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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 2020

	For the six months ended 30 June		
	2020	2019	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
	(Unaudited)	(Unaudited)	
Revenue	20,425	21,459	(4.82)
Gross profit	18,018	18,683	(3.56)
Loss before income tax	(29,917)	(62,597)	(52.21)
Profit for the period attributable to owners of the Company (Excluding the changes in fair value of investment properties charged to profit or loss)	11,174	11,752	(4.92)
Loss per share:			
Basic and diluted (<i>Hong Kong cents</i>)	(4.39)	(8.86)	(50.45)

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 2020, together with the comparative figures for the six months ended 30 June 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	20,425	21,459
Cost of sales	5	<u>(2,407)</u>	<u>(2,776)</u>
Gross profit		18,018	18,683
Other income and gains	4	1,589	3,856
Changes in fair value of investment properties		(42,788)	(75,516)
General and administrative expenses	5	<u>(5,615)</u>	<u>(6,317)</u>
Operating loss		(28,796)	(59,294)
Finance expenses		<u>(1,121)</u>	<u>(3,303)</u>
Loss before income tax		(29,917)	(62,597)
Income tax expenses	6	<u>(1,697)</u>	<u>(1,167)</u>
Loss for the period		(31,614)	(63,764)
Other comprehensive income		<u>—</u>	<u>—</u>
Loss and total comprehensive expenses attributable to owners of the Company		<u><u>(31,614)</u></u>	<u><u>(63,764)</u></u>
Loss per share:			
Basic and diluted (Hong Kong cents)	8	<u><u>(4.39)</u></u>	<u><u>(8.86)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties		1,422,313	1,395,823
Property, plant and equipment		11,390	11,524
Prepayments		—	6,015
Deferred income tax assets		137	167
		<u>1,433,840</u>	<u>1,413,529</u>
Current assets			
Trade receivables, prepayments, deposits and other receivables	9	2,646	4,303
Tax prepayment		18	50
Cash and bank balances		78,931	148,855
		<u>81,595</u>	<u>153,208</u>
Total assets		<u>1,515,435</u>	<u>1,566,737</u>
EQUITY			
Share capital		36	36
Reserves		1,386,591	1,418,205
Total equity attributable to owners of the Company		<u>1,386,627</u>	<u>1,418,241</u>
LIABILITIES			
Non-current liabilities			
Borrowings	10	109,494	—
Deferred income tax liabilities		4,896	4,429
		<u>114,390</u>	<u>4,429</u>
Current liabilities			
Other payables and accruals		12,852	13,603
Borrowings	10	—	128,167
Tax payable		1,566	2,297
		<u>14,418</u>	<u>144,067</u>
Total liabilities		<u>128,808</u>	<u>148,496</u>
Net current assets		<u>67,177</u>	<u>9,141</u>
Total equity and liabilities		<u>1,515,435</u>	<u>1,566,737</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 2019 (“the 2019 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 2020. 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 2019 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.

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 shareholders. In addition, this interim condensed consolidated financial information has been reviewed by the Company’s Audit Committee.

2 CHANGES IN ACCOUNTING POLICIES

(a) *New and amended standards 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 2019 financial statements, except for the adoption of the accounting policy of government grants (Note 4(i)) and the following amendments to existing standards issued by the HKICPA:

Amendments to HKFRS 3	Definition of Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	Covid-19 — Related Rent Concessions
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

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

(b) *Impact of new or revised standards and amendments to existing standards issued but not yet applied by the Group*

The HKICPA has issued certain new standards and amendments which are relevant to the Group's operation but not yet effective for the annual period beginning on 1 January 2020 and the Group has not early adopted.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
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 potential impact of the new standards and amendments to standards above upon initial application. According to the preliminary assessment made by the management of the Group, it does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the amendments to existing standards above.

