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THELLOY DEVELOPMENT GROUP LIMITED

德萊建業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1546)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

HIGHLIGHTS

For the six months ended 30 September 2024 (the “Period”) and 2023 (the “Previous Period”):

- Revenue of the Group for the Period was approximately HK\$180.7 million (Previous Period: HK\$127.5 million).
- The loss attributable to owners of the Company for the Period was approximately HK\$13.8 million (Profit attributable to owners of the Company for the Previous Period: approximately HK\$0.24 million).
- The Board does not recommend the payment of an interim dividend for the Period (Previous Period: nil).
- Loss per share for the Period amounted to approximately HK1.72 cents (Earnings per share for the Previous Period: approximately HK0.03 cents).

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

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

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	5	180,671	127,478
Direct costs		<u>(176,170)</u>	<u>(109,234)</u>
Gross profit		4,501	18,244
Other income	6	944	517
Impairment loss on financial assets and contract assets under expected credit loss model, net of reversal		(152)	23
Administrative expenses		(16,035)	(15,591)
Share of loss of joint ventures	19	(99)	(106)
Finance costs	7	<u>(2,952)</u>	<u>(1,981)</u>
(Loss)/profit before taxation	8	(13,793)	1,106
Income tax expenses	9	<u>–</u>	<u>(866)</u>
(Loss)/profit and total comprehensive (expense) income for the period attributable to owners of the Company		<u>(13,793)</u>	<u>240</u>
(Loss)/earnings per share	11		
– Basic (<i>HK cents</i>)		<u>(1.72)</u>	<u>0.03</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		30 September 2024	31 March 2024
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	12	91,912	94,571
Right-of-use assets		2,777	2,890
Interests in joint ventures	19	121,229	119,793
Rental deposits		548	548
		<u>216,466</u>	<u>217,802</u>
Current assets			
Trade and other receivables	13	48,309	33,200
Contract assets		74,884	57,183
Amount due from a joint venture	19	9,010	9,012
Tax recoverable		2,086	1,564
Pledged bank deposits	14	2,025	2,025
Cash and cash equivalents		30,052	32,066
		<u>166,366</u>	<u>135,050</u>
Current liabilities			
Trade and other payables	15	118,633	104,105
Contract liabilities		574	3,054
Lease liabilities		2,133	2,185
Deferred income		421	421
Bank borrowings		102,900	71,000
		<u>224,661</u>	<u>180,765</u>

		30 September	31 March
		2024	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Net current liabilities		<u>(58,295)</u>	<u>(45,715)</u>
Non-current liability			
Lease liabilities		512	635
Deferred tax liabilities		512	512
Deferred income		<u>1,262</u>	<u>1,262</u>
Net assets		<u>155,885</u>	<u>169,678</u>
Capital and reserves			
Share capital	<i>16</i>	8,000	8,000
Reserves		<u>147,885</u>	<u>161,678</u>
Equity attributable to owners of the Company		<u>155,885</u>	<u>169,678</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024 (Audited)	8,000	42,490	18,800	100,388	169,678
Loss and total comprehensive expense for the period	-	-	-	(13,793)	(13,793)
At 30 September 2024 (Unaudited)	8,000	42,490	18,800	86,595	155,885
At 1 April 2023 (Audited)	8,000	42,490	18,800	92,109	161,399
Profit and total comprehensive income for the period	-	-	-	240	240
At 30 September 2023 (Unaudited)	8,000	42,490	18,800	92,349	161,639

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(28,112)	(14,016)
NET CASH USED IN INVESTING ACTIVITIES	(1,656)	(18,558)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>27,754</u>	<u>(3,146)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,014)	(35,720)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>32,066</u>	<u>66,028</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<u><u>30,052</u></u>	<u><u>30,308</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 28 May 2015 and its shares (the “Shares”) are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, Cayman Islands, KY1-1104 and its principal place of business is 19/F, The Globe, 79 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong.

