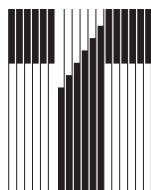


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## TERN PROPERTIES COMPANY LIMITED

### 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 2024

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$' 000</b>	2023 HK\$' 000
Turnover	3	<b>56,032</b>	51,876
Property expenses		<b>(4,923)</b>	(2,258)
Gross profit		<b>51,109</b>	49,618
Fair value loss on investment properties		<b>(54,437)</b>	(79,607)
Loss on derecognition of debt instruments at fair value through other comprehensive income		<b>(4,438)</b>	(3,498)
Loss on disposal of financial assets at fair value through profit or loss		–	(6,298)
Unrealised gain (loss) on revaluation of financial assets at fair value through profit or loss		<b>769</b>	(130)
Net reversal of (provision for) impairment loss on debt instruments at fair value through other comprehensive income		<b>15,525</b>	(10,022)
Allowance for expected credit losses, net of reversal		<b>(2,526)</b>	(1,740)
Dividend income		<b>8</b>	682
Interest income		<b>19,710</b>	19,565
Other income, gains and losses, net	5	<b>3,560</b>	4,652
Administrative expenses		<b>(37,220)</b>	(34,173)

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Loss from operations</b>	<i>6</i>	<b>(7,940)</b>	(60,951)
Finance costs	<i>7</i>	<b>(1,467)</b>	(1,148)
Share of results of associates		<b>3,778</b>	(8,823)
		<hr/>	<hr/>
<b>Loss before taxation</b>		<b>(5,629)</b>	(70,922)
Taxation	<i>8</i>	<b>(4,168)</b>	(4,282)
		<hr/>	<hr/>
<b>Loss for the year attributable to owners of the Company</b>		<b>(9,797)</b>	(75,204)
		<hr/>	<hr/>
<b>Other comprehensive (expense) income</b>			
<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		<b>(44,708)</b>	(10,407)
Release of cumulative gain or loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		<b>4,926</b>	(544)
Impairment loss on debt instruments at fair value through other comprehensive income		<b>1,586</b>	13,387
Reversal of impairment loss on debt instruments at fair value through other comprehensive income		<b>(17,111)</b>	(3,365)
Exchange differences arising on translation of foreign operations		<b>75</b>	(837)
		<hr/>	<hr/>
<b>Other comprehensive expense for the year, net of tax</b>		<b>(55,232)</b>	(1,766)
		<hr/>	<hr/>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(65,029)</b>	(76,970)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share</b>			
Basic and diluted	<i>10</i>	<b>(HK\$0.04)</b>	(HK\$0.27)
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$' 000	2023 HK\$' 000
<b>Non-current assets</b>			
Investment properties		2,029,390	2,083,782
Property, plant and equipment		1,362	819
Right-of-use assets		15,403	15,007
Interests in associates		258,594	256,547
Debt instruments at fair value through other comprehensive income		29,527	143,559
Financial assets at fair value through profit or loss		700	700
Deferred rental income		707	1,247
Deferred tax assets		150	130
		<u>2,335,833</u>	<u>2,501,791</u>
<b>Current assets</b>			
Trade and other receivables	11	9,752	9,896
Debt instruments at fair value through other comprehensive income redeemable within one year		34,151	29,367
Financial assets at fair value through profit or loss		9,255	1,797
Deferred rental income – current portion		1,107	407
Tax recoverable		505	1,622
Pledged bank deposits		4,170	37,685
Bank balances and cash		288,425	171,040
		<u>347,365</u>	<u>251,814</u>
<b>Current liabilities</b>			
Other payables and receipts in advance	12	5,473	6,656
Deposits received from tenants		9,811	10,590
Tax payable		1,389	194
Lease liabilities		578	331
Secured bank borrowings – due within one year		2,806	2,763
		<u>20,057</u>	<u>20,534</u>
<b>Net current assets</b>		<u>327,308</u>	<u>231,280</u>
<b>Total assets less current liabilities</b>		<u>2,663,141</u>	<u>2,733,071</u>

	2024 HK\$' 000	2023 HK\$' 000
<b>Non-current liabilities</b>		
Deposits received from tenants	10,300	9,595
Lease liabilities	372	35
Secured bank borrowings – due after one year	41,780	44,549
Deferred tax liabilities	35,582	34,597
	<u>88,034</u>	<u>88,776</u>
<b>Net assets</b>	<u>2,575,107</u>	<u>2,644,295</u>
<b>Capital and reserves</b>		
Share capital	229,386	229,386
Reserves	2,345,721	2,414,909
<b>Total equity</b>	<u>2,575,107</u>	<u>2,644,295</u>

## NOTES:

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

#### (a) General information

The financial information relating to the years ended 31 March 2024 and 2023 included in the annual results for the year ended 31 March 2024 does not constitute the Company's statutory annual consolidated financial statements for those years 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 2023 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 2024 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 stated 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")

#### New and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

## Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities to provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

### New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by the HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“the Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) to offset severance payments (“SP”) and long service payments (“LSP”) (“the Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (“the Transition Date”). The following key changes will take effect starting from the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“the Guidance”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of Hong Kong Accounting Standard 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 March 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is insignificant. Application of the guidance had no material effect on the consolidated financial statements of the Group.

### Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related Amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

- <sup>1</sup> Effective date to be determined.  
<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the above 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.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Property rental income	<b>56,032</b>	51,876

### 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 derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI"), unrealised gain (loss) on revaluation of financial assets at fair value through profit or loss ("FVTPL"), interest income from debt instruments and bank deposits and dividend income from equity securities.

## Segment information

For the year ended 31 March 2024

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	56,032	–	56,032
Property expenses	(4,923)	–	(4,923)
Net rental income	51,109	–	51,109
Fair value loss on investment properties	(54,437)	–	(54,437)
Loss on derecognition of debt instruments at FVTOCI	–	(4,438)	(4,438)
Unrealised gain on revaluation of financial assets at FVTPL	–	769	769
Net reversal of impairment loss on debt instruments at FVTOCI	–	15,525	15,525
Allowance for expected credit losses, net of reversal	(976)	(1,550)	(2,526)
Dividend income from equity securities	–	8	8
Interest income	9,267	10,443	19,710
Other income, gains and losses, net	6,385	(2,825)	3,560
Administrative expenses	(33,001)	(4,219)	(37,220)
(Loss) profit from operations	(21,653)	13,713	(7,940)
Finance costs	(14)	(1,453)	(1,467)
Share of results of associates	3,778	–	3,778
(Loss) profit before taxation	(17,889)	12,260	(5,629)
Taxation	(3,664)	(504)	(4,168)
(Loss) profit for the year	<u>(21,553)</u>	<u>11,756</u>	<u>(9,797)</u>
<b>At 31 March 2024</b>			
	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,524,372	158,826	2,683,198
Segment liabilities	(63,097)	(44,994)	(108,091)
Net assets	<u>2,461,275</u>	<u>113,832</u>	<u>2,575,107</u>
Other segment information:			
Depreciation and amortisation	<u>1,161</u>	<u>–</u>	<u>1,161</u>



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	<u>(2,258)</u>	<u>–</u>	<u>(2,258)</u>
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	<u>(30,071)</u>	<u>(4,102)</u>	<u>(34,173)</u>
Loss from operations	(52,759)	(8,192)	(60,951)
Finance costs	(15)	(1,133)	(1,148)
Share of results of associates	<u>(8,823)</u>	<u>–</u>	<u>(8,823)</u>
Loss before taxation	(61,597)	(9,325)	(70,922)
Taxation	<u>(3,978)</u>	<u>(304)</u>	<u>(4,282)</u>
Loss for the year	<u><u>(65,575)</u></u>	<u><u>(9,629)</u></u>	<u><u>(75,204)</u></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	<u>(59,430)</u>	<u>(49,880)</u>	<u>(109,310)</u>
Net assets	<u><u>2,428,228</u></u>	<u><u>216,067</u></u>	<u><u>2,644,295</u></u>
Other segment information:			
Depreciation and amortisation	<u><u>1,474</u></u>	<u><u>–</u></u>	<u><u>1,474</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\$56.0 million (2023: approximately HK\$51.9 million) are rental income of approximately HK\$3.6 million (2023: approximately HK\$3.5 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 2024 and 2023.

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Management fee income	3,951	2,886
Late payment service charges from tenants	526	700
Exchange (losses) gains, net	(2,424)	520
Gain on disposal of property, plant and equipment	175	–
Government subsidies	–	343
Write back of over-provision of professional fee in previous years	1,378	–
Others	(46)	203
	<u>3,560</u>	<u>4,652</u>

## 6. LOSS FROM OPERATIONS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	27,454	25,104
Retirement benefits scheme contributions	257	219
	<u>27,711</u>	<u>25,323</u>
Total staff costs	27,711	25,323
Auditor's remuneration	449	441
Depreciation of property, plant and equipment	465	806
Depreciation of right-of-use assets	696	668
Exchange losses (gains), net	2,424	(520)
Allowance for expected credit losses, net of reversal	2,526	1,740
(Net reversal of) provision for impairment loss on debt instruments at FVTOCI	(15,525)	10,022
Write-off of trade and other receivables	–	605
Write-off of other payables	–	(242)
and after crediting:		
Dividend income from investments	8	682
Gross rental income from investment properties	56,032	51,876
Less:		
Direct operating expenses from investment properties that generated rental income	(2,926)	(723)
Direct operating expenses from investment properties that did not generate rental income	(1,997)	(1,535)
	<u>(4,923)</u>	<u>(2,258)</u>
Net rental income	<u>51,109</u>	<u>49,618</u>

