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Thing On Enterprise Limited

晉安實業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2292)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	For the six months ended		
	30 June		
	2022	2021	Change
	HK\$'000	HK\$'000	%
	(Unaudited)	(Unaudited)	
Revenue	19,203	18,625	3.10
Gross profit	16,355	16,164	1.18
Loss before income tax	(2,860)	(7,714)	(62.92)
Profit for the period attributable to owners of the Company (Excluding changes in fair value of investment properties charged to profit or loss)	9,774	9,322	4.85

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Thing On Enterprise Limited (the “Company”) presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2022, together with the comparative figures for the period ended 30 June 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	19,203	18,625
Cost of sales	5	<u>(2,848)</u>	<u>(2,461)</u>
Gross profit		16,355	16,164
Other income and gains	4	499	608
Changes in fair value of investment properties		(14,277)	(18,567)
General and administrative expenses	5	<u>(5,400)</u>	<u>(5,675)</u>
Operating loss		(2,823)	(7,470)
Finance expenses		<u>(37)</u>	<u>(244)</u>
Loss before income tax		(2,860)	(7,714)
Income tax expenses	6	<u>(1,643)</u>	<u>(1,531)</u>
Loss for the period		(4,503)	(9,245)
Other comprehensive income		<u>—</u>	<u>—</u>
Loss and total comprehensive expenses attributable to owners of the Company		<u>(4,503)</u>	<u>(9,245)</u>
Loss per share:			
Basic and diluted (Hong Kong cents)	8	<u>(0.63)</u>	<u>(1.28)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties		1,322,693	1,336,970
Property, plant and equipment		10,854	10,988
Deferred income tax assets		101	94
		<u>1,333,648</u>	<u>1,348,052</u>
Current assets			
Trade receivables, prepayments, deposits and other receivables	9	2,010	1,686
Tax prepayment		408	552
Cash and bank balances		7,561	77,850
		<u>9,979</u>	<u>80,088</u>
Total assets		<u>1,343,627</u>	<u>1,428,140</u>
EQUITY			
Share capital		36	36
Reserves		1,325,497	1,330,000
Total equity attributable to owners of the Company		<u>1,325,533</u>	<u>1,330,036</u>

	30 June 2022	31 December 2021
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
LIABILITIES		
Non-current liabilities		
Borrowings	—	78,651
Deferred income tax liabilities	6,822	6,295
	<u>6,822</u>	<u>6,295</u>
	----- 6,822	----- 84,946
Current liabilities		
Other payables and accruals	10,177	13,043
Tax payable	1,095	115
	<u>11,272</u>	<u>13,158</u>
	----- 11,272	----- 13,158
Total liabilities	18,094	98,104
	<u>18,094</u>	<u>98,104</u>
	----- (1,293)	----- 66,930
Net current (liabilities)/assets	(1,293)	66,930
	<u>(1,293)</u>	<u>66,930</u>
	----- 1,343,627	----- 1,428,140
Total equity and liabilities	1,343,627	1,428,140
	<u>1,343,627</u>	<u>1,428,140</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The interim condensed consolidated financial information comprises those of Thing On Enterprise Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”).

This interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2021 (“the 2021 financial statements”), except for the accounting policy changes that are expected to be reflected in the Group’s consolidated financial statements for the year ending 31 December 2022. Details of these changes in accounting policies are set out in Note 2.

The preparation of interim condensed consolidated financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim condensed consolidated financial information contains condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 financial statements. The interim condensed consolidated financial information and notes thereon do not include all of the information required for the preparation of a full set of financial statements in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

At 30 June 2022, the Group’s current liabilities exceeded its current assets by HK\$1,293,000. Taking into account the expected cash flow from operations and the available cash and bank balances, the Group’s management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the interim condensed consolidated financial information have been prepared on a going concern basis.

The interim condensed consolidated financial information is unaudited, but has been reviewed by PricewaterhouseCoopers (“PwC”) in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA. PwC’s independent review report to the Board of Directors is included in the interim report to be sent to the shareholders of the Company. In addition, this interim condensed consolidated financial information has been reviewed by the Company’s Audit Committee.

