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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 2023

FINANCIAL HIGHLIGHTS

	For the six months ended		Change %
	30 June		
	2023	2022	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	
Revenue	17,574	19,203	(8.48)
Gross profit	14,979	16,355	(8.41)
Loss before income tax	(15,037)	(2,860)	425.77
Profit for the period attributable to owners of the Company (Excluding changes in fair value of investment properties charged to profit or loss)	8,442	9,774	(13.63)

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 2023, together with the comparative figures for the six months ended 30 June 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	17,574	19,203
Cost of sales	5	<u>(2,595)</u>	<u>(2,848)</u>
Gross profit		14,979	16,355
Other income and gains	4	321	499
Changes in fair value of investment properties		(24,933)	(14,277)
General and administrative expenses	5	<u>(5,404)</u>	<u>(5,400)</u>
Operating loss		(15,037)	(2,823)
Finance expenses		<u>—</u>	<u>(37)</u>
Loss before income tax		(15,037)	(2,860)
Income tax expenses	6	<u>(1,454)</u>	<u>(1,643)</u>
Loss for the period		(16,491)	(4,503)
Other comprehensive income		<u>—</u>	<u>—</u>
Loss and total comprehensive expenses attributable to owners of the Company		<u><u>(16,491)</u></u>	<u><u>(4,503)</u></u>
Loss per share:			
Basic and diluted (Hong Kong cents)	8	<u><u>(2.29)</u></u>	<u><u>(0.63)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	30 June 2023	31 December 2022
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS		
Non-current assets		
Investment properties	1,254,860	1,279,793
Property, plant and equipment	10,586	10,720
Deferred income tax assets	152	118
	<u>1,265,598</u>	<u>1,290,631</u>
Current assets		
Trade receivables, prepayments, deposits and other receivables	9 1,570	1,706
Tax prepayment	25	114
Cash and bank balances	26,067	17,409
	<u>27,662</u>	<u>19,229</u>
Total assets	<u>1,293,260</u>	<u>1,309,860</u>
EQUITY		
Share capital	36	36
Reserves	1,274,543	1,291,034
Total equity attributable to owners of the Company	<u>1,274,579</u>	<u>1,291,070</u>

	30 June	31 December
	2023	2022
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	<u>7,788</u>	<u>7,301</u>
	<u>7,788</u>	<u>7,301</u>
Current liabilities		
Other payables and accruals	<u>9,854</u>	10,913
Tax payable	<u>1,039</u>	<u>576</u>
	<u>10,893</u>	<u>11,489</u>
Total liabilities	<u>18,681</u>	<u>18,790</u>
Net current assets	<u>16,769</u>	<u>7,740</u>
Total equity and liabilities	<u>1,293,260</u>	<u>1,309,860</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 2022 (“the 2022 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 2023. 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 2022 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 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) 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 2022 financial statements, except for the adoption of the following new standard and amendments to existing standards issued by the HKICPA:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of these new standard and 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 2023 and the Group has not early adopted.

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
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 standard 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 new standard and 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 and property management fee income. An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Total segment revenue		
Rental income — Office properties	8,925	10,687
Rental income — Retail properties	6,573	6,422
Property management fee income	6,182	6,474
Less: Inter-segment revenue		
Property management fee income	(4,106)	(4,380)
	<u>17,574</u>	<u>19,203</u>

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 (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 2023, inter-segment property management fee income of HK\$4,106,000 (2022: HK\$4,380,000) 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 the other corporate receivables and certain cash and bank balances.

Unallocated liabilities represented the borrowings and the other corporate payables.

For the six months ended 30 June 2023 and the year ended 31 December 2022, there were no additions to non-current assets.

