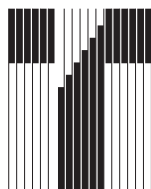


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Turnover	3	57,128	64,490
Property expenses		(1,847)	(1,479)
Gross profit		55,281	63,011
Fair value loss on investment properties		(62,827)	(182,854)
Loss on derecognition of debt instruments at fair value through other comprehensive income		(13,269)	(2,890)
(Loss) gain on disposal of financial assets at fair value through profit or loss		(1,696)	3,283
Unrealised (loss) gain on revaluation of financial assets at fair value through profit or loss		(3,045)	2,597
Impairment loss on debt instruments at fair value through other comprehensive income, net of reversal		(8,705)	(972)
Allowance for expected credit losses, net of reversal		(4,586)	(1,328)
Dividend income		1,122	636
Interest income		28,163	35,472
Other income, gains and losses, net	5	5,811	6,498
Administrative expenses		(33,830)	(32,452)

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Loss from operations	<i>6</i>	(37,581)	(108,999)
Finance costs	<i>7</i>	(2,279)	(4,482)
Share of results of associates		(10,169)	(13,386)
		<hr/>	<hr/>
Loss before taxation		(50,029)	(126,867)
Taxation	<i>8</i>	(5,054)	(7,362)
		<hr/>	<hr/>
Loss for the year attributable to owners of the Company		(55,083)	(134,229)
		<hr/>	<hr/>
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net (loss) gain arising on revaluation of debt instruments at fair value through other comprehensive income		(98,552)	51,348
Release of cumulative gain or loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		(1,498)	11,390
Impairment loss on debt instruments at fair value through other comprehensive income		8,784	972
Reversal of impairment loss on debt instruments at fair value through other comprehensive income		(79)	–
Exchange differences arising on translation of foreign operations		32	1,016
		<hr/>	<hr/>
Other comprehensive (expense) income for the year, net of tax		(91,313)	64,726
		<hr/>	<hr/>
Total comprehensive expense for the year attributable to owners of the Company		(146,396)	(69,503)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
Basic and diluted	<i>10</i>	(HK\$0.20)	(HK\$0.48)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties		2,163,826	2,226,650
Property, plant and equipment		1,625	2,823
Right-of-use assets		15,584	16,037
Interests in associates		267,101	280,778
Debt instruments at fair value through other comprehensive income		183,531	418,408
Financial assets at fair value through profit or loss		430	430
Deferred rental income		977	559
Deferred tax assets		109	88
		<u>2,633,183</u>	<u>2,945,773</u>
Current assets			
Trade and other receivables	11	9,885	15,059
Debt instruments at fair value through other comprehensive income redeemable within one year		1,341	24,073
Financial assets at fair value through profit or loss		33,069	44,723
Deferred rental income – current portion		381	308
Tax recoverable		3,404	1,313
Pledged bank deposits		20,417	69,606
Bank balances and cash		134,713	89,453
		<u>203,210</u>	<u>244,535</u>
Current liabilities			
Other payables and receipts in advance	12	6,322	7,958
Deposits received from tenants		8,861	14,523
Tax payable		474	2,186
Lease liabilities		562	1,047
Secured bank borrowings – due within one year		3,006	14,836
		<u>19,225</u>	<u>40,550</u>
Net current assets		<u>183,985</u>	<u>203,985</u>
Total assets less current liabilities		<u>2,817,168</u>	<u>3,149,758</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Deposits received from tenants	9,994	7,146
Lease liabilities	286	266
Secured bank borrowings – due after one year	47,150	228,685
Deferred tax liabilities	32,929	31,307
	<u>90,359</u>	<u>267,404</u>
Net assets	<u><u>2,726,809</u></u>	<u><u>2,882,354</u></u>
Capital and reserves		
Share capital	229,386	229,386
Reserves	2,497,423	2,652,968
Total equity	<u><u>2,726,809</u></u>	<u><u>2,882,354</u></u>

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

The financial information relating to the years ended 31 March 2022 and 2021 included in the annual results for the year ended 31 March 2022 does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 March 2022 in due course.