2 CHANGES IN ACCOUNTING POLICIES

(a) Amended standards and accounting guideline adopted by the Group

The accounting standards and amendments used in the preparation of the interim condensed consolidated financial information are consistent with those set out in the 2021 financial statements, except for the adoption of the following amendments to existing standards and accounting guideline issued by the HKICPA:

Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual improvements projects 2018-2020 Cycle	Annual Improvements 2018-2020 Cycle

The adoption of these amendments did not have significant impact on the interim condensed consolidated financial information of the Group.

(b) Impact of new and amended standards issued but not yet applied by the Group

The Group has not early adopted the below new standard and amendments which are relevant to the Group's operation but not yet effective for the annual period beginning on 1 January 2022:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group is in the process of assessing the potential impact of the above new standard and amendments. Based on a preliminary assessment, the management of the Group does not anticipate the adoption of the new standard and amendments would have a significant impact on the Group's financial positions and results of operations.

3 REVENUE AND SEGMENT INFORMATION

The executive directors of the Company are the Group's chief operating decision-maker ("CODM"). The Group's management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's revenue represents rental income from office properties, rental income from retail properties and property management fee income. An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Total segment revenue		
Rental income — Office properties	10,687	10,449
Rental income — Retail properties	6,422	6,389
Property management fee income	6,474	6,224
Less: Inter-segment revenue		
Property management fee income	(4,380)	(4,437)
	19,203	18,625

The CODM considers the business from service perspectives and the Group is organised into rental and property management major business segments according to the nature of services provided: rental income from office properties, rental income from retail properties and property management fee income.

The CODM assesses the performance of the operating segments based on the segment profit/(loss) of each segment. The measurement of segment profit/(loss) is based on loss before income tax and before items which are not specifically attributable to individual reportable segments, such as unallocated corporate income/expenses.

The unallocated corporate income/expenses represent the income/expenses that are not directly attributable to the property investment and management business.

Operating expenses are allocated to the relevant segment which is the predominant user of the services provided by the operating segment. Corporate expenses are included as unallocated costs.

For the six months ended 30 June 2022, inter-segment property management fee income of HK\$4,380,000 (2021: HK\$4,437,000) was charged.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that are reported as direct offsets in the interim condensed consolidated statement of financial position. Segment assets consist primarily of property, plant and equipment, investment properties, deferred income tax assets, trade receivables, prepayments, deposits and other receivables and certain cash and bank balances.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include other liabilities that are incurred for financing rather than operating purpose unless the segment is engaged in financing activities.

Unallocated assets represented other corporate receivables and certain cash and bank balances.

Unallocated liabilities represented borrowings and other corporate payables.

For the six months ended 30 June 2022 and the year ended 31 December 2021, there were no additions to non-current assets.

(a) For the six months ended 30 June 2022 (Unaudited)

The segment results for the six months ended 30 June 2022 and other segment item included in the interim condensed consolidated statement of comprehensive income are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	10,687	6,422	6,474	23,583
Less: inter-segment revenue	—	—	(4,380)	(4,380)
Revenue	10,687	6,422	2,094	19,203
Segment profit/(loss)	5,018	(10,580)	2,098	(3,464)
Unallocated corporate income and expenses, net				604
Loss before income tax				(2,860)
Income tax expenses				(1,643)
Loss for the period				(4,503)
Other item				
Depreciation	—	—	(134)	(134)

As at 30 June 2022 (Unaudited)

The segment assets and liabilities as at 30 June 2022 for the period are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	871,009	455,610	11,984	1,338,603
Unallocated assets				5,024
Total assets				1,343,627
Segment liabilities	(12,895)	(4,333)	(431)	(17,659)
Unallocated liabilities				(435)
Total liabilities				(18,094)

(b) For the six months ended 30 June 2021 (Unaudited)