## 7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings	1,453	1,133
Lease liabilities	14	15
	<u>1,467</u>	<u>1,148</u>

## 8. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	3,131	2,609
Under provision in prior years	61	14
Other jurisdiction		
Under provision in prior years	11	12
	<u>3,203</u>	<u>2,635</u>
Deferred taxation		
Charge for the year	965	1,647
	<u>4,168</u>	<u>4,282</u>

## 9. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim, paid – HK0.3 cents (2023: HK0.5 cents) per share	832	1,386
Final, proposed – HK1.4 cents (2023: HK1.2 cents) per share	3,881	3,327
	<u>4,713</u>	<u>4,713</u>

The final dividend of HK1.4 cents (2023: HK1.2 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\$9,797,000 (2023: approximately HK\$75,204,000) and on 277,232,883 (2023: 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 2024 and 2023. Accordingly, diluted loss per share is the same as basic loss per share.

## 11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables – rental receivables	2,413	1,312
Less: Allowance for credit losses	<u>(263)</u>	<u>(203)</u>
	<u>2,150</u>	<u>1,109</u>
Other receivables		
Interest receivables	5,855	5,864
Utilities deposits	2,724	2,432
Prepayments	1,345	1,107
Management fee receivable from associates	993	710
Others (note (i))	<u>1,431</u>	<u>954</u>
	<u>12,348</u>	<u>11,067</u>
Less: Allowance for credit losses (note (ii))	<u>(4,746)</u>	<u>(2,280)</u>
	<u>7,602</u>	<u>8,787</u>
	<u>9,752</u>	<u>9,896</u>

### Notes:

- (i) As at 31 March 2024, the balance included amounts due from associates of approximately HK\$Nil (2023: HK\$306,000).
- (ii) The amount mainly represents an 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
31 – 60 days	1,381	796
61 – 90 days	–	52
Over 90 days	<u>769</u>	<u>261</u>
	<u>2,150</u>	<u>1,109</u>

An aging analysis of trade receivables which are past due but not impaired is as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
31 – 60 days	1,381	796
61 – 90 days	–	52
Over 90 days	<u>769</u>	<u>261</u>
	<u>2,150</u>	<u>1,109</u>

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

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Balance at beginning of the year	203	492
Increase (decrease) in allowance for credit losses recognised in profit or loss	<u>60</u>	<u>(289)</u>
Balance at end of the year	<u><b>263</b></u>	<u>203</u>

During the year, the Group has made an allowance of expected credit losses, net of reversal of approximately HK\$60,000 (2023: written back expected credit losses of HK\$289,000) 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

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Contract liabilities – receipts in advance in relation to rental income (Note)	2,324	2,993
Other payables		
Accrued interests	90	94
Dividend payable	883	920
Accrued expenses	641	1,448
Others	<u>1,535</u>	<u>1,201</u>
	<u><b>5,473</b></u>	<u>6,656</u>

*Note:* The balance of receipts in advance in relation to rental income as at 1 April 2023 of approximately HK\$2,993,000 was fully recognised as revenue during the year.

## **DIVIDEND**

The Board of Directors of the Company has resolved to recommend a final dividend of HK1.4 cents per share for the year ended 31 March 2024. Together with the interim dividend of HK0.3 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, 21 August 2024, will be payable on Friday, 13 September 2024 to the shareholders on the Register of Members of the Company on Tuesday, 3 September 2024.

## **CLOSURE OF REGISTER MEMBERS**

To ascertain the entitlement of the shareholders to attend and vote at the 2024 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 16 August 2024 to Wednesday, 21 August 2024, 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 2024 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, 15 August 2024.

Subject to the approval of the shareholders at the 2024 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 3 September 2024. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 30 August 2024 to Tuesday, 3 September 2024, 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 Thursday, 29 August 2024.

## **BUSINESS OUTLOOK**

Since the year of 2023, global financial markets began returning to pre-pandemic levels. However, the intensification of geopolitical tensions, international trade frictions, uncertainty of the interest rate hike cycle and the cautious monetary policies implemented by the major central banks have affected the overall pace of global economy recovery.

