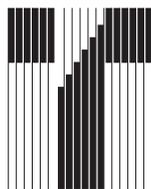


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TERN PROPERTIES COMPANY LIMITED

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 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Turnover	3	51,876	57,128
Property expenses		<u>(2,258)</u>	<u>(1,847)</u>
Gross profit		49,618	55,281
Fair value loss on investment properties		(79,607)	(62,827)
Loss on derecognition of debt instruments at fair value through other comprehensive income		(3,498)	(13,269)
Loss on disposal of financial assets at fair value through profit or loss		(6,298)	(1,696)
Unrealised loss on revaluation of financial assets at fair value through profit or loss		(130)	(3,045)
Impairment loss on debt instruments at fair value through other comprehensive income, net of reversal		(10,022)	(8,705)
Allowance for expected credit losses, net of reversal		(1,740)	(4,586)
Dividend income		682	1,122
Interest income		19,565	28,163
Other income, gains and losses, net	5	4,652	5,811
Administrative expenses		<u>(34,173)</u>	<u>(33,830)</u>

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss from operations	<i>6</i>	(60,951)	(37,581)
Finance costs	<i>7</i>	(1,148)	(2,279)
Share of results of associates		(8,823)	(10,169)
		<hr/>	<hr/>
Loss before taxation		(70,922)	(50,029)
Taxation	<i>8</i>	(4,282)	(5,054)
		<hr/>	<hr/>
Loss for the year attributable to owners of the Company		(75,204)	(55,083)
		<hr/>	<hr/>
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net loss arising on revaluation of debt instruments at fair value through other comprehensive income		(10,407)	(98,552)
Release of cumulative gain or loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		(544)	(1,498)
Impairment loss on debt instruments at fair value through other comprehensive income		13,387	8,784
Reversal of impairment loss on debt instruments at fair value through other comprehensive income		(3,365)	(79)
Exchange differences arising on translation of foreign operations		(837)	32
		<hr/>	<hr/>
Other comprehensive expense for the year, net of tax		(1,766)	(91,313)
		<hr/>	<hr/>
Total comprehensive expense for the year attributable to owners of the Company		(76,970)	(146,396)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
Basic and diluted	<i>10</i>	(HK\$0.27)	(HK\$0.20)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties		2,083,782	2,163,826
Property, plant and equipment		819	1,625
Right-of-use assets		15,007	15,584
Interests in associates		256,547	267,101
Debt instruments at fair value through other comprehensive income		143,559	183,531
Financial assets at fair value through profit or loss		700	430
Deferred rental income		1,247	977
Deferred tax assets		130	109
		<u>2,501,791</u>	<u>2,633,183</u>
Current assets			
Trade and other receivables	11	9,896	9,885
Debt instruments at fair value through other comprehensive income redeemable within one year		29,367	1,341
Financial assets at fair value through profit or loss		1,797	33,069
Deferred rental income – current portion		407	381
Tax recoverable		1,622	3,404
Pledged bank deposits		37,685	20,417
Bank balances and cash		171,040	134,713
		<u>251,814</u>	<u>203,210</u>
Current liabilities			
Other payables and receipts in advance	12	6,656	6,322
Deposits received from tenants		10,590	8,861
Tax payable		194	474
Lease liabilities		331	562
Secured bank borrowings – due within one year		2,763	3,006
		<u>20,534</u>	<u>19,225</u>
Net current assets		<u>231,280</u>	<u>183,985</u>
Total assets less current liabilities		<u>2,733,071</u>	<u>2,817,168</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities		
Deposits received from tenants	9,595	9,994
Lease liabilities	35	286
Secured bank borrowings – due after one year	44,549	47,150
Deferred tax liabilities	34,597	32,929
	<u>88,776</u>	<u>90,359</u>
Net assets	<u>2,644,295</u>	<u>2,726,809</u>
Capital and reserves		
Share capital	229,386	229,386
Reserves	2,414,909	2,497,423
Total equity	<u>2,644,295</u>	<u>2,726,809</u>

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

The financial information relating to the years ended 31 March 2023 and 2022 included in the annual results for the year ended 31 March 2023 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 2022 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 2023 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 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
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	Non-current Liabilities with Covenants ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective 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.

	2023 HK\$'000	2022 HK\$'000
Property rental income	51,876	57,128

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 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 gain (loss) on revaluation of financial assets at FVTPL, interest income from debt instruments and bank deposits and dividend income from equity securities.