The segment results for the six months ended 30 June 2021 and other segment item included in the interim condensed consolidated statement of comprehensive income are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	10,449	6,389	6,224	23,062
Less: inter-segment revenue	—	—	(4,437)	(4,437)
Revenue	10,449	6,389	1,787	18,625
Segment (loss)/profit	(11,000)	1,041	1,425	(8,534)
Unallocated corporate income and expenses, net				820
Loss before income tax				(7,714)
Income tax expenses				(1,531)
Loss for the period				(9,245)
Other item				
Depreciation	—	—	(134)	(134)

As at 31 December 2021 (Audited)

The segment assets and liabilities as at 31 December 2021 for the year ended are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	870,735	469,861	12,136	1,352,732
Unallocated assets				75,408
Total assets				1,428,140
Segment liabilities	(13,784)	(4,118)	(833)	(18,735)
Unallocated liabilities				(79,369)
Total liabilities				(98,104)

4 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Bank interest income	34	457
Forfeiture of rental deposit	177	151
Sundries (<i>Note i</i>)	288	—
	499	608

Notes:

- (i) Included in sundries of HK\$288,000 for the six months ended 30 June 2022 was the government grants from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong Government, which aimed to retain employment and to assist the economy to recover once the coronavirus disease 2019 (“COVID-19”) is contained. As a condition of receiving the grants under the ESS, the Group had undertaken to employ sufficient number of employees in each subsidy month.

These government grants were received with the compliance of all the attached conditions. Therefore the government grants were recognised in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2022.

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration		
Audit services	—	—
Non-audit services	200	200
Depreciation of property, plant and equipment	134	134
Direct operating expenses arising from investment properties generating rental income (<i>Note</i>)	518	219
Employee benefit expenses (including directors' emoluments)	4,412	4,408
Legal and professional expenses	402	396
Other expenses	252	537
Property management fee expenses	1,737	1,713
Rates and government rent	593	529
	<hr/>	<hr/>
Total cost of sales and general and administrative expenses	8,248	8,136
	<hr/> <hr/>	<hr/> <hr/>

Note:

The direct operating expenses arising from investment properties generating rental income include cleaning expenses, commission expenses, repairs and maintenance expenses and others.

6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	1,203	1,093
Over-provision in prior periods	(80)	(80)
Deferred income tax expenses	520	518
	<hr/>	<hr/>
	1,643	1,531
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 June 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporation under Hong Kong Profits Tax will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

No overseas profits tax have been provided for the six months ended 30 June 2022 and 2021.

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 and 2021.

8 LOSS PER SHARE – BASIC AND DILUTED

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(4,503)	(9,245)
Weighted average number of ordinary shares in issue (thousands)	<u>720,000</u>	<u>720,000</u>
Basic loss per share (Hong Kong cents)	<u><u>(0.63)</u></u>	<u><u>(1.28)</u></u>

(b) Diluted loss per share

Diluted loss per share is of the same amount as the basic loss per share as there were no potentially dilutive ordinary shares outstanding as at 30 June 2022 and 2021.

9 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	334	—
Prepayments, deposits and other receivables	<u>1,676</u>	<u>1,686</u>
	<u><u>2,010</u></u>	<u><u>1,686</u></u>

Trade receivables represent rental income receivables and property management fee receivables. The Group normally does not grant credit period to its trade customers. The ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	166	—
31 to 60 days	—	—
61 to 90 days	168	—
Over 90 days	—	—
	<hr/>	<hr/>
	334	—
	<hr/> <hr/>	<hr/> <hr/>

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The carrying amounts of trade receivables, deposits and other receivables approximate their fair values and are denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company and its subsidiaries (collectively, the “Group”) engages in property investment business in Hong Kong with a principal focus on office and retail properties leasing and in the property management business. Its investment property portfolio covers office space in core business areas and retail shops in prime urban areas.

The Group recorded a loss of approximately HK\$4.5 million for the six months ended 30 June 2022 as compared to approximately HK\$9.2 million for the six months ended 30 June 2021. The loss was mainly attributable to the loss in fair value of investment properties of approximately HK\$14.3 million for the six months ended 30 June 2022 (2021: HK\$18.6 million). However, the Group recorded a profit of approximately HK\$9.8 million for the six months ended 30 June 2022 (2021: HK\$9.3 million) by excluding the changes in fair value of investment properties.

