

TARGET

Intelligence Report

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T U E S D A Y

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**THING ON ENTERPRISE LTD:
FOR FOUR YEARS, MANAGEMENT HAD PROBLEMS
IN FINDING A WAY TO INVEST \$HK74.50 MILLION !**

**It Appears That Some Things
Are More Difficult Than Other Things**

On Thursday, August 11, 2022, Thing On Enterprise Ltd (晉安實業有限公司) (Code: 2292, Main Board, The Stock Exchange of Hongkong Ltd) produced its Interim Results with regard to the six months, ended June 30, 2022.

The following is the '**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**', Page Two of the 19-page Interim Results Announcement, to which this medium has taken the liberty of the inclusions of certain statistics, all of which are marked with an asterisk:

	For The Six Months, Ended June 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	19,203	18,625	3.10
Gross Profit	16,355	16,164	1.18
Gross Profit Margin*	85.17 percent	86.79 percent	(1.87)
Operating Loss	(2,823)	(7,470)	(62.21)
Loss And Total Comprehensive Expenses Attributable To Shareholders Of The Company	(4,503)	(9,245)	(51.29)
Loss Per Share	(0.63) cents	(1.28) cents	(50.78)

* These are **TARGET**'s calculations

At Pages Three and Four of the Interim Results Announcement, under the heading, '**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**', the following three items were noted:

<u>Item</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>% Increase/(Decrease)*</u>
Cash and Bank Balances	\$HK7,561,000.00	\$HK77,850,000.00	(90.29)

Total Equity Attributable To Shareholders Of The Company	\$HK1,325,533,000.00	\$HK1,330,036,000.00	(0.34)
Borrowings	Nil	\$HK78,651,000.00	N/A

At Page Seven of the Interim Results Announcement, under Note Three to the Accounts, the following was noted, under the subheading, **‘REVENUE AND SEGMENT INFORMATION’**:

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

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

	Six Months, Ended 30 June	
	2022	2021
	\$HK’000	\$HK’000
	(Unaudited)	(Unaudited)
Total Segment Revenue		
Rental Income – Office Properties	10,687	10,449
Rental Income – Retail Properties	6,422	6,389
Property Management Fee Income	6,474	6,224
Less: Inter-segment revenue		
Property Management Fee Income	<u>(4,380)</u>	<u>(4,437)</u>
	<u>19,203</u>	<u>18,625</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.’

At Pages 14 and 15 of the Interim Results Announcement, under the heading, **‘MANAGEMENT DISCUSSION AND ANALYSIS’**, subheading, **‘BUSINESS REVIEW’**, one was informed of the following:

‘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.

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