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

The condensed consolidated financial statements have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”). The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

The Group recorded a net loss of approximately HK\$13,793,000 during the six-month period ended 30 September 2024 and, as of that date, the Group had net current liabilities of approximately HK\$58,295,000. Taking into account the ongoing availability of finance to the Group, including the unutilised credit facility granted from banks to the Group of HK\$245,199,000 (31 March 2024: HK\$282,899,000), which can be utilised if necessary subsequent to the reporting period, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly these consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

The Group’s operations is solely derived from construction services in Hong Kong during the Period. For the purposes of resource allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies of the Group. Accordingly, the Group only has one single operating segment and no further analysis of this single segment is presented.

No geographical information is presented as the Group’s revenue is all derived from Hong Kong based on the location of services delivered. As at 30 September 2024, the Group’s non-current assets (excluding interests in joint ventures and rental deposits) amounting to HK\$94,689,000 (31 March 2024: HK\$97,461,000) are all physically located in Hong Kong.

5. REVENUE

Revenue represents the fair value of amounts received and receivable from the construction contracts by the Group to external customers.

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised over time under HKFRS 15:		
Building construction	164,795	79,777
Repair, maintenance, alteration and addition (“RMAA”) works	15,876	28,806
Design and build	—	18,895
	<hr/>	<hr/>
Revenue from contracts with customers	180,671	127,478
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6. OTHER INCOME

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	29	39
Rental income	730	468
Government grant	185	10
	<hr/>	<hr/>
	944	517
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expense on:		
– bank borrowings	2,927	1,937
– lease liabilities	25	44
	<u>2,952</u>	<u>1,981</u>

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Total staff costs	8,975	9,452
Directors' remuneration	2,643	2,967
Other staff costs		
– Salaries and other benefits	6,171	6,307
– Retirement benefits scheme contributions	161	178
Depreciation	3,941	3,247
– property, plant and equipment	2,809	2,115
– right-of-use assets	1,132	1,132

9. INCOME TAX EXPENSES

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	—	866

Provision for Hong Kong Profits Tax is not required as the Group sustained a taxation loss during the Period (2023: 8.25%).

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six-month period ended 30 September 2024 (30 September 2023: Nil).

11. (LOSS)/EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	<u><u>(13,793)</u></u>	<u><u>240</u></u>
Number of shares		
Number of ordinary shares in issue (thousand shares)	<u><u>800,000</u></u>	<u><u>800,000</u></u>

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

12. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired plant and equipment of approximately HK\$150,000 (31 March 2024: HK\$11,396,000).

13. TRADE AND OTHER RECEIVABLES

The credit term granted by the Group to its customers is 30 days from the date of invoices on progress payments of contract works. The following is an ageing analysis of trade receivables, net of expected credit loss (“ECL”), presented based on the invoice date at the end of the reporting period.

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivables		
0-30 days	<u>45,735</u>	<u>30,948</u>
Less: Allowance for credit losses	<u>(244)</u>	<u>(88)</u>
	<u>45,491</u>	<u>30,860</u>
Rental deposits	968	1,118
Other deposits	1,644	1,011
Prepayment	<u>754</u>	<u>759</u>
	48,857	33,748
Less: Rental deposits (classified as non-current assets)	<u>(548)</u>	<u>(548)</u>
Total trade and other receivables, net of ECL	<u><u>48,309</u></u>	<u><u>33,200</u></u>

14. PLEDGED BANK DEPOSITS

Pledged bank deposits represents deposits pledged to banks to secure the banking facilities (including bank borrowings and performance guarantee) granted to the Group, and carries interest at prevailing market rate from 0.001% to 4.87% (31 March 2024: from 0.001% to 4.90%) per annum.

15. TRADE AND OTHER PAYABLES

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

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Trade Payables		
0-30 days	81,502	52,867
31-60 days	5,054	11,582
61-90 days	153	1,200
	<u>86,709</u>	<u>65,649</u>
Other payables	5,256	5,244
Accrued charges	3,079	7,221
Retention payables	22,627	18,004
Deposits received from suppliers	15	79
Deposits received for rental	947	1,002
Deposits received from customer	–	6,906
	<u>31,924</u>	<u>39,456</u>
Total	<u>118,633</u>	<u>104,105</u>

16. SHARE CAPITAL

	Number of shares <i>thousand shares</i>	Share capital <i>HK\$'000</i> (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2024 and 30 September 2024	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 31 March 2024 and 30 September 2024	<u>800,000</u>	<u>8,000</u>

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

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
– Subcontracting costs to Nova Techoy Modular Construction Company Limited (“Nova Techoy”) (<i>Note i</i>)	–	8
– Short term lease payment to Trunk Room Limited (<i>Note ii</i>)	–	64
– Construction contract revenue from World Partners Limited (“World Partners”)	<u>1,167</u>	<u>553</u>

Notes:

- (i) Nova Techoy is a joint venture of the Company.
- (ii) Trunk Room Limited is wholly owned by Mr. Lam Arthur Chi Ping, an executive director of the Company.