Segment information

For the year ended 31 March 2023

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	51,876	–	51,876
Property expenses	(2,258)	–	(2,258)
Net rental income	49,618	–	49,618
Fair value loss on investment properties	(79,607)	–	(79,607)
Loss on derecognition of debt instruments at FVTOCI	–	(3,498)	(3,498)
Loss on disposal of financial assets at FVTPL	–	(6,298)	(6,298)
Unrealised gain (loss) on revaluation of financial assets at FVTPL	270	(400)	(130)
Impairment loss on debt instruments at FVTOCI, net of reversal	–	(10,022)	(10,022)
Allowance for expected credit losses, net of reversal	540	(2,280)	(1,740)
Dividend income from equity securities	–	682	682
Interest income	1,241	18,324	19,565
Other income, gains and (losses), net	5,250	(598)	4,652
Administrative expenses	(30,071)	(4,102)	(34,173)
Loss from operations	(52,759)	(8,192)	(60,951)
Finance costs	(15)	(1,133)	(1,148)
Share of results of associates	(8,823)	–	(8,823)
Loss before taxation	(61,597)	(9,325)	(70,922)
Taxation	(3,978)	(304)	(4,282)
Loss for the year	<u>(65,575)</u>	<u>(9,629)</u>	<u>(75,204)</u>

At 31 March 2023

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,487,658	265,947	2,753,605
Segment liabilities	(59,430)	(49,880)	(109,310)
Net assets	<u>2,428,228</u>	<u>216,067</u>	<u>2,644,295</u>
Other segment information: Depreciation and amortisation	<u>1,474</u>	<u>–</u>	<u>1,474</u>

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	<u>(1,847)</u>	<u>–</u>	<u>(1,847)</u>
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	<u>(29,140)</u>	<u>(4,690)</u>	<u>(33,830)</u>
Loss from operations	(32,454)	(5,127)	(37,581)
Finance costs	(26)	(2,253)	(2,279)
Share of results of associates	<u>(10,169)</u>	<u>–</u>	<u>(10,169)</u>
Loss before taxation	(42,649)	(7,380)	(50,029)
Taxation	<u>(4,313)</u>	<u>(741)</u>	<u>(5,054)</u>
Loss for the year	<u><u>(46,962)</u></u>	<u><u>(8,121)</u></u>	<u><u>(55,083)</u></u>

At 31 March 2022

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,504,388	332,005	2,836,393
Segment liabilities	<u>(54,499)</u>	<u>(55,085)</u>	<u>(109,584)</u>
Net assets	<u><u>2,449,889</u></u>	<u><u>276,920</u></u>	<u><u>2,726,809</u></u>
Other segment information:			
Depreciation and amortisation	<u><u>2,259</u></u>	<u><u>–</u></u>	<u><u>2,259</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\$51.9 million (2022: approximately HK\$57.1 million) are rental income of approximately HK\$3.5 million (2022: approximately HK\$4.3 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 2023 and 2022.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Management fee income	2,886	3,138
Late payment service charges from tenants	700	495
Exchange gains, net	520	2,035
Government subsidies (note)	343	–
Gain on early termination of a lease	–	10
Others	203	133
	<u>4,652</u>	<u>5,811</u>

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

6. LOSS FROM OPERATIONS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	25,104	25,552
Retirement benefits scheme contributions	219	249
	<u>25,323</u>	<u>25,801</u>
Total staff costs	25,323	25,801
Auditor's remuneration	441	441
Depreciation of property, plant and equipment	806	1,198
Depreciation of right-of-use assets	668	1,061
Exchange gains, net	(520)	(2,035)
Allowance for expected credit losses, net of reversal	1,740	4,586
Impairment loss on debt instruments at FVTOCI, net of reversal	10,022	8,705
Write off of trade and other receivables	605	–
Write off of other payables	(242)	–
and after crediting:		
Dividend income from investments	682	1,122
Gain on early termination of a lease	–	10
Government subsidies	343	–
Gross rental income from investment properties	51,876	57,128
Less:		
Direct operating expenses from investment properties that generated rental income	(723)	(734)
Direct operating expenses from investment properties that did not generate rental income	(1,535)	(1,113)
	<u>(1,535)</u>	<u>(1,113)</u>
Net rental income	<u>49,618</u>	<u>55,281</u>