(a) For the six months ended 30 June 2023 (Unaudited)

The segment results for the six months ended 30 June 2023 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	8,925	6,573	6,182	21,680
Less: inter-segment revenue	<u>—</u>	<u>—</u>	<u>(4,106)</u>	<u>(4,106)</u>
Revenue	8,925	6,573	2,076	<u>17,574</u>
Segment (loss)/profit	(24,013)	6,444	1,742	(15,827)
Unallocated corporate income and expenses, net				<u>790</u>
Loss before income tax				(15,037)
Income tax expenses				<u>(1,454)</u>
Loss for the period				<u>(16,491)</u>
Other item				
Depreciation	—	—	(134)	<u>(134)</u>

As at 30 June 2023 (Unaudited)

The segment assets and liabilities as at 30 June 2023 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	800,510	457,447	11,239	1,269,196
Unallocated assets				<u>24,064</u>
Total assets				<u><u>1,293,260</u></u>
Segment liabilities	(13,121)	(4,719)	(427)	(18,267)
Unallocated liabilities				<u>(414)</u>
Total liabilities				<u><u>(18,681)</u></u>

(b) 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	<u>—</u>	<u>—</u>	<u>(4,380)</u>	<u>(4,380)</u>
Revenue	10,687	6,422	2,094	<u><u>19,203</u></u>
Segment profit/(loss)	5,018	(10,580)	2,098	(3,464)
Unallocated corporate income and expenses, net				<u>604</u>
Loss before income tax				(2,860)
Income tax expenses				<u>(1,643)</u>
Loss for the period				<u><u>(4,503)</u></u>
Other item				
Depreciation	—	—	(134)	<u><u>(134)</u></u>

As at 31 December 2022 (Audited)

The segment assets and liabilities as at 31 December 2022 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	828,854	454,567	11,838	1,295,259
Unallocated assets				<u>14,601</u>
Total assets				<u>1,309,860</u>
Segment liabilities	(12,771)	(4,417)	(944)	(18,132)
Unallocated liabilities				<u>(658)</u>
Total liabilities				<u>(18,790)</u>

4 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Bank interest income	321	34
Forfeiture of rental deposit (<i>Note i</i>)	—	177
Sundries (<i>Note ii</i>)	—	288
	<u>321</u>	<u>499</u>

Notes:

- (i) The forfeiture of rental deposit was recognized, netting off the rental receivables, when the rental agreement was early terminated by a tenant.
- (ii) 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.

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (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>)	113	518
Employee benefit expenses (including Directors' emoluments)	4,206	4,412
Legal and professional expenses	425	402
Other expenses	439	252
Property management fee expenses	1,775	1,737
Rates and government rent	707	593
	<hr/>	<hr/>
Total cost of sales and general and administrative expenses	7,999	8,248

Note:

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

6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Hong Kong Profits Tax	1,061	1,203
Over-provision in prior periods	(60)	(80)
Deferred income tax expenses	453	520
	<hr/>	<hr/>
	1,454	1,643

For the six months ended 30 June 2023 and 2022, 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 2023 and 2022.

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 and 2022.

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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company <i>(HK\$'000)</i>	(16,491)	(4,503)
Weighted average number of ordinary shares in issue <i>(thousands)</i>	720,000	720,000
Basic loss per share <i>(Hong Kong cents)</i>	<u>(2.29)</u>	<u>(0.63)</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 2023 and 2022.

9 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Trade receivables	388	72
Prepayments, deposits and other receivables	<u>1,182</u>	<u>1,634</u>
	<u>1,570</u>	<u>1,706</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 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Within 30 days	46	22
31 to 60 days	340	50
61 to 90 days	<u>2</u>	<u>—</u>
	<u>388</u>	<u>72</u>

As at 30 June 2023 and 31 December 2022, no impairment provision was made on the trade receivables. No trade receivables were written off for the six months ended 30 June 2023 and year ended 31 December 2022.

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\$16.5 million for the six months ended 30 June 2023 as compared to approximately HK\$4.5 million for the six months ended 30 June 2022. The loss was mainly attributable to the loss in fair value of investment properties of approximately HK\$24.9 million for the six months ended 30 June 2023 (2022: HK\$14.3 million). However, the Group recorded a profit of approximately HK\$8.4 million for the six months ended 30 June 2023 (2022: HK\$9.8 million) by excluding the changes in fair value of investment properties.