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total segment revenue		
Rental income — Office properties	12,882	12,933
Rental income — Retail properties	5,429	5,774
Rental income — Industrial properties	—	—
Property management fee income	6,842	7,572
Less: Inter-segment revenue		
Property management fee income	(4,728)	(4,820)
	20,425	21,459

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, rental income from industrial properties and property management fee income.

The CODM assesses the performance of the operating segments based on the segment (loss)/profit of each segment. The measurement of segment (loss)/profit is loss before income tax and before items which are not specifically attributed 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 2020, inter-segment property management fee income of HK\$4,728,000 (2019: HK\$4,820,000) 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 cash and bank balances, excluding bank deposits with original maturities over three months.

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 the other corporate receivables and bank deposits with original maturities over three months.

Unallocated liabilities represented the borrowings and the other corporate payables.

Additions to non-current assets comprise mainly additions to investment properties.

(a) For the six months ended 30 June 2020 (Unaudited)

The segment results for the six months ended 30 June 2020 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>	Industrial properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	12,882	5,429	—	6,842	25,153
Less: inter-segment revenue	—	—	—	(4,728)	(4,728)
Revenue	12,882	5,429	—	2,114	<u>20,425</u>
Segment (loss)/profit	(18,370)	(14,540)	—	2,321	(30,589)
Unallocated corporate income and expenses, net					<u>672</u>
Loss before income tax					(29,917)
Income tax expenses					<u>(1,697)</u>
Loss for the period					<u><u>(31,614)</u></u>
Other item					
Depreciation	—	—	—	(134)	<u><u>(134)</u></u>

As at 30 June 2020 (Unaudited)

The segment assets and liabilities as at 30 June 2020 and additions to investment properties for the period are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Industrial properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	934,269	492,281	—	11,999	1,438,549
Unallocated assets					<u>76,886</u>
Total assets					<u>1,515,435</u>
Segment liabilities	(13,452)	(4,180)	—	(299)	(17,931)
Unallocated liabilities					<u>(110,877)</u>
Total liabilities					<u>(128,808)</u>
Additions to investment properties	—	69,278	—	—	<u>69,278</u>

(b) For the six months ended 30 June 2019 (Unaudited)

The segment results for the six months ended 30 June 2019 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>	Industrial properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	12,933	5,774	—	7,572	26,279
Less: inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,820)</u>	<u>(4,820)</u>
Revenue	12,933	5,774	—	2,752	<u>21,459</u>
Segment (loss)/profit	(25,638)	(39,592)	(522)	2,700	(63,052)
Unallocated corporate income and expenses, net					<u>455</u>
Loss before income tax					(62,597)
Income tax expenses					<u>(1,167)</u>
Loss for the period					<u>(63,764)</u>
Other item					
Depreciation	—	—	—	(134)	<u>(134)</u>

As at 31 December 2019 (Audited)

The segment assets and liabilities as at 31 December 2019 are as follows:

	Office properties <i>HK\$'000</i>	Retail properties <i>HK\$'000</i>	Industrial properties <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	959,931	445,943	—	11,979	1,417,853
Unallocated assets					148,884
Total assets					1,566,737
Segment liabilities	(14,536)	(3,669)	—	(1,056)	(19,261)
Unallocated liabilities					(129,235)
Total liabilities					(148,496)

4 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	1,408	2,044
Gain on disposal of a subsidiary (<i>Note ii</i>)	—	1,812
Sundries (<i>Note i</i>)	181	—
	1,589	3,856

Notes:

- (i) Included in sundries of HK\$162,000 for the six months ended 30 June 2020 was the government grants from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund of the Hong Kong Government, which aimed to retain employment and combat the coronavirus disease 2019 (“COVID-19”). As a condition of receiving the grants under the ESS, the Group has undertaken not to make redundancies by 31 August 2020.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

- (ii) On 25 February 2019, the Group entered into an agreement with a third party to dispose its entire interest in Wealth Range Limited (“Wealth Range”), being a wholly-owned subsidiary of the Group. Wealth Range owned units of industry property in Hong Kong. The transaction was completed on 28 June 2019. The Group recognised a gain on disposal of HK\$1,812,000 for the period ended 30 June 2019.