18. PERFORMANCE GUARANTEE

At 30 September 2024, performance guarantee of approximately HK\$14,101,000 (31 March 2024: HK\$14,101,000) was given by banks or the insurance company in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks or the insurance company for any claims from customers under the guarantee due to the failure of the Group's performance. The performance guarantee is secured by the project proceeds and will be released upon completion of the contract work.

19. INTERESTS IN JOINT VENTURES

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Cost of unlisted interests in joint ventures	105,580	104,045
Share of post-acquisition results	15,649	15,748
	<u>121,229</u>	<u>119,793</u>
Amount due from a joint venture		
– non-trade nature	9,398	9,401
Less: allowance for credit losses	(388)	(389)
	<u>9,010</u>	<u>9,012</u>

The amount due from a joint venture is unsecured, interest free and repayable on demand.

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			30 September 2024	31 March 2024	30 September 2024	31 March 2024	
Nova Techoy (<i>Note</i>)	Hong Kong	Hong Kong	51%	51%	51%	51%	Sales of modular housing solutions
Great Glory Developments Limited ("Great Glory")	BVI	Hong Kong	49%	49%	49%	49%	Investment holding
Profit Apex Developments Limited ("Profit Apex")	BVI	Hong Kong	49%	49%	49%	49%	Investment holding
Sky Glory Properties Limited ("Sky Glory")	Hong Kong	Hong Kong	49%	49%	49%	49%	Properties developing
World Partners Limited ("World Partners")	Hong Kong	Hong Kong	34.3%	34.3%	34.3%	34.3%	Properties developing

Note: According to the shareholders' agreement of Nova Techoy, the relevant activities require unanimous consent from all shareholders. The Directors consider that the Group can only exercise joint control over these arrangements and therefore they are classified as joint venture of the Group.

Profit Apex and Sky Glory are subsidiaries of Great Glory of which Great Glory owns 100% interests. World Partners is a subsidiary of Great Glory of which Great Glory owns 70% interest.

The joint ventures are accounted for using the equity method in these condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The economy of Hong Kong slowed down in the third quarter of 2024, with real GDP increasing by 1.8% year-on-year according to advance estimates, a lower rate than the 3.2% in the second quarter. This was primarily driven by modest decline in private consumption expenditure, falling 1.4% in real terms compared with a year earlier. Investment in real estate development also quietened progressively.

The local construction industry witnessed 16% growth in expenditure on building and construction for the first half of 2024, predominantly driven by the large number of construction activities in the public sector. However, as the private sector witnessed minimal new construction commencement, public work contracts are currently under intense competition.

During the Period, the Group has continued to make progress on its existing projects, including but not limited to the construction of Public Vehicle Park in Sheung Shui Areas 4 & 30 (Site 2) Phase 1, the construction of New Academic Building in Tai Po Campus of the Education University of Hong Kong, and the construction of Quarry Park at Anderson Road Quarry. The Group has continued to strengthen its project management with focus across quality, safety and sustainability. We received the Sustainability Contribution Gold Seal Award from the Hong Kong Quality Assurance Agency for promoting ecofriendly construction and we were also one of the first group of companies to join the ESG Recognition Scheme by the Hong Kong Construction Association, adopting green technologies and engaging employees and workers to contribute to sustainable construction together.

