



Thing On Enterprise Limited
晉安實業有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2292

2022
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Ka Yeung Roland
Ms. Chan Choi Wan Rolie

Non-executive Director

Mr. Wong Chung Tak Richard *JP*
(Chairman of the Board)

Independent Non-executive Directors

Ms. Chan Kam Ping
Mr. Wong King Wai Kirk
Mr. Hung Franklin Chi Yen

CHIEF EXECUTIVE OFFICER

Mr. Wong Man Yeung Ryan

AUDIT COMMITTEE

Ms. Chan Kam Ping *(Chairman)*
Mr. Wong King Wai Kirk
Mr. Hung Franklin Chi Yen

REMUNERATION COMMITTEE

Mr. Hung Franklin Chi Yen *(Chairman)*
Mr. Wong King Wai Kirk
Ms. Chan Kam Ping

NOMINATION COMMITTEE

Mr. Wong King Wai Kirk *(Chairman)*
Ms. Chan Kam Ping
Mr. Hung Franklin Chi Yen

COMPANY SECRETARY

Ms. Chan Yuen Ying Stella

AUTHORISED REPRESENTATIVES

Ms. Chan Yuen Ying Stella
Mr. Wong Ka Yeung Roland

LEGAL ADVISER AS TO HONG KONG LAW

King & Wood Mallesons

INDEPENDENT AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered PIE Auditor*

REGISTERED OFFICE

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank

STOCK CODE

2292

WEBSITE

<http://www.toenterprise.com/>

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	4	19,203	18,625
Cost of sales	6	(2,848)	(2,461)
Gross profit		16,355	16,164
Other income and gains	5	499	608
Changes in fair value of investment properties	10	(14,277)	(18,567)
General and administrative expenses	6	(5,400)	(5,675)
Operating loss		(2,823)	(7,470)
Finance expenses		(37)	(244)
Loss before income tax		(2,860)	(7,714)
Income tax expenses	7	(1,643)	(1,531)
Loss for the period		(4,503)	(9,245)
Other comprehensive income		—	—
Loss and total comprehensive expenses attributable to owners of the Company		(4,503)	(9,245)
Loss per share:			
Basic and diluted (Hong Kong cents)	9	(0.63)	(1.28)

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	10	1,322,693	1,336,970
Property, plant and equipment	11	10,854	10,988
Deferred income tax assets		101	94
		1,333,648	1,348,052
Current assets			
Trade receivables, prepayments, deposits and other receivables	12	2,010	1,686
Tax prepayment		408	552
Cash and bank balances		7,561	77,850
		9,979	80,088
Total assets		1,343,627	1,428,140
EQUITY			
Share capital	14	36	36
Reserves		1,325,497	1,330,000
Total equity attributable to owners of the Company		1,325,533	1,330,036

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

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

The unaudited interim condensed consolidated financial information on pages 3 to 20 was approved by the Board of Directors on 11 August 2022 and was signed on its behalf by:

Wong Ka Yeung, Roland
Director

Chan Choi Wan, Rolie
Director

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company				
	Share Capital	Share Premium	Revaluation Reserve (Note)	Retained Earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	36	367,582	3,990	966,821	1,338,429
Loss and total comprehensive expenses for the period	—	—	—	(9,245)	(9,245)
At 30 June 2021 (Unaudited)	36	367,582	3,990	957,576	1,329,184
At 1 January 2022	36	367,582	3,990	958,428	1,330,036
Loss and total comprehensive expenses for the period	—	—	—	(4,503)	(4,503)
At 30 June 2022 (Unaudited)	36	367,582	3,990	953,925	1,325,533

Note:

Revaluation reserve of the Group represents the revaluation surplus arising from the transfer of an owner-occupied property to an investment property which is carried at fair value.

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operating activities	8,365	10,482
Cash flows from investing activities		
Increase in bank deposits with original maturities over three months	—	(932)
Bank interest received	34	932
Net cash generated from investing activities	34	—
Cash flows from financing activities		
Borrowings interest paid	(37)	(244)
Repayments of borrowings	(78,651)	(10,155)
Net cash used in financing activities	(78,688)	(10,399)
Net (decrease)/increase in cash and cash equivalents during the periods	(70,289)	83
Cash and cash equivalents at beginning of periods	77,850	2,893
Cash and cash equivalents at end of periods	7,561	2,976
Analysis of balances of cash and cash equivalents		
Cash and bank balances	7,561	79,078
Less: Bank deposits with original maturities over three months	—	(76,102)
	7,561	2,976

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

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 on page 21 of this report. In addition, this interim condensed consolidated financial information has been reviewed by the Company’s Audit Committee.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information 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 expense on a year to date basis. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2021 financial statements.

