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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)

CONTINUING CONNECTED TRANSACTION RENEWAL OF TENANCY AGREEMENT

Reference is made to the section headed “Continuing Connected Transaction” of the prospectus of the Company dated 28 December 2017 relating to the Tenancy Agreement entered into between Grandtex Development, an indirect wholly-owned subsidiary of the Company and Thing On Capital on 30 June 2017. The Tenancy Agreement will be expired on 31 December 2019.

Renewed Tenancy Agreement

On 10 December 2019 (after trading hours), Grandtex Development, as landlord, and Thing On Capital, as tenant, entered into the Renewed Tenancy Agreement in respect of renewal of leasing of the Property for a term of three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive). The terms are substantially the same as those set out in the Tenancy Agreement and the transaction contemplated under the Renewed Tenancy Agreement will be subject to the annual caps in respect of the three years ending 31 December 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Richard Wong is the Chairman and non-executive Director and is the controlling Shareholder of the Company, through Thing On Group, controls 75% of the issued share capital of the Company. Thing On Group is directly wholly-owned by Mr. Richard Wong and Thing On Capital is an indirect wholly-owned subsidiary of Thing On Group. As such, Thing On Capital is an associate of Thing On Group and hence a connected person of the Company as defined in the Listing Rules. Therefore, the Renewed Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) of the annual caps in respect of the Renewed Tenancy Agreement on an annual basis is less than 25% and less than HK\$10,000,000, the transaction contemplated under the Renewed Tenancy Agreement is subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the section headed "Continuing Connected Transaction" of the prospectus of the Company dated 28 December 2017 relating to the Tenancy Agreement entered into between Grandtex Development, an indirect wholly-owned subsidiary of the Company and Thing On Capital on 30 June 2017. The Tenancy Agreement will be expired on 31 December 2019.

The Board wishes to announce that on 10 December 2019 (after trading hours), Grandtex Development, as landlord, and Thing On Capital, as tenant, entered into the Renewed Tenancy Agreement in respect of renewal of leasing of the Property for a term of three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive). The principal terms of which are set out below.

THE RENEWED TENANCY AGREEMENT

| | |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date: | 10 December 2019 (after trading hours) |
| Parties: | Grandtex Development, as landlord Thing On Capital, as tenant |
| Property: | Portion of the office space located at 17th Floor, and Car Parking Space No. 18, 19, and 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Hong Kong |
| Term: | Three years commencing from 1 January 2020 and ending on 31 December 2022 (both dates inclusive) |
| Rental payment: | HK\$350,000 per month (exclusive of government rent, rates, management fee, utility charge and all tenant's expenses and outgoings) |
| Deposit: | HK\$400,000, which is transferred from the deposit paid under the Tenancy Agreement |

Basis of determining the rental: The rental under the Renewed Tenancy Agreement was determined after arm's length negotiation between Grandtex Development and Thing On Capital taking into account the prevailing market rent and the terms of similar Property in the proximity of the Property

ANNUAL CAPS

For the financial year ended 31 December 2018 and the eleven months ended 30 November 2019, the aggregate amount paid by the Thing On Capital to the Group under the Tenancy Agreement were HK\$4.8 million and HK\$4.4 million.

The annual caps for the amount of transactions with Thing On Capital under the Renewed Tenancy Agreement for each of the three years ending 31 December 2022 will be as follows:-

| | For the year ending 31 December | | |
|-------------|----------------------------------------|---------------------------|---------------------------|
| | 2020 | 2021 | 2022 |
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| Annual caps | <u>4.2 million</u> | <u>4.2 million</u> | <u>4.2 million</u> |

The annual caps set out above are determined after taking into account the rentals stipulated in the Renewed Tenancy Agreement for each of the three financial years ending 31 December 2022 with reference to the rental under the Tenancy Agreement and market rental of properties around and in the same building.

Based on the monthly rentals under the Renewed Tenancy Agreement, the Directors (including the independent non-executive Directors) consider the Annual Caps to be fair and reasonable.