7. FINANCE COSTS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings	1,133	2,253
Lease liabilities	15	26
	<u>1,148</u>	<u>2,279</u>

8. TAXATION

	2023 HK\$'000	2022 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	2,609	3,380
Under provision in prior years	14	14
Other jurisdiction		
Under provision in prior years	12	59
	<u>2,635</u>	3,453
Deferred taxation		
Charge for the year	1,647	1,601
	<u>4,282</u>	<u>5,054</u>

9. DIVIDENDS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interim, paid – HK0.5 cent (2022: HK1.2 cents) per share	1,386	3,327
Final, proposed – HK1.2 cents (2022: HK1.5 cents) per share	3,327	4,158
	<u>4,713</u>	<u>7,485</u>

The final dividend of HK1.2 cents (2022: HK1.5 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\$75,204,000 (2022: approximately HK\$55,083,000) and on 277,232,883 (2022: 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 2023 and 2022. Accordingly, diluted loss per share is the same as basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables – rental receivables	1,312	2,193
Less: Allowance for credit losses	<u>(203)</u>	<u>(492)</u>
	<u>1,109</u>	<u>1,701</u>
Other receivables		
Interest receivables	5,864	8,781
Utilities deposits	2,432	1,945
Prepayments	1,107	1,013
Management fee receivable from associates	710	658
Others (note (i))	<u>954</u>	<u>823</u>
	<u>11,067</u>	<u>13,220</u>
Less: Allowance for credit losses (note (ii))	<u>(2,280)</u>	<u>(5,036)</u>
	<u>8,787</u>	<u>8,184</u>
	<u>9,896</u>	<u>9,885</u>

Notes:

- (i) The balance included amounts due from associates of approximately HK\$306,000 (2022: HK\$306,000) as at 31 March 2023.
- (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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
31 – 60 days	796	1,696
61 – 90 days	52	5
Over 90 days	<u>261</u>	<u>–</u>
	<u>1,109</u>	<u>1,701</u>

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
31 – 60 days	796	1,696
61 – 90 days	52	5
Over 90 days	261	–
	<u>1,109</u>	<u>1,701</u>

The movements in allowance for expected credit losses during the years are set out below:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Balance at beginning of the year	492	879
(Decrease) increase in allowance recognised in consolidated statement of profit or loss	(289)	243
Amount written off as uncollectible	–	(630)
Balance at end of the year	<u>203</u>	<u>492</u>

During the year, the Group has written back expected credit losses of approximately HK\$289,000 (2022: made allowance of HK\$243,000) for the trade receivables.

Based on historical and forward looking information of the Group, 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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Contract liabilities – receipts in advance in relation to rental income (Note)	2,993	1,569
Other payables		
Accrued interests	94	45
Dividend payable	920	822
Accrued expenses	1,448	676
Others	1,201	3,210
	<u>6,656</u>	<u>6,322</u>

Note: The balance of receipts in advance in relation to rental income as at 1 April 2022 of approximately HK\$1,569,000 was recognised as revenue during the year.

DIVIDEND

The Board of Directors of the Company has resolved to recommend a final dividend of HK1.2 cents per share for the year ended 31 March 2023. Together with the interim dividend of HK0.5 cent per share that have already been paid, the total dividends for the year will amount to HK1.7 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, 23 August 2023, will be payable on Friday, 15 September 2023 to the shareholders on the Register of Members of the Company on Monday, 4 September 2023.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2023 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 18 August 2023 to Wednesday, 23 August 2023, 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 2023 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, 17 August 2023.

Subject to the approval of the shareholders at the 2023 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 4 September 2023. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 31 August 2023 to Monday, 4 September 2023, 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 Wednesday, 30 August 2023.

BUSINESS OUTLOOK

The global economy is still facing uncertainties and challenges even though it has been recovering gradually since early last year. In 2022, the rising interest rates and the Russia-Ukraine conflict continue to weigh on the global economic activities, and the growth is expected to slow down, especially for the leading economies. The central banks across the world hike interest rates significantly to curb inflation, but the inflation remains at a high level, and coupled with various other factors such as rising borrowing costs, persistent geopolitical tensions and conflicts, energy price fluctuations and the supply chain disruptions, the risk of a global economic recession is still lingering.

With the reopening of borders, the relaxation of control measures for the COVID-19 and the lifting of quarantine restrictions, inbound tourism has somewhat recovered, driving the local economy to rebound with expected optimism. We believe Hong Kong's retail industry has bottomed out and should return to its growth trajectory, which will likely drive business owners to rent more shops and upper retail floors, bring positive effects to the Group's rental income.