4 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 HK\$'000 (Unaudited)	2021 HK\$'000 (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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 REVENUE AND SEGMENT INFORMATION (Continued)

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 profit/(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 allowances 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 represent other corporate receivables and certain cash and bank balances.

Unallocated liabilities represent 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 REVENUE AND SEGMENT INFORMATION (Continued)

(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 HK\$'000	Retail properties HK\$'000	Property management HK\$'000	Total HK\$'000
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 (Note 11)	—	—	(134)	(134)

As at 30 June 2022 (Unaudited)

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

	Office properties HK\$'000	Retail properties HK\$'000	Property management HK\$'000	Total HK\$'000
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)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 REVENUE AND SEGMENT INFORMATION (Continued)

(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 HK\$'000	Retail properties HK\$'000	Property management HK\$'000	Total HK\$'000
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 are as follows:

	Office properties HK\$'000	Retail properties HK\$'000	Property management HK\$'000	Total HK\$'000
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)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5 OTHER INCOME AND GAINS

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

Note:

Included in sundries of HK\$288,000 for the six months ended 30 June 2022 were 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.

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Auditor’s remuneration		
Audit services	—	—
Non-audit services	200	200
Depreciation of property, plant and equipment (Note 11)	134	134
Direct operating expenses arising from investment properties generating rental income (Note)	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
Total cost of sales and general and administrative expenses	8,248	8,136

Note:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

7 INCOME TAX EXPENSES

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

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.

8 DIVIDEND

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

9 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 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(4,503)	(9,245)
Weighted average number of ordinary shares in issue (thousands)	720,000	720,000
Basic loss per share (Hong Kong cents)	(0.63)	(1.28)

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10 INVESTMENT PROPERTIES

	HK\$'000
Fair value	
At 1 January 2022 (Audited)	1,336,970
Changes in fair value of investment properties	(14,277)
At 30 June 2022 (Unaudited)	1,322,693

Notes:

- (a) None of the above investment properties was pledged as security as at 30 June 2022 (31 December 2021: Nil).
- (b) Valuation processes of the Group

The fair values of the investment properties, including both land and building elements held by the Group at the end of the reporting period have been arrived on the basis of a valuation carried out on that date by Jones Lang LaSalle Limited. Jones Lang LaSalle Limited is an independent firm of professional valuer not connected with the Group, who has appropriate qualifications and experience in the valuation of investment properties in the relevant locations.

The valuation of the investment properties held by the Group is made on the basis of market value, which conforms to the requirements set out in "The HKIS Valuation Standards 2021" published by Hong Kong Institute of Surveyors.

The Group's finance team reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the finance team semi-annually. At the end of the reporting period, the Group:

- (i) verifies all major inputs to the independent valuation report;
- (ii) assesses property valuation movements when compared to the prior year valuation reports; and
- (iii) holds discussions with the independent valuers.

The investment properties are included in Level 3 (31 December 2021: Level 3) of the fair value hierarchy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10 INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) Valuation techniques and inputs

Fair values of investment properties in Hong Kong were generally derived using direct comparison approach. There were no changes to the valuation technique during the six months ended 30 June 2022 (31 December 2021: Nil). Direct comparison approach is based on assuming sales of the properties in its existing state by making reference to comparable market transactions as available in the relevant market. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the properties under consideration.

The valuation takes into account the characteristics of the properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price.

The key input was the unit rate of market price, which a significant increase/decrease in the unit rate of market price would result in a significant increase/decrease in the fair value of the properties.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Furniture, fixtures, and office equipment HK\$'000	Total HK\$'000
Cost			
At 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	13,400	3,169	16,569
Depreciation			
At 1 January 2022 (Audited)	2,412	3,169	5,581
Charge for the period	134	—	134
At 30 June 2022 (Unaudited)	2,546	3,169	5,715
Carrying value			
At 1 January 2022 (Audited)	10,988	—	10,988
At 30 June 2022 (Unaudited)	10,854	—	10,854

The depreciation expense for property, plant and equipment is charged to general and administrative expenses in the interim condensed consolidated statement of comprehensive income.

Included in land and building, there is a right of use asset which is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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	—	—
	334	—

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.

13 OTHER PAYABLES AND ACCRUALS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Rental deposits	9,033	10,639
Rental receipt in advance	217	615
Other payables and accruals	927	1,789
	10,177	13,043

The carrying amounts of rental deposits, and other payables and accruals approximate their fair values and are denominated in Hong Kong dollars.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14 SHARE CAPITAL

	Number of shares (thousands)	HK\$'000
Authorised shares:		
At 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	7,600,000	380
Ordinary shares, issued and fully paid:		
At 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	720,000	36

15 COMMITMENTS

The Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
No later than 1 year	25,262	28,324
Between 1 and 2 years	12,361	14,066
Between 2 and 3 years	4,312	5,367
	41,935	47,757

The Group's operating leases are for terms of 1 to 3 years as at 30 June 2022 and 31 December 2021.