Over the past year, Hong Kong's economy has resumed with the full reopening of borders with Mainland China and other countries since the epidemic, which has led to the recovery of inbound tourism to certain extent. However, the recovery in Hong Kong was weaker than expected due to factors such as persistently high global interest rates and borrowing cost, unstable geopolitical situation, and the intensifying trend of Hong Kong residents travelling northward for consumption. Nevertheless, as the macroeconomic fundamentals of Hong Kong remain solid and have known to be resilient, the Group remains cautiously optimistic of Hong Kong market.

The Group holds adequate net cash balances and deposits on hand, with very low level of liabilities, the deposit and investment income have provided to the Group with steady income and liquidity, mitigating the impact of potential economic slowdown from the decline in rental income. The Group maintains a consistent and prudent financial management principle, emphasizing the importance of laying a solid foundation, understanding customer needs, adhering to sustainable development while managing costs.

In the coming period, there will be new growth of economic opportunities and challenges. The Group will continue to 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\$56.0 million (2023: HK\$51.9 million). The increase in revenue was primarily driven by gradually improved business sentiment following the reopening of borders and the return of tourists in early of 2023, therefore, it resulted in slightly increase in revenue.

#### ***Treasury investments income***

The Group's treasury investment income for the year consists of debt securities interest income of HK\$7.9 million (2023: HK\$15.9 million) and bank interest income of HK\$11.8 million (2023: HK\$3.7 million). A significant increase in bank interest income by HK\$8.1 million was primarily due to a higher bank time deposit rate during the year.

During the year, the Group disposed certain of its investments in debt securities which acquired at total cost of HK\$67.5 million, with the disposal value of HK\$63.1 million, a realised loss of HK\$4.4 million was recorded.

During the year, the Group did not dispose of any of its investments in equity securities.

At year ended 31 March 2024, there was a reversal of impairment loss on debt instruments at fair value through other comprehensive income of HK\$15.5 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\$9.8 million (2023: HK\$75.2 million).

Decrease in loss was primarily due to decrease in the fair value loss on investment properties. The fair value loss on revaluation of investment properties for the year was HK\$54.4 million (2023: HK\$79.6 million). The loss was further decreased as the Group recorded net reversal of impairment loss on debt instruments at fair value through other comprehensive income of HK\$15.5 million (2023: an impairment loss of HK\$10.0 million).

### ***Loss per share***

Loss per share for the year ended 31 March 2024 was HK4.0 cents (2023: HK27.1 cents). The proposed final dividend of HK1.4 cents (2023: HK1.2 cents) per share will make a total distribution of interim and final dividend of HK1.7 cents (2023: HK1.7 cents) per share for the full year.

### ***Liquidity, Bank Borrowings and Finance Costs***

At 31 March 2024, the Group's net current assets including pledged bank deposits, bank balances and cash of HK\$292.6 million (2023: HK\$208.7 million), an increase of HK\$83.9 million from last year was mainly due to decrease in investments in securities during the year.

At 31 March 2024, the Group's banking facilities amounting to HK\$45.1 million (2023: HK\$547.8 million) were secured by its investment properties, pledged bank deposits and investment in debt securities and financial assets at fair value through profit or loss with an aggregate fair value amounting to HK\$311.3 million (2023: HK\$633.0 million). At 31 March 2024, HK\$44.6 million (2023: HK\$47.3 million) was utilised.

At 31 March 2024, although the Group have bank borrowings of HK\$44.6 million (2023: HK\$47.3 million), the Group have significant net cash balance on hand.

Of the total bank borrowings at 31 March 2024, HK\$2.8 million or 6.3% (2023: HK\$2.8 million or 5.8%) were repayable within one year. HK\$2.9 million or 6.5% (2023: HK\$2.9 million or 6.0%) were repayable after one year but within two years. HK\$9.3 million or 20.8% (2023: HK\$9.1 million or 19.2%) were repayable after two years but within five years. HK\$29.6 million or 66.4% (2023: HK\$32.6 million or 69.0%) were repayable after five years.

The Group's finance costs for the year ended 31 March 2024 was HK\$1.5 million (2023: HK\$1.1 million), an increase by 36.4% as compared with last year. This was primarily due to the increase in interest rate of bank loan during the year.

### **CAPITAL COMMITMENTS**

As at 31 March 2024, the Group did not have any capital commitments.

### **SHAREHOLDERS' FUNDS**

At 31 March 2024, the Group's shareholders' funds decreased to HK\$2,575.1 million (2023: HK\$2,644.3 million) was mainly due to a significant decrease in the fair value of Group's investment properties. The net asset value per share was HK\$9.3 (2023: HK\$9.5).



## **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 2024, the total number of staff of the Group was 16 (2023: 16). The total staff costs including Directors' remuneration amounted to HK\$27.7 million (2023: HK\$25.3 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2024, 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 2024 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 2024 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, 19 June 2024

*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.*