The Group recorded rental income of approximately HK\$17.1 million for the six months ended 30 June 2022 (2021: HK\$16.8 million), of which approximately HK\$10.7 million or 62.5% (2021: HK\$10.4 million or 62.1%) of rental income was derived from rental of office properties and approximately HK\$6.4 million or 37.5% (2021: HK\$6.4 million or 37.9%) of rental income was derived from rental of retail properties. For the six months ended 30 June 2022, the Group recorded property management fee income of approximately HK\$2.1 million (2021: HK\$1.8 million). The property management fee income contributed approximately 10.9% (2021: 9.6%) of the Group’s total revenue for the six months ended 30 June 2022.

In order to facilitate the expansion of the Group’s business activities in property investment in other countries outside Hong Kong, investments in financial assets and provision of financial services and technologies so as to further explore sources of revenue, Good Shot Limited (“Good Shot”), a wholly-owned subsidiary of Thing On Group Limited (“Thing On Group”), the controlling shareholder of the Company, agreed on 25 April 2018 to make available to the Group (i) an unsecured revolving loan facility of up to HK\$400.0 million, and (ii) an unsecured revolving loan facility of up to HK\$600.0 million at an interest rate more favourable than market rate. The parties had agreed to extend the maturity date of the loan facilities five times between 14 August 2019 and 15 December 2021. On 28 June 2022, the parties agreed to further extend the extended maturity date of loan facilities under the sixth extension agreement from 3 January 2023 to 3 July 2023.

OUTLOOK

The outbreak of COVID-19 since 2020 has continued to pose the risk of global economic slowdown and all walks of life are affected to a certain extent. There is still a high degree of uncertainty about the pandemic, and the outlook for the global economic recovery is still slow. The Group has inevitably been affected. Despite so, COVID-19 did not impose material impact to the financial position and operation of the Group, and the Group has recorded a slight increase in revenue for the six months ended 30 June 2022. The current and foreseeable economic climate remains challenging, however, the Group will continue to closely monitor the global economic situation and make relevant rental policy adjustments accordingly, in order to minimise the impact on the Group. The Group expects that the property market will continue to be volatile, and shall take a mindful approach when evaluating potential investment opportunities. While the Group endeavours to sustain its performance in Hong Kong, it will also continue to seek for quality properties in Hong Kong, Mainland China and other international cities to reduce the risk of the Group relying on a single geographical market.

Besides real estate, the Group will also look for investment opportunities in the financial sector, such as financial investments and provision of financial services and technologies, to further enhance the Group's performance by exploring different sources of income in other markets. The Group will pay close attention to the latest market changes and arrange appropriate strategic adjustments to the Group's assets portfolio to minimise the effects brought by the instability of the global economy.

FINANCIAL REVIEW

The revenue and cost of sales for the six months ended 30 June 2022 were approximately HK\$19.2 million and HK\$2.8 million (2021: HK\$18.6 million and HK\$2.5 million), respectively. The slight increase in revenue of approximately HK\$0.6 million was primarily attributable to (i) the office properties located on Hong Kong Island which was previously vacant but leased during the period and (ii) rental of office properties in Hong Kong and retail properties in Kowloon was slightly adjusted upwards which was offset by the rent concession granted to tenants which reflected the impact of the outbreak of COVID-19 in office and retail properties in Hong Kong and vacancies of some properties. The gross profit for the six months ended 30 June 2022 was approximately HK\$16.4 million (2021: HK\$16.1 million).

For the six months ended 30 June 2022, basic loss per share was approximately 0.63 Hong Kong cents (2021: loss per share 1.28 Hong Kong cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, cash and bank balances of the Group amounted to approximately HK\$7.6 million (31 December 2021: HK\$77.9 million). The current ratio (current assets divided by current liabilities) of the Group was 0.9 as at 30 June 2022 (31 December 2021: 6.1).