16 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim condensed consolidated financial information, the Group undertook the following transactions with related companies, which in the opinion of the directors of the Company, were carried out in the normal course of business during the six months ended 30 June 2022 and 2021.

- (a) The directors of the Company are of the view that the principal related companies that had transactions with the Group are listed below:

Name	Relationship
Thing On Capital Limited	Note
Good Shot Limited	Note

Note:

The related companies are commonly controlled by Mr. Wong Chung Tak Richard ("Mr. Wong"), the ultimate controlling shareholder of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with the related companies:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Rental income and property management fee income (Note i) The related company commonly controlled by Mr. Wong	2,407	2,402
Finance expenses (Note ii) The related company commonly controlled by Mr. Wong	37	244

Notes:

- i. Rental income and property management fee income are charged at a fixed amount agreed by the parties.
- ii. The finance expenses represent the interest expenses charged on the borrowings as disclosed in Note 16(c) at the rate of one-month Hong Kong Interbank Offered Rate plus 0.4% per annum.

(c) Balances with the related company

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Borrowings from a related company	—	78,651

(d) Key management compensation

Key management includes directors and senior managements of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fees	180	180
Salaries and other emoluments	2,340	2,341
Contributions to defined contribution schemes	45	45
	2,565	2,566

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thing On Enterprise Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 20, which comprises the interim condensed consolidated statement of financial position of Thing On Enterprise Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 11 August 2022

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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).

As at 30 June 2022, the Group had no borrowings (31 December 2021: HK\$78.7 million) and thus no gearing ratio was calculated (31 December 2021: approximately 0.1%). The gearing ratio of the Group is calculated as a ratio of net debt (representing borrowings less cash and bank balances) to total equity.

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 (the "Board") of directors (the "Directors") of the Company 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).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 report.

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 (the "Stock Exchange") 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 of proceeds as disclosed in the Prospectus HK\$ million	Revised re-allocation of the Unutilised Net Proceeds as at 15 December 2021 HK\$ million	Proceeds utilised up to 31 December 2021 after re-allocation HK\$ million	Proceeds utilised up to 30 June 2022 HK\$ million	Expected timeline for utilising the Unutilised Net Proceeds
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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO"), which were 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out below:

Name of Director	Capacity	Long position/ Short position	Number of ordinary Shares/ underlying Shares held	Approximate percentage of the issued share capital of the Company
Mr. Wong Chung Tak Richard ("Mr. Wong")	Interest in a controlled corporation (Note)	Long position	540,000,000 ordinary Shares	75.0%

Note: Mr. Wong owns the entire issued share capital of Thing On Group. By virtue of the SFO, Mr. Wong is deemed to be interested in such Shares held by Thing On Group.

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2022.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following shareholders had notified the Company of relevant interests or short positions in the Shares and underlying Shares as follows:

Name	Capacity	Long position/ short position	Number of ordinary Shares/ underlying Shares held	Approximate percentage of the issued share capital of the Company
Thing On Group	Beneficial owner (Note 1)	Long position	540,000,000 ordinary Shares	75.0%
Ng Ka Fong Jenny	Interest of spouse (Note 2)	Long position	540,000,000 ordinary Shares	75.0%

Notes:

1. Mr. Wong owns the entire issued share capital of Thing On Group.
2. Ms. Ng Ka Fong Jenny is the spouse of Mr. Wong. Therefore, Ms. Ng Ka Fong Jenny is deemed to be interested in the Shares which Mr. Wong is interested in.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying Shares as at 30 June 2022.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolutions of the shareholders passed on 15 December 2017 (the "Adoption Date"). The purposes of the Share Option Scheme are to enable the Group to provide additional incentives or rewards to selected participants for their contributions to the Group and to promote the success of the business of the Group. The Board may, at its absolute discretion and on such terms as it may think fit, invite any employee (full-time or part-time), Director, substantial shareholder, consultant, adviser, business partner or service provider of the Group, to take up options to subscribe for Shares. The Share Option Scheme will help motivating the participants to optimize their performance and efficiency and attract and retain the participants whose contributions are important to the long-term growth and profitability of the Group.

No share option has been granted by the Company under the Share Option Scheme since the Adoption Date and up to the date of this report.

OTHER INFORMATION (CONTINUED)

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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code 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.

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

Hong Kong, 11 August 2022