The Company's auditor has reported on those consolidated financial statements of the Group. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost convention except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle ¹
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments ¹
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations ¹
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9 ²

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. TURNOVER

Turnover represents the aggregate amounts received and receivable from property rental income.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property rental income	<u>57,128</u>	<u>64,490</u>

4. OPERATING SEGMENTS

The Group's operating activities are attributable to two operating segments under HKFRS 8 "Operating Segments", namely property investment and treasury investment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property-by-property basis. Information provided includes net rental income (including gross rental income and property expenses), fair value loss on investment properties and share of results of associates. Individual properties with similar economic characteristics are aggregated into one segment for presentation purposes.

For treasury investment, the segment represents the investments in debt and equity securities. Financial information is provided to the Board on a company-by-company basis. Information provided includes (loss) gain on disposal of financial assets at fair value through profit or loss ("FVTPL"), loss on derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI"), unrealised (loss) gain on revaluation of financial assets at FVTPL, interest income from debt instruments and dividend income from equity securities.

Segment information

For the year ended 31 March 2022

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	57,128	–	57,128
Property expenses	(1,847)	–	(1,847)
Net rental income	55,281	–	55,281
Fair value loss on investment properties	(62,827)	–	(62,827)
Loss on derecognition of debt instruments at FVTOCI	–	(13,269)	(13,269)
Loss on disposal of financial assets at FVTPL	–	(1,696)	(1,696)
Unrealised loss on revaluation of financial assets at FVTPL	–	(3,045)	(3,045)
Impairment loss on debt instruments at FVTOCI, net of reversal	–	(8,705)	(8,705)
Allowance for expected credit losses, net of reversal	(493)	(4,093)	(4,586)
Dividend income from equity securities	–	1,122	1,122
Interest income	69	28,094	28,163
Other income, gains and losses, net	4,656	1,155	5,811
Administrative expenses	(29,140)	(4,690)	(33,830)
Loss from operations	(32,454)	(5,127)	(37,581)
Finance costs	(26)	(2,253)	(2,279)
Share of results of associates	(10,169)	–	(10,169)
Loss before taxation	(42,649)	(7,380)	(50,029)
Taxation	(4,313)	(741)	(5,054)
Loss for the year	<u>(46,962)</u>	<u>(8,121)</u>	<u>(55,083)</u>

At 31 March 2022

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment assets	2,504,388	332,005	2,836,393
Segment liabilities	(54,499)	(55,085)	(109,584)
Net assets	<u>2,449,889</u>	<u>276,920</u>	<u>2,726,809</u>
Other segment information: Depreciation and amortisation	<u>2,259</u>	<u>–</u>	<u>2,259</u>

For the year ended 31 March 2021

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Gross rental income	64,490	–	64,490
Property expenses	(1,479)	–	(1,479)
Net rental income	63,011	–	63,011
Fair value loss on investment properties	(182,854)	–	(182,854)
Loss on derecognition of debt instruments at FVTOCI	–	(2,890)	(2,890)
Gain on disposal of financial assets at FVTPL	–	3,283	3,283
Unrealised gain on revaluation of financial assets at FVTPL	–	2,597	2,597
Impairment loss on debt instruments at FVTOCI, net of reversal	–	(972)	(972)
Allowance for expected credit losses, net of reversal	(635)	(693)	(1,328)
Dividend income from equity securities	–	636	636
Interest income	353	35,119	35,472
Other income, gains and losses, net	5,154	1,344	6,498
Administrative expenses	(27,578)	(4,874)	(32,452)
Profit (loss) from operations	(142,549)	33,550	(108,999)
Finance costs	(34)	(4,448)	(4,482)
Share of results of associates	(13,386)	–	(13,386)
Profit (loss) before taxation	(155,969)	29,102	(126,867)
Taxation	(5,669)	(1,693)	(7,362)
Profit (loss) for the year	<u>(161,638)</u>	<u>27,409</u>	<u>(134,229)</u>

At 31 March 2021

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,586,358	603,950	3,190,308
Segment liabilities	<u>(63,031)</u>	<u>(244,923)</u>	<u>(307,954)</u>
Net assets	<u><u>2,523,327</u></u>	<u><u>359,027</u></u>	<u><u>2,882,354</u></u>
Other segment information:			
Depreciation and amortisation	<u><u>2,397</u></u>	<u><u>–</u></u>	<u><u>2,397</u></u>

Over 90% of Group's operations were carried out in Hong Kong and over 90% of the Group's assets were located in Hong Kong. Accordingly, a geographical analysis is not presented.