With adequate net cash balance on hand, the rising interest rates did not bring huge pressure to the Group's operating expenses. Adhering to the principle of financial prudence, the Group maintains a low level of liabilities while seeking continued income growth, striving to strike a balance between the business stability and income growth.

The challenges and opportunities will continue coexist in the coming year. In the context of economic uncertainty, the Group will adhere to the principle of financial prudence and continue to manage our operations in an optimistic manner.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue derived from the Group's investment in properties for the year was HK\$51.9 million (2022: HK\$57.1 million). This was 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 decreased by 3.4% to 84.9% (2022: 88.3%).

Treasury investments income

The Group's treasury investment income for the year consist of debt securities interest income of HK\$15.9 million (2022: HK\$28.1 million), and bank interest income of HK\$3.7 million. A significant decrease of debt securities investment income by HK\$12.2 million 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\$55.2 million at market value of HK\$51.7 million, a realised loss of HK\$3.5 million was recorded.

During the year, the Group also disposed most of its investments in equity securities at market value with a realised loss of HK\$6.3 million.

At year ended, there was an impairment loss on investments in debt securities (net of reversal) on hand of HK\$10.0 million.

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\$75.2 million (2022: HK\$55.1 million).

Increase in loss was primarily due to increase in the fair value loss on revaluation of investment properties and impairment loss on investments in debt securities as compared with last year.

The fair value loss on revaluation of investment properties at year end was HK\$79.6 million (2022: HK\$62.8 million). The loss was further increased as the Group recorded an impairment loss on investments in debt securities (net of reversal) of HK\$10.0 million.

Loss per share

Loss per share for the year ended 31 March 2023 was HK27.1 cents (2022: HK19.9 cents). The proposed final dividend of HK1.2 cents (2022: HK1.5 cents) per share will make a total distribution of interim and final dividend of HK1.7 cents (2022: HK2.7 cents) per share for the full year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2023, the Group's net current assets including pledged bank deposits and bank balances and cash of HK\$208.7 million (2022: HK\$155.1 million) amounted to HK\$231.3 million (2022: HK\$184.0 million), an increase of HK\$47.3 million from last year mainly due to decrease in investments in securities by HK\$43.2 million as compared with last year.

At 31 March 2023, the Group's banking facilities amounting to HK\$547.8 million (2022: HK\$550.7 million) were fully secured by its investment properties, pledged bank deposits and investment in debt securities with an aggregate fair value amounting to HK\$633.0 million (2022: HK\$660.7 million). At 31 March 2023, HK\$47.3 million (2022: HK\$50.2 million) was utilised.

At 31 March 2023, although the Group have bank borrowings of HK\$47.3 million (2022: HK\$50.2 million), the Group have a net cash balance on hand.

Of the total bank borrowings at 31 March 2023, HK\$2.8 million or 5.8% (2022: HK\$3.0 million or 6.0%) were repayable within one year. HK\$2.9 million or 6.0% (2022: HK\$3.1 million or 6.1%) were repayable after one year but within two years. HK\$9.1 million or 19.2% (2022: HK\$9.4 million or 18.8%) were repayable after two years but within five years. HK\$32.6 million or 69.0% (2022: HK\$34.7 million or 69.1%) were repayable after five years.

The Group's finance costs for the year ended 31 March 2023 was HK\$1.1 million (2022: HK\$2.3 million), a decrease by 52.2% as compared with last year. This was primarily due to a lower average carrying value of bank loan during the year.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group did not have any capital commitments.

SHAREHOLDERS' FUNDS

At 31 March 2023, the Group's shareholders' funds decreased to HK\$2,644.3 million (2022: HK\$2,726.8 million) was mainly due to a significant decrease in the fair value of Group's investment properties and impairment loss in debt securities at year end. The net asset value per share was HK\$9.5 (2022: HK\$9.8).

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 2023, the total number of staff of the Group was 16 (2022: 16). The total staff costs including Directors' remuneration amounted to HK\$25.3 million (2022: HK\$25.8 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 throughout the year ended 31 March 2023, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision C.2.1 of the Code. Provision C.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 2023 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, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 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, 21 June 2023

As at the date of this announcement, the Board of Directors of the Company comprises seven 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 and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Ms. CHEUNG Chong Wai, Janet.