nexus.

2. Ms. Yee Suk Chun Sophie is the spouse of Mr. Ng. By virtue of the SFO, she is deemed to be interested in the same number of Shares in which Mr. Ng is deemed to be interested under the SFO.

3. Cheers Mate Holding Limited is incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lam Kin Wing Eddie. Mr. Lam Kin Wing Eddie is the former chairman and executive director of the Company and the father of Mr. Lam Arthur Chi Ping, who is an executive Director. By virtue of the SFO, Mr. Lam Kin Wing Eddie is deemed to be interested in the Shares held by Cheers Mate Holding Limited.

4. Ms. Cheng Pui Wah Theresa is the spouse of Mr. Lam Kin Wing Eddie. By virtue of the SFO, she is deemed to be interested in the same number of Shares in which Mr. Lam Kin Wing Eddie is deemed to be interested under the SFO.

5. As at the Latest Practicable Date, the number of issued Shares was 800,000,000.

Save as disclosed above, as at the Latest Practicable Date, 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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there is no service contract or proposed service contract between the Directors and any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

The New Rayso Trust is a discretionary trust established by Mr. Ng as settlor, with his spouse (namely, Ms. Yee Suk Chun Sophie) and issue (namely, Mr. Ng JY, who is an executive Director, the chairman and chief executive officer of the Company) as beneficiaries, and with First Advisory Trust (BVI) Limited as the trustee. Mr. Ng and First Advisory Trust (BVI) Limited in its capacity as trustee of The New Rayso Trust are interested in 60% of the issued shares in Fortune Peace. Fortune Peace is an investment holding company, whilst the FP Group is principally engaged in building construction, building services, building management, property investments and money lending business.

To the extent that the FP Group competes with the Group, the Directors believe that the Group's interests are adequately protected by good corporate governance practices and the involvement of the independent non-executive Directors.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or may compete either directly or indirectly with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 March 2026, being the date to which the latest audited consolidated financial statements of the Group were made up.

6. INTERESTS IN CONTRACTS OR ARRANGEMENT OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in the assets which had been, since 31 March 2026, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save for the Mutual Master Service Agreement in which Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS (each being an executive Director) are considered as having a material interest as disclosed in the section headed "Letter from the Board" in this circular, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or advice, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2026, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENT ON DISPLAY

The Mutual Master Service Agreement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.thelloy.com from the date of this circular to and including the date of the EGM, being a period of not less than 14 days.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Thelloy Development Group Limited (the "**Company**") will be held via eVoting Portal on Friday, 9 October 2026 at 11:00 a.m. to consider, and if thought fit, pass, with or without modification, the following resolutions:

ORDINARY RESOLUTION

1. "**THAT:**

(A) (i) the Mutual Master Service Agreement (as defined in the circular of the Company dated 18 September 2026 of which this notice forms part (the "**Circular**")) (a copy of which is tabled at the Meeting and marked "A" and initialled by the chairman of the Meeting for identification purposes) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) the Group Fee Annual Caps (as defined in the Circular) for the relevant period/financial years during the term of the Mutual Master Service Agreement commencing from the Commencement Date (as defined in the Circular) and ending on 31 March 2029 be and are hereby approved;

(iii) the FP Group Fee Annual Caps (as defined in the Circular) for the relevant period/financial years during the term of the Mutual Master Service Agreement commencing from the Commencement Date (as defined in the Circular) and ending on 31 March 2029 be and are hereby approved;

(B) any one or more of the director(s) of the Company (the "**Director(s)**") be and is/are hereby authorised to do such acts and things, to sign and execute all such further documents (and to affix the common seal of the Company thereon, if necessary) and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Mutual Master Service Agreement and any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith."

SPECIAL RESOLUTION

2. "**THAT:**

(A) subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands, the existing English name of the Company be changed from "Thelloy Development Group Limited" to "Fortune Peace Development Group Limited" and the existing dual foreign name in Chinese of the Company be changed from "德萊建業集團有限公司" to "裕和建業集團有限公司" (the "**Change of the Company Name**") with effect from the date on which the Registrar of Companies in the Cayman Islands issues the certificate of incorporation on change of name confirming the new name has been registered be and is hereby approved; and

(B) any one of the Directors or officer of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents as he/she may consider necessary, desirable or expedient to give effect to the Change of the Company Name and to attend to any necessary registration and/or filing for and on behalf of the Company."

By order of the Board
Thelloy Development Group Limited
Ng Jonathan Yee
Chairman

Hong Kong, 18 September 2026

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104, Cayman Islands

Head office and principal place of business in Hong Kong:
Portion B of 11/F.,
Sui Ying Industrial Building,
1 Yuk Yat Street,
To Kwa Wan, Kowloon,
Hong Kong

Notes:

1. All registered shareholders of the Company will be able to join the Meeting via the eVoting Portal. The eVoting Portal can be accessed from any location with access to the internet via a smartphone, tablet device or computer.

2. Any registered shareholder of the Company entitled to attend and vote at the Meeting convened by this notice is entitled to appoint one or more (if he/she/it holds two or more Shares) proxies to attend and vote via the eVoting Portal in his/her/its stead. A proxy needs not be a shareholder of the Company.

3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time for holding the Meeting or its adjourned meeting. Completion and return of a form of proxy will not preclude a member from attending and voting via the eVoting Portal at the Meeting or its adjourned meeting should he/she/it so wish.

4. In the case of joint holders of any Share(s), only ONE PAIR of log-in username and password will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such Share(s) as if he/she/it was solely entitled thereto.

5. For the purpose of determining a shareholder's eligibility to attend and vote via the eVoting Portal at the Meeting, the register of members of the Company will be closed from Tuesday, 6 October 2026 to Friday, 9 October 2026 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 5 October 2026. The record date for attending and voting at the Meeting is Friday, 9 October 2026.

6. According to Rule 13.39(4) of the Listing Rules, voting on all proposed resolutions set out in this notice will be taken by a poll.

7. Shareholders or their proxies are responsible for the preparation of their own electronic devices for connecting the eVoting Portal.

8. If you have any questions relating to the Meeting, please contact Tricor Investor Services Limited with the following details:

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	emeeting@vistra.com
Telephone:	(852) 2980 1333
Fax:	(852) 2861 1465

As at the date of this notice, the Board comprises four executive Directors namely Mr. Ng Jonathan Yee, Mr. Choi Sheung Yi Derek, Ms. Soong Wing Suen and Mr. Lam Arthur Chi Ping, and three independent non-executive Directors namely Mr. Ip Yik Nam, JP, Mr. Tso Ping Cheong Brian and Ms. Leung Wai Yan.