Information on major customers

Included in revenue arising from rental income of approximately HK\$57.1 million (2021: approximately HK\$64.5 million) are rental income of approximately HK\$4.3 million (2021: approximately HK\$5.9 million) attributable to the Group's largest tenant. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2022 and 2021.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Management fee income	3,138	3,223
Late payment service charges from tenants	495	816
Exchange gains, net	2,035	1,341
Government subsidies (note)	–	807
Gain on early termination of a lease	10	–
Others	<u>133</u>	<u>311</u>
	<u><u>5,811</u></u>	<u><u>6,498</u></u>

Note: The amount represents the government subsidies received from the Employment Support Scheme in Hong Kong.

6. LOSS FROM OPERATIONS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	25,552	24,461
Retirement benefits scheme contributions	249	241
	<hr/>	<hr/>
Total staff costs	25,801	24,702
Auditor's remuneration	441	460
Depreciation of property, plant and equipment	1,198	1,243
Depreciation of right-of-use assets	1,061	1,154
Exchange gains, net	(2,035)	(1,341)
Allowance for expected credit losses, net of reversal	4,586	1,328
Impairment loss on debt instruments at FVTOCI, net of reversal	8,705	972
Impairment loss on trade receivables	–	241
and after crediting:		
Dividend income from investments	1,122	636
Gain on early termination of a lease	10	–
Government subsidies	–	807
Gross rental income from investment properties	57,128	64,490
Less:		
Direct operating expenses from investment properties that generated rental income	(734)	(873)
Direct operating expenses from investment properties that did not generate rental income	(1,113)	(606)
	<hr/>	<hr/>
Net rental income	55,281	63,011

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings	2,253	4,391
Lease liabilities	26	34
Other finance charges	–	57
	<hr/>	<hr/>
	2,279	4,482

8. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	3,380	5,744
Under (over) provision in prior years	14	(6)
Other jurisdiction		
Under provision in prior years	59	22
	<u>3,453</u>	<u>5,760</u>
Deferred taxation		
Current year	1,601	1,602
	<u>5,054</u>	<u>7,362</u>

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim, paid – HK1.2 cents (2021: HK1.5 cents) per share	3,327	4,158
Final, proposed – HK1.5 cents (2021: HK2.1 cents) per share	4,158	5,822
	<u>7,485</u>	<u>9,980</u>

The final dividend of HK1.5 cents (2021: HK2.1 cents) per share has been proposed by the board of directors and is subject to approval by the shareholders of the Company in the annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of reporting period.

10. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$55,083,000 (2021: approximately HK\$134,229,000) and on weighted average number of 277,232,883 (2021: 277,232,883) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares outstanding in both the years ended 31 March 2022 and 2021. Accordingly, diluted loss per share is the same as basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables – rental receivables	2,193	3,155
Less: Allowance for credit losses	(492)	(879)
	1,701	2,276
Other receivables:		
Interest receivables	8,781	7,930
Utilities deposits	1,945	1,642
Prepayments	1,013	1,034
Management fee receivable from associates	658	714
Others (note (i))	823	2,156
	13,220	13,476
Less: Allowance for credit losses (note (ii))	(5,036)	(693)
	8,184	12,783
	9,885	15,059

Notes:

- (i) The balance included amounts due from associates of approximately HK\$306,000 (2021: HK\$304,000) as at 31 March 2022.
- (ii) The amount mainly represents a provision for allowance for expected credit losses of interest receivables on a debt instrument at FVTOCI.