TREASURY POLICIES

The Group continues to adopt a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Board closely monitors the 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.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue generating activities and borrowings were transacted in Hong Kong Dollar, which is the functional and presentation currency of the Group. The Board considered that the Group was not exposed to significant foreign exchange risk, and had not employed any financial instrument for hedging. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: Nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had no significant capital commitments (31 December 2021: Nil).

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not have any significant investment plans (31 December 2021: Nil).

CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2022, there was no charge over the assets of the Group (31 December 2021: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events occurring after the end of the reporting period up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 18 full-time employees (31 December 2021: 18 full-time employees). The Group entered into employment contracts with all its employees. Apart from salary remuneration and overtime compensation, employees are entitled to medical insurance coverage and retirement benefits under the mandatory provident fund scheme in which the Group participates. In addition, the Company granted discretionary bonuses to qualified employees, based on its operating results and individual performance. The Company had also adopted a share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 16 January 2018 (the “Listing”). Based on the offer price of HK\$1.24 per offer share, the net proceeds from the global offering received by the Company, after deducting the underwriting fees and commissions and expenses in relation to the global offering borne by the Company, were approximately HK\$194.0 million, which were used and intended to be utilised in the manner as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 28 December 2017 (the “Prospectus”) and the announcement of the Company in respect of the updated expected timeline for use of proceeds and the change in use of proceeds dated 15 December 2021.

The Company has been seeking for quality property investments in Hong Kong, however, this was impacted by COVID-19, and the slow global economic recovery. In addition, many international cities have imposed mandatory quarantine or lock-down measures, therefore the Company was unable to access to quality properties in Mainland China and overseas. As a result, on 15 December 2021, the Board resolved to extend the expected timeline for utilising the unutilised net proceeds amounted to approximately HK\$74.5 million (the “Unutilised Net Proceeds”) from on or before 31 December 2021 to on or before 31 December 2023 and changed the use of the Unutilised Net Proceeds for the repayment of borrowings. The Board considered that the change in use of the Unutilised Net Proceeds could reduce the interest expenses of the Group and will be more favourable to the Group’s long term business development as well as representing a better utilisation of the Unutilised Net Proceeds.

As at 30 June 2022, details of the use of proceeds and the expected timeline for utilising the Unutilised Net Proceeds are as follows:

Use of proceeds	Proposed use	Revised	Proceeds	Proceeds	Expected timeline for utilising the Unutilised Net Proceeds
	of proceeds as disclosed in the Prospectus <i>HK\$ million</i>	re-allocation of the Unutilised Net Proceeds as at 15 December 2021 <i>HK\$ million</i>	utilised up to 31 December 2021 after re-allocation <i>HK\$ million</i>	utilised up to 30 June 2022 <i>HK\$ million</i>	
Acquisitions of new investment properties	174.6	(74.5)	100.1	—	N/A
Expansion and strengthening of our value-added property management services	9.7	—	9.7	—	N/A
Working capital and other general corporate purposes	9.7	—	9.7	—	N/A
Repayment of borrowings	—	74.5	—	74.5	On or before 31 December 2023
	194.0	—	119.5	74.5	

On 31 January 2022, the Group has utilised approximately HK\$74.5 million for repayment of borrowings, and all the proceeds from the Listing were utilised in full.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company was in compliance with all relevant provisions set out in the CG Code for the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 15 December 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three members, namely Ms. Chan Kam Ping, Mr. Wong King Wai Kirk and Mr. Hung Franklin Chi Yen. Ms. Chan Kam Ping is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS BY AUDITOR

The unaudited interim results of the Group for the six months ended 30 June 2022 has been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
Thing On Enterprise Limited
Wong Chung Tak Richard
Chairman

Hong Kong, 11 August 2022

As at the date of this announcement, the Board comprises Mr. Wong Chung Tak Richard as the chairman of the Board and a non-executive Director; Mr. Wong Ka Yeung Roland and Ms. Chan Choi Wan Rolie as executive Directors; and Ms. Chan Kam Ping, Mr. Wong King Wai Kirk and Mr. Hung Franklin Chi Yen as independent non-executive Directors.