The following table summarises the consideration received for the disposal for Wealth Range, the fair value of net assets disposed and transfer of shareholder loan at the disposal date, transaction costs incurred and the gain on disposal.

	<i>HK\$'000</i> (Audited)
Total consideration received	135,773
Fair value of net assets disposed	(42,986)
Transfer of shareholder loan	(89,776)
Transaction costs	(1,199)
	<hr/>
Gain on disposal	1,812
	<hr/> <hr/>

The fair value of net assets disposed as at the disposal date is as follow:

	<i>HK\$'000</i> (Audited)
Investment properties	132,000
Tax prepayment	483
Other receivable	290
Deferred tax liabilities	(11)
Amount due to immediate holding company	(89,776)
	<hr/>
Net assets disposed	42,986
	<hr/> <hr/>

Analysis of net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	<i>HK\$'000</i> (Audited)
Cash consideration	135,773
Less: Transaction costs	(1,199)
	<hr/>
Net cash inflow from disposal of a subsidiary	134,574
	<hr/> <hr/>

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	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>)	127	172
Employee benefit expenses (including directors' emoluments)	4,352	4,675
Legal and professional expenses	508	887
Other expenses	421	421
Property management fee expenses	1,713	1,843
Rates and government rent	567	761
	<hr/>	<hr/>
Total cost of sales and general and administrative expenses	8,022	9,093

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	1,384	1,445
Over-provision in prior period	(184)	(161)
Deferred income tax expense/(credit)	497	(117)
	<hr/>	<hr/>
	1,697	1,167

For the six months ended 30 June 2020 and 2019, 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 2020 and 2019.

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2020 and 2019.

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	
	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(31,614)	(63,764)
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>(4.39)</u>	<u>(8.86)</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 2020 and 2019.

9 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June	31 December
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Trade receivables	1,537	1,040
Prepayments, deposits and other receivables	<u>1,109</u>	<u>3,263</u>
	<u>2,646</u>	<u>4,303</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 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
Within 30 days	—	173
31 to 60 days	711	471
61 to 90 days	178	199
Over 90 days	648	197
	<hr/> 1,537 <hr/>	<hr/> 1,040 <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.

10 BORROWINGS

As at 31 December 2019, the borrowings represent the current portion of borrowings from Good Shot Limited (“Good Shot”), which will mature in October 2020.

As at 30 June 2020, Good Shot has agreed to grant the extension of the borrowings to the Group upon its maturity date to July 2021. Such borrowings are classified as non-current liabilities as at 30 June 2020.

The borrowings is interest bearing at the rate of one-month Hong Kong Interbank Offered Rate (“HIBOR”) plus 0.4% per annum and is secured by corporate guarantees of the Company as at 30 June 2020 and 31 December 2019.

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, retail and industrial 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\$31.6 million for the six months ended 30 June 2020 as compared to loss of approximately HK\$63.8 million for the six months ended 30 June 2019. The loss was mainly attributable by the loss in fair value of investment properties of approximately HK\$42.8 million for the six months ended 30 June 2020 (2019: HK\$75.5 million). However, the Group recorded a profit of approximately HK\$11.2 million for the six months ended 30 June 2020 (2019: HK\$11.8 million) by excluding the changes in fair value of investment properties.

The Group recorded rental income of approximately HK\$18.3 million for the six months ended 30 June 2020 (2019: HK\$18.7 million), of which approximately HK\$12.9 million or 70.4% (2019: HK\$12.9 million or 69.1%) of rental income was derived from rental of office properties and approximately HK\$5.4 million or 29.6% (2019: HK\$5.8 million or 30.9%) of rental income was derived from rental of retail properties. For the six months ended 30 June 2020, the Group recorded property management fee income of approximately HK\$2.1 million (2019: HK\$2.8 million). The property management fee income contributed approximately 10.4% (2019: 12.8%) of the Group’s total revenue for the six months ended 30 June 2020.