To remain competitive for the upcoming opportunities and to respond to the call for “New Quality Productive Forces”, we are committed in driving technological innovation to advance productivity and to promote sustainable development. The Group has continued efforts in developing its capabilities in innovative Modular Integrated Construction (“MIC”) design, expanding application of Building Information Modeling (“BIM”) technology, and adopting artificial intelligence for site safety. The Group has also partnered with technology venture to develop new solutions to enhance site safety via the application of the HKCA Construction Safety Fund. Apart from safety, we are also committed to introduce energy-efficient initiatives and strive to achieve our waste and emissions mitigation targets. Our relentless efforts were being recognized by the Environmental Campaign Committee as a Hong Kong Green Organization and we have also recently obtained green financing for our Anderson Quarry Park project with recognition under the CIC Sustainable Finance Certification Scheme.

Looking forward, under global economic uncertainties and complex geopolitical tensions, domestic demand will continue to subject to numerous challenges and property market sentiment shall remain increasingly cautious. Nevertheless, monetary easing across major central banks and an improved outlook for the Mainland economy shall provide some support. The local construction market is expected to continue to face fierce competition in the public sector, in addition to some other prevailing challenges such as rising construction costs, aging workforce, low productivity, and shortfall in the contract price fluctuation adjustment receivable etc, which will put immense pressure on business operations and impact profitability. The Group remains cautiously optimistic in the near term operating environment and will continue to leverage on its expertise on public projects, to take advantage of the thriving public sector opportunities under the strategic initiatives of Northern Metropolis and various housing and infrastructure projects for the long term development of the city. The Group will remain rooted in our vision to Build for More, providing services characterized by high-end technology, high efficiency and high quality.

The Group is also involved in the property business through its interests in Great Glory Developments Limited (“Great Glory”, which is owed as to 49% by the Group), which can achieve synergy with the Group’s existing business in building construction. The flagship project under Great Glory, through its interest in World Partners Limited (“World Partners”) is to redevelop an industrial building in Tsuen Wan into a commercial property, which has obtained building plans approval and will be ready for commencement of excavation and lateral support (ELS) and foundation works. Great Glory also has interests in various land lots in Yuen Long, where added value was created by obtaining planning approval for senior living development in late 2023.

Financial Review

Revenue

The total revenue of the Group increased from approximately HK\$127.5 million for the Previous Period to approximately HK\$180.7 million for the Period, representing an increase of approximately 41.7%, which was mainly due to significant progress of several major projects during the Period, representing a substantial increase in revenue from building construction services which had an offsetting effect on the decrease in revenue from RMAA and design and build services.

Direct Costs

The Group's direct costs increased from approximately HK\$109.2 million for the Previous Period to approximately HK\$176.1 million for the Period, representing an increase of approximately 61.3%, such increase was mainly driven by the corresponding increase in revenue and an increase in subcontracting costs and direct staff costs. The Group's direct costs primarily consisted of subcontracting cost, material cost, direct staff costs and site overhead costs.

Gross Profit

The Group's gross profit amounted to approximately HK\$4.5 million for the Period (Previous Period: HK\$18.2 million), representing a decrease of approximately 75.3%. The Group's overall gross profit margin dropped from 14.3% for the Previous Period to 2.5% for the Period. The decrease in gross profit margin is mainly due to the increase in subcontracting costs caused by inflation, and direct staff costs during the Period.

Other Income

The Group's other income mainly represented bank interest income, rental income and government grant, and increased by approximately HK\$427,000 or 82.6%, as compared with approximately HK\$517,000 for the Previous Period to approximately HK\$944,000 for the Period, which was mainly attributable to an increase in the government grant for Innovation and Technology fund and rental income for mini-storages services.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$16.0 million for the Period (Previous Period: HK\$15.6 million), representing an increase of approximately 2.8%. Such increase was primarily due to an increase in depreciation and tender consultancy fee costs for the Period.

Finance Costs

The Group's finance costs amounted to approximately HK\$3.0 million for the Period (Previous Period: HK\$2.0 million). The increase in finance costs was mainly due to the increase in interest on bank borrowings for the Period.

Income Tax Expenses

Provision for Hong Kong Profits Tax has not been made as the Group sustained a taxation loss (Previous Period: HK\$1.0 million).

(Loss)/Profit and Total Comprehensive (Expense) Income

The Group recorded a net loss of approximately HK\$13.8 million for the Period compared to a profit for the Previous Period of approximately HK\$0.24 million. The turnaround from profit to loss was mainly due to an increase in direct costs and finance costs.