Included in trade receivables are rental receivables with defined credit policy. Rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

The following is an aging analysis of rental receivables, net of allowance for credit loss presented based on the due date on debit note.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
31 – 60 days	1,696	1,590
61 – 90 days	5	306
Over 90 days	–	380
	1,701	2,276

An aging analysis of trade receivables which are past due but not impaired.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
31 – 60 days	1,696	1,590
61 – 90 days	5	306
Over 90 days	–	380
	1,701	2,276

Based on historical and forward looking information of the Group, it is determined that no impairment allowance is necessary in respect of these past due balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances apart from the rental deposits received.

12. OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract liabilities – receipts in advance in relation to rental income	1,569	3,112
Other payables		
Accrued interests	45	165
Dividend payable	822	763
Accrued expenses	676	794
Others	3,210	3,124
	6,322	7,958

The balance of contract liabilities as at 1 April 2021 of approximately HK\$3,112,000 was recognised as revenue during the year.

13. COMPARATIVE FIGURES

Certain comparative figures has been reclassified to conform with the current year's presentation.

DIVIDEND

The Board of Directors of the Company has resolved to recommend a final dividend of HK1.5 cents per share for the year ended 31 March 2022. Together with the interim dividend of HK1.2 cents per share that have already been paid, the total dividends for the year will amount to HK2.7 cents per share. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 24 August 2022, will be payable on Friday, 16 September 2022 to the shareholders on the Register of Members of the Company on Friday, 2 September 2022.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2022 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 19 August 2022 to Wednesday, 24 August 2022, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to be eligible to attend and vote at the 2022 Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 18 August 2022.

Subject to the approval of the shareholders at the 2022 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the Register of Members of the Company on 2 September 2022. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 31 August 2022 to Friday, 2 September 2022, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 30 August 2022.

BUSINESS OUTLOOK

Since the end of 2021, the growth momentum of various countries has slowed down significantly, especially in the major economies. The economic outlook is subject to a number of downside risks, including the spread of the new variants of Omicron, the ongoing Russian-Ukrainian war, the disruption of supply chains followed by the rising global inflation, all of which have profound impacts on the global economy.

Locally, the number of COVID-19 infections surged in the first quarter of 2022, bringing the fifth wave of the COVID-19 pandemic. The raging pandemic has caused the government to tighten anti-pandemic measures again, which has put economic activities and sentiment under pressure for yet another time. Moreover, compared to the early stage of the COVID-19 pandemic in 2020, strict social distancing restrictions and vaccine passes have had a more severe impact on the food and beverage and retail industries. As a result, the Group's retail outlets have been severely negatively impacted. Due to the uncertainty of the local economy, the office leasing market also showed weak demand. Therefore, it is expected that the overall rental level and occupancy rate of the Group will continue to be under downward pressure.

It is expected that the Group's investment properties will be facing challenges in the near future. Nevertheless, the Group will continue to operate its business prudently, maintain a low gearing level and sufficient liquid cash, while seeking new opportunities amid the challenging environment.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue derived from the Group's investment in properties for the year was HK\$57.1 million (2021: HK\$64.5 million), a decrease of HK\$7.4 million. This was mainly due to most of the Group's commercial shop properties recorded a decrease in rental rates upon renewal. The Group's rental portfolio occupancy rate slightly increased by 1.2% to 88.3% (2021: 87.1%).

Treasury investments income

The Group's treasury investment income mainly represented interest income of HK\$28.1 million (2021: HK\$35.0 million) derived from investments in debt securities, a decrease of HK\$6.9 million. This was primarily due to a lower average carrying value of investments in debt securities during the year.

During the year, the Group disposed certain of its investments in debt securities which acquired at total cost of HK\$205.2 million at market value of HK\$191.9 million, a realised loss of HK\$13.3 million was recorded.

At year ended, there was fair value loss of HK\$3.0 million (2021: gain of HK\$2.6 million) on listed equity securities on hand.

There was no single listed debt security over 5% of the Group's total assets.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the year was HK\$55.1 million (2021: HK\$134.2 million).

Decrease in loss was primarily due to a lesser decrease in the fair value loss on revaluation of investment properties as compared with last year. The fair value loss on revaluation of investment properties at year end was HK\$62.8 million (2021: HK\$182.9 million). The decrease in loss was in lesser extent as the Group disposed certain of its investments in debt securities with a realised loss of HK\$13.3 million.