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 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, both for a term of 18 months from 25 April 2018 at interest rate more favourable than market rate. On 14 August 2019, the parties agreed to extend the original maturity date of the loan facilities from 25 October 2019 to 25 October 2020. As at 30 June 2020, Good Shot has agreed to grant the extension of the loan facilities to the Group upon its maturity date to July 2021.

OUTLOOK

During the first half of the year 2020, the outbreak of COVID-19 has posed the risk of global economic slowdown and all walks of life are affected to a certain extent. The Group is inevitably being affected and it is expected that the effects will continue to be prominent in the second half of the year. 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, 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 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 2020 were approximately HK\$20.4 million and HK\$2.4 million (2019: HK\$21.5 million and HK\$2.8 million), respectively. The slight decrease in revenue of approximately HK\$1.1 million was primarily attributable to rent concession granted to tenants under current COVID-19 situation and no management fee received from third parties for the six months ended 30 June 2020. The gross profit for the six months ended 30 June 2020 was approximately HK\$18.0 million (2019: HK\$18.7 million).

For the six months ended 30 June 2020, basic loss per share was Hong Kong cents 4.39 (2019: loss per share Hong Kong cents 8.86).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, cash and bank balances of the Group amounted to approximately HK\$78.9 million (31 December 2019: HK\$148.9 million). The current ratio (current assets divided by current liabilities) of the Group was 5.7 as at 30 June 2020 (31 December 2019: 1.1).

As at 30 June 2020, the Group had a long-term loan outstanding amounted to approximately HK\$109.5 million (31 December 2019: short-term loan of HK\$128.2 million) which will mature in July 2021. The gearing ratio of the Group calculated as a ratio of net debt (representing borrowings less cash and bank balances) to total equity was 2.2%. As at 31 December 2019, the Group maintained at a net cash position.

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 2020 (2019: Nil).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no significant contingent liabilities (31 December 2019: Nil).

CAPITAL COMMITMENTS

As at 30 June 2020, the Group had no significant capital commitments (31 December 2019: Nil).

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group did not have any significant investment plans (31 December 2019: Nil).

CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2020, there was no charge over the assets of the Group (31 December 2019: 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 2020, the Group had 18 employees (31 December 2019: 19 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 operation 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 2020.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company 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 are 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”).

As at 30 June 2020, the net proceeds had been utilised and the expected timeline for utilising the unutilised proceeds as follows:

Use of proceeds	Proposed use of proceeds as disclosed in the Prospectus <i>HK\$ million</i>	Proceeds utilised up to 31 December 2018 <i>HK\$ million</i>	Proceeds utilised up to 31 December 2019 <i>HK\$ million</i>	Proceeds utilised up to 30 June 2020 <i>HK\$ million</i>	Unutilised amount as at 30 June 2020 <i>HK\$ million</i>	Expected timeline for utilising the unutilised proceeds
Acquisitions of new investment properties	174.6	31.0	37.0	100.1	74.5	On or before 31 December 2021
Expansion and strengthening of our value-added property management services	9.7	9.7	9.7	9.7	—	N/A
Working Capital and other general corporate purposes	9.7	9.7	9.7	9.7	—	N/A
	<u>194.0</u>	<u>50.4</u>	<u>56.4</u>	<u>119.5</u>	<u>74.5</u>	

During the six months ended 30 June 2020, the actual application for the net proceeds from the Listing were used and expected to be used according to the intentions previously disclosed in the Prospectus and there was no change in the use of proceeds. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for utilising of the unutilised proceeds is based on the Directors’ best estimation without barring unforeseen circumstances, and would be subject to change based on the development of market conditions.

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 2020.

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 2020.

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. Wen Cyrus Jun-ming. Ms. Chan Kam Ping is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS BY AUDITOR

The unaudited interim results of the Group for the six months ended 30 June 2020 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, 14 August 2020

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. Wen Cyrus Jun-ming as independent non-executive Directors.