Interim Dividend

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

Liquidity and Financial Resources

The Group maintained a healthy financial position. As at 30 September 2024, the Group had bank balances and cash (including pledged bank deposits) of approximately HK\$32.1 million (31 March 2024: approximately HK\$34.1 million). Cash and cash equivalents and pledged deposits as at 30 September 2024 were all denominated in Hong Kong dollars. The total interest-bearing borrowings of the Group as at 30 September 2024 amounted to approximately HK\$105.5 million (31 March 2024: HK\$73.8 million), and the current ratio of the Group as at 30 September 2024 was approximately 0.74 (31 March 2024: 0.75). As at 30 September 2024, the interest-bearing bank borrowing was denominated in Hong Kong dollars, repayable within one year and bore interest at Hong Kong Interbank Offered Rate plus a spread of range from 1.35% to 2.5% per annum.

Gearing Ratio

The gearing ratio of the Group as at 30 September 2024 was approximately 67.7% (31 March 2024: 43.5%). The gearing ratio is calculated as bank borrowings and lease liabilities divided by total equity as at the respective periods.

Treasury Policy

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

Pledge of Assets

As at 30 September 2024, the Group had pledged bank deposits of approximately HK\$2.0 million (31 March 2024: approximately HK\$2.0 million) to secure the banking facilities granted to the Group. Save for the above, the Group did not have any charges on its assets.

Capital Structure

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

Capital and Other Commitment

On 5 March 2021, in order to finance the land acquisition plan of Great Glory, the Group agreed to provide the additional capital contribution in the aggregate amount of HK\$188.65 million to Great Glory and such contributions shall be payable upon request of Great Glory from time to time. As at 30 September 2024, the outstanding commitment was HK\$84.8 million (31 March 2024: HK\$86.3 million). Save as disclosed, as at 30 September 2024 and 31 March 2024, the Group had no other significant capital commitment.

Human Resources Management

As at 30 September 2024, the Group had a total of 155 employees (31 March 2024: 133 employees). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. The Group sponsored staff to attend seminars and training courses.

In addition, the Group adopted a share option scheme. No share option has been granted, exercised, cancelled or lapsed since its adoption.

Foreign Currency Risk

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

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

As at 30 September 2024, the Company held a significant investment, with a value of over 5% of the Company's total assets as at 30 September 2024, in Great Glory. The Group's total investment in Great Glory is HK\$188.65 million, and the amount provided up to 30 September 2024 was approximately HK\$103.9 million (31 March 2024: approximately HK\$102.3 million). As at 30 September 2024, the Group owned 49 shares in Great Glory. Such ownership represents 49% equity interests in Great Glory with a carrying amount of the Group's interests in Great Glory of approximately HK\$121.2 million, representing approximately 31.7% of the total assets of the Company as at 30 September 2024. No market value was available for this investment as at 30 September 2024.

Great Glory is a company established in the British Virgin Islands with limited liability and mainly carries on the business of property investment and development in Hong Kong.

Please refer to the section headed "Management Discussion and Analysis – Business Review and Outlook" for further details of the progress of the property project and interests in land lots under Great Glory. The Board considers that the investments in Great Glory can expand the Group's business interests in Hong Kong's property market and can achieve synergy with the Group's existing business in building construction.

During the Period, there were no material acquisitions and disposals of subsidiaries, and affiliated companies, by the Group.

Save as disclosed above, there were no other significant investments held as at 30 September 2024.

Contingent Liabilities

On 5 March 2021, the Group provided a guarantee to a bank in respect of a bank facility to World Partners up to a maximum amount of HK\$124.0 million, provided that the liability of the Group in respect of any part of the guaranteed indebtedness shall be several with that of other joint venture partners, and be limited to 34.3% of the guaranteed indebtedness, representing the effective interest of the Group in World Partners.

OTHER INFORMATION

Subsequent Event

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

Future plans for material investments

The Group does not have any plans for material investments and capital assets acquisitions for the coming 12 months.