The Group recorded rental income of approximately HK\$15.5 million for the six months ended 30 June 2023 (2022: HK\$17.1 million), of which approximately HK\$8.9 million or 57.6% (2022: HK\$10.7 million or 62.5%) of rental income was derived from rental of office properties and approximately HK\$6.6 million or 42.4% (2022: HK\$6.4 million or 37.5%) of rental income was derived from rental of retail properties. For the six months ended 30 June 2023, the Group recorded property management fee income of approximately HK\$2.1 million (2022: HK\$2.1 million). The property management fee income contributed approximately 11.8% (2022: 10.9%) of the Group’s total revenue for the six months ended 30 June 2023.

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 six times between 14 August 2019 and 28 June 2022. On 9 December 2022, the parties agreed to further extend the maturity date of loan facilities under the seventh extension agreement from 3 July 2023 to 2 January 2024. As at 30 June 2023, there was no outstanding amount due under the unsecured revolving loan facilities.

OUTLOOK

The real estate industry faces challenges in the current economic landscape of 2023, with global inflation and interest rates expected to remain high, hindering worldwide economic growth. Major economies are recovering slower than expected due to ongoing geopolitical tensions and macroeconomic volatility, causing uncertainties for growth prospects.

Hong Kong's position as an international financial, trade, innovation, and technology center highlights its competitiveness, supporting adjustment on the local economy's revival. Positive developments have occurred since the full resumption of normal travel between Hong Kong and Mainland China and relaxation of anti-pandemic measures. However, the local property market encounters challenges from global economic uncertainties and rising interest rates.

The Group emphasizes the importance of prudent management philosophy, which has been a key factor in its success. With a solid financial foundation, the Group is well-prepared to navigate challenges and seize new opportunities. The Group will focus on investing in a resilient portfolio to generate stable recurring income and create value for its shareholders.

Utilizing the Group strong foundation in Hong Kong, Mainland China, and other global cities, the Group will continue to explore the demand from potential tenants, buyers, and investors. Additionally, the Group will focus on seeking high-quality properties in strategic locations to enhance both its asset value and rental income. Besides real estate, the Group will continue to explore investment opportunities in the financial sector. This includes financial investments and the provision of financial services and technologies as part of an ongoing strategy to diversify income streams and hedge against market volatility. The Group will remain vigilant of market trends and developments, enabling timely strategic adjustments to its asset portfolio to optimize investment returns.

FINANCIAL REVIEW

The revenue and cost of sales for the six months ended 30 June 2023 were approximately HK\$17.6 million and HK\$2.6 million (2022: HK\$19.2 million and HK\$2.8 million), respectively. The slight decrease in revenue of approximately HK\$1.6 million was due to the unfavourable economic conditions in Hong Kong continually caused by the COVID-19 outbreak. The gross profit for the six months ended 30 June 2023 was approximately HK\$15.0 million (2022: HK\$16.4 million).

For the six months ended 30 June 2023, basic loss per share was Hong Kong cents 2.29 (2022: loss per share Hong Kong cent 0.63).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, cash and bank balances of the Group amounted to approximately HK\$26.1 million (31 December 2022: HK\$17.4 million). The current ratio (current assets divided by current liabilities) of the Group was 2.5 as at 30 June 2023 (31 December 2022: 1.7).

As at 30 June 2023, the Group had no borrowings (31 December 2022: Nil) and thus no gearing ratio was calculated. The gearing ratio of the Group 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 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 2023 (2022: Nil).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had no significant capital commitments (31 December 2022: Nil).

SIGNIFICANT INVESTMENTS

As at 30 June 2023, the Group did not have any significant investment plans (31 December 2022: Nil).

CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2023, there was no charge over the assets of the Group (31 December 2022: 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 2023, the Group had 16 full-time employees (31 December 2022: 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 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 2023.

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 the relevant provisions set out in the CG Code for the six months ended 30 June 2023.

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 2023.

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 2023.

REVIEW OF INTERIM RESULTS BY AUDITOR

The unaudited interim results of the Group for the six months ended 30 June 2023 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, 10 August 2023

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.