Loss per share

Loss per share for the year ended 31 March 2022 was HK19.9 cents (2021: HK48.4 cents). The proposed final dividend of HK1.5 cents (2021: HK2.1 cents) per share will make a total distribution of interim and final dividend of HK2.7 cents (2021: HK3.6 cents) per share for the full year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2022, the Group's net current assets including pledged bank deposits and bank balances and cash of HK\$155.1 million (2021: HK\$159.1 million) amounted to HK\$184.0 million (2021: HK\$204.0 million), a decrease of HK\$20.0 million from last year due to decrease in investments in equity securities by HK\$22.7 million as compared with last year.

At 31 March 2022, the Group's banking facilities amounting to HK\$550.7 million (2021: HK\$744.0 million) were fully secured by its investment properties, pledged bank deposits and investment in debt securities with an aggregate fair value amounting to HK\$660.7 million (2021: HK\$1,007.8 million). At 31 March 2022, HK\$50.2 million was utilised (2021: HK\$243.5 million).

At 31 March 2022, although the Group have bank borrowings of HK\$50.2 million (2021: 243.5 million), the Group have a net cash balance on hand. At 31 March 2021, the total amount of outstanding bank borrowings net of bank balances and cash and pledged bank deposits was HK\$84.5 million and the gearing ratio (which is the ratio of net bank borrowings to total equity) was 2.9%.

Of the total bank borrowings at 31 March 2022, HK\$3 million or 6.0% (2021: HK\$14.8 million or 6.1%) were repayable within one year. HK\$3.1 million or 6.1% (2021: HK\$15.0 million or 6.2%) were repayable after one year but within two years. HK\$9.4 million or 18.8% (2021: HK\$46.4 million or 19.1%) were repayable after two years but within five years. HK\$34.7 million or 69.1% (2021: HK\$167.2 million or 68.6%) were repayable after five years.

The Group's finance costs for the year ended 31 March 2022 was HK\$2.3 million (2021: HK\$4.5 million), a decrease by 48.9 % as compared with last year due to the repayment of bank borrowings.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group did not have any capital commitments.

SHAREHOLDERS' FUNDS

At 31 March 2022, the Group's shareholders' funds decreased to HK\$2,726.8 million (2021: HK\$2,882.4 million) was mainly due to a significant decrease in the fair value of Group's investment properties at year end. The net asset value per share was HK\$9.8 (2021: HK\$10.4).

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk prevailing inside the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

EMPLOYEES

At 31 March 2022, the total number of staff of the Group was 17 (2021: 16). The total staff costs including Directors' remuneration amounted to HK\$25.8 million (2021: HK\$24.7 million).

The Group reviews staff remuneration packages annually, which is based on individual performance and merit. The benefits including contributions to employee provident funds, medical subsidies and a discretionary bonus. The Group recognises the importance of continuing professional education and development, and subsidies are granted to employees who take job-related courses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force throughout the year ended 31 March 2022, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision A.2.1 of the Code. Provision A.2.1 of the Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Chan Hoi Sow is the Chairman of the Board and Managing Director of the Company. Mr. Chan has been performing the duties of both the chairman and the chief executive since the establishment of the Company. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. As three members of the Board comprises Independent Non-Executive Directors who are professional accountant, engineer and manager respectively, the balance of power and authority between the Board and the management will not be compromised.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited annual accounts and annual results for the year ended 31 March 2022 with the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this announcement, there is sufficient public float, as of not less than 25% of the Company's issued shares are held by the public.

SCOPE OF WORK OF MESSRS. HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLM CPA Limited on the Preliminary Announcement.

By order of the Board
Tern Properties Company Limited
Chan Hoi Sow
Chairman

Hong Kong, 15 June 2022

As at the date of this announcement, the Board of Directors of the Company comprises eight Directors, of which four are Executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew, Ms. CHAN Yan Wai, Emily and Mr. CHAN Yan Lam, Alan, one is Non-Executive Director, namely Ms. CHAN Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Ms. CHEUNG Chong Wai, Janet.