Corporate Governance Code

The Company's corporate governance code is based on the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Listing Rules. The Company is committed to ensuring a quality Board and transparency and accountability to the shareholders of the Company (the "Shareholder(s)"). The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lam Kin Wing Eddie ("Mr. Lam") serves as the chairman of the Board and also acts as chief executive of the Company, which constitutes a deviation from the code provision C.2.1 of the CG Code.

The Board is of the view that the vesting of both roles in Mr. Lam will allow for more effective planning and execution of business strategies. The Board has a total of seven Directors and four of them are independent non-executive Directors ("INEDs") who are qualified professionals and/or experienced individuals. As all major decisions are made in consultation with the members of the Board which meet on a regularly quarterly basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the four INEDs on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Company applied the principles and complied with all applicable code provisions in the CG Code during the Period, save for the deviation disclosed above.

Model Code for Securities Transaction by Directors

The Company has adopted the Model Code For Securities Transaction by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”) as code of conduct governing the Directors’ securities transaction. Having made specific enquiry of all Directors, each of the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

Directors’ and Chief Executive’s Interests in Shares, Underlying Shares and Debentures

As at 30 September 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares (the “Shares”), underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Nature of interests	Number of shares held	Percentage of shareholding in the Company’s issued share capital (Note 2)
Mr. Lam	Interest in controlled corporation (Note 1)	580,000,000 (L)	72.5%

(L) denotes long position.

Notes:

1. Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate Holding Limited (“Cheers Mate”). By virtue of the SFO, Mr. Lam is deemed to be interested in 580,000,000 Shares held by Cheers Mate.
2. As at 30 September 2024, the number of issued Shares was 800,000,000.

Save as disclosed above, as at 30 September 2024, none of the Directors nor chief executive of the Company has registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as the Directors are aware, as at 30 September 2024, 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	Percentage of shareholding in the Company's issued share capital (Note 3)
Cheers Mate	Beneficial owner (Note 1)	580,000,000 (L)	72.5%
Ms. Cheng Pui Wah Theresa ("Ms. Cheng")	Interest of spouse (Note 2)	580,000,000 (L)	72.5%

(L) denotes long position.

Notes:

- (1) Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate. By virtue of the SFO, Mr. Lam is deemed to be interested in 580,000,000 Shares held by Cheers Mate.
- (2) Ms. Cheng is the spouse of Mr. Lam. By virtue of the SFO, Ms. Cheng is deemed to be interested in the same number of Shares in which Mr. Lam is deemed to be interested under the SFO.

(3) As at 30 September 2024, the number of issued Shares was 800,000,000.

There is a duplication of 580,000,000 shares between Mr. Lam, Cheers Mate and Ms. Cheng.

Save as disclosed above, as at 30 September 2024, 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.

Directors' Rights to Acquire Securities or Debenture

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the Period (including sale of treasury shares). As at 30 September 2024, no treasury shares were held by the Company.

Pre-Emptive Rights

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

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally approved by the Company pursuant to the written resolutions of the then sole Shareholder on 22 September 2015.

At the beginning and the end of the Period, the number of Shares available for grant under the Share Option Scheme was 80,000,000 shares, representing 10% of the issued Shares and no service provider sublimit was set under the Share Option Scheme.

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

Audit Committee

The Company has set up an audit committee (the “Audit Committee”) on 22 September 2015 with written terms of reference as revised by the Board with effect from 24 January 2019. The duties of the Audit Committee are (among other things) to review the relationship with the Company’s external auditor, review the Company’s financial information, oversee the Company’s financial reporting system and internal control procedures and oversee the Company’s connected transactions. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tse Ting Kwan, who is the chairman of the Audit Committee, Mr. Tang Chi Wang and Mr. Wong Kwong On.

The condensed consolidated financial statements of the Group for the Period have not been audited nor reviewed by the Company’s external auditor, but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.thelloy.com). The interim report of the Company for the Period will be dispatched to the Shareholders upon request and will be available for viewing on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 21 November 2024

As at the date of this announcement, the executive Directors are Mr. Lam Kin Wing Eddie, Mr. Shut Yu Hang and Mr. Lam Arthur Chi Ping; and the independent non-executive Directors are Mr. Tang Chi Wang, Mr. Tse Ting Kwan, Mr. Wong Kwong On and Ms. Yeung Cheuk Chi Vivian.