INFORMATION ON THE GROUP, GRANDTEX DEVELOPMENT AND THING ON CAPITAL

The Company is an investment holding company, and its subsidiaries are principally engaged 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.

Grandtex Development is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment.

Thing On Capital is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Thing On Group. It is principally engaged in provision of money lending and other financial services.

REASONS FOR AND BENEFIT FOR ENTERING INTO THE RENEWED TENANCY AGREEMENT

As disclosed in the annual report of the Company for the year ended 31 December 2018, the Property was classified as investment property and being held to earn rentals and/or for capital appreciation. The Directors (including the independent non-executive Directors) believe that the Renewed Tenancy Agreement would generate steady recurring rental income and strengthen income base of the Group.

The terms and conditions of the Renewed Tenancy Agreement were negotiated between the parties on an arm's length basis. The Directors (including all independent non-executive Directors) are of the view that the terms and conditions of the Renewed Tenancy Agreement are on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Renewed Tenancy Agreement including the annual caps are fair and reasonable and the transactions contemplated under the Renewed Tenancy Agreement are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Richard Wong is the Chairman and non-executive Director and is the controlling Shareholder of the Company, through Thing On Group, controls 75% of the issued share capital of the Company. Thing On Group is directly wholly-owned by Mr. Richard Wong and Thing On Capital is an indirect wholly-owned subsidiary of Thing On Group. As such, Thing On Capital is an associate of Thing On Group and hence a connected person of the Company as defined in the Listing Rules. Therefore, the Renewed Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) of the annual caps in respect of the Renewed Tenancy Agreement on an annual basis is less than 25% and less than HK\$10,000,000, the transaction contemplated under the Renewed Tenancy Agreement is subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Richard Wong owns the entire issued share capital of Thing On Group and Thing On Capital directly and indirectly respectively. Accordingly, Mr. Richard Wong is considered to have a material interest in the Renewed Tenancy Agreement. Mr. Roland Wong, the son of Mr. Richard Wong, regarded as an associate of Richard Wong. As such, Mr. Richard Wong and Mr. Roland Wong have abstained from voting on the board resolutions approving the Renewed Tenancy Agreement and the transactions contemplated thereunder (including the annual caps).

DEFINITION

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

| | |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Chairman” | the chairman of the Board |
| “Company” | Thing On Enterprise Limited (晉安實業有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Grandtex Development” | Grandtex Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time |
| “Mr. Richard Wong” | Mr. Wong Chung Tak Richard <i>JP</i> (王聰德), (also known as Mr. Wong Chung Tak (王聰德)), the Chairman, non-executive Director and a controlling shareholder of the Company |
| “Mr. Roland Wong” | Mr. Wong Ka Yeung Roland (王家揚), an executive Director |

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Property” | portion of office space located at 17th Floor, and Car Parking Space No. 18, 19, and 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Hong Kong |
| “Renewed Tenancy Agreement” | the tenancy agreement dated 10 December 2019 entered into between Grandtex Development, as landlord, and Thing On Capital, as tenant, in respect of leasing of the Property |
| “Share(s)” | ordinary share(s) of HK\$0.00005 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tenancy Agreement” | the tenancy agreement dated 30 June 2017 entered into between Grandtex Development, as landlord, and Thing On Capital, as tenant, for leasing of the Property |
| “Thing On Capital” | Thing On Capital Limited (晉安融資有限公司), a limited liability company incorporated in Hong Kong on 27 May 1983 and is an indirect wholly-owned subsidiary of Thing On Group |
| “Thing On Group” | Thing On Group Limited (晉安(集團)有限公司), a company incorporated in the BVI on 8 September 2003 and is directly wholly-owned by Mr. Richard Wong |
| “%” | per cent. |

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

Hong Kong, 10 December 2019

As at the date of this announcement, the Board comprises Mr. Wong Chung Tak Richard as the Chairman 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.