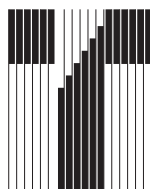


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TERN PROPERTIES COMPANY LIMITED

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 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Turnover	3	50,397	56,032
Property expenses		(5,232)	(4,923)
Gross profit		45,165	51,109
Fair value loss on investment properties		(91,139)	(54,437)
Loss on derecognition of debt instruments at fair value through other comprehensive income		(79)	(4,438)
Gain on disposal of financial assets at fair value through profit or loss		42	—
Unrealised gain on revaluation of financial assets at fair value through profit or loss		15,400	769
(Provision for) net reversal of impairment loss on debt instruments at fair value through other comprehensive income		(946)	15,525
Allowance for expected credit losses, net of reversal		(1,896)	(2,526)
Dividend income		3,322	8
Interest income		16,185	19,710
Other income, gains and losses, net	5	3,561	3,560
Administrative expenses		(34,991)	(37,220)

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss from operations	6	(45,376)	(7,940)
Finance costs	7	(1,296)	(1,467)
Share of results of associates		(2,486)	3,778
Loss before taxation		(49,158)	(5,629)
Taxation	8	(5,301)	(4,168)
Loss for the year attributable to owners of the Company		(54,459)	(9,797)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain (loss) arising on revaluation of debt instruments at fair value through other comprehensive income		1,739	(44,708)
Release of cumulative gain or loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		4,979	4,926
Impairment loss on debt instruments at fair value through other comprehensive income		980	1,586
Reversal of impairment loss on debt instruments at fair value through other comprehensive income		(34)	(17,111)
Exchange differences arising on translation of foreign operations		(627)	75
Other comprehensive income (expense) for the year, net of tax		7,037	(55,232)
Total comprehensive expense for the year attributable to owners of the Company		(47,422)	(65,029)
Loss per share			
Basic and diluted	10	(HK\$0.20)	(HK\$0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties		1,937,917	2,029,390
Property, plant and equipment		971	1,362
Right-of-use assets		14,808	15,403
Interests in associates		254,380	258,594
Debt instruments at fair value through other comprehensive income		29,478	29,527
Financial assets at fair value through profit or loss		700	700
Deferred rental income		478	707
Deferred tax assets		168	150
		2,238,900	2,335,833
Current assets			
Trade and other receivables	<i>11</i>	11,434	9,752
Debt instruments at fair value through other comprehensive income		3,505	34,151
Financial assets at fair value through profit or loss		94,925	9,255
Deferred rental income – current portion		1,248	1,107
Tax recoverable		1,066	505
Pledged bank deposits		–	4,170
Bank balances and cash		276,942	288,425
		389,120	347,365
Current liabilities			
Other payables and receipts in advance	<i>12</i>	5,859	5,473
Deposits received from tenants		11,296	9,811
Tax payable		2,468	1,389
Lease liabilities		416	578
Secured bank borrowings – due within one year		3,002	2,806
		23,041	20,057
Net current assets		366,079	327,308
Total assets less current liabilities		2,604,979	2,663,141

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities		
Deposits received from tenants	7,507	10,300
Lease liabilities	34	372
Secured bank borrowings – due after one year	38,727	41,780
Deferred tax liabilities	35,739	35,582
	<u>82,007</u>	<u>88,034</u>
Net assets	<u><u>2,522,972</u></u>	<u><u>2,575,107</u></u>
Capital and reserves		
Share capital	229,386	229,386
Reserves	2,293,586	2,345,721
Total equity	<u><u>2,522,972</u></u>	<u><u>2,575,107</u></u>

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

The financial information relating to the years ended 31 March 2025 and 2024 included in the annual results for the year ended 31 March 2025 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 follow:

The Company has delivered the consolidated financial statements for the year ended 31 March 2024 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 2025 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

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 2024 and 2025, 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 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

- ¹ Effective date to be determined.
- ² Effective for annual periods beginning on or after 1 January 2025.
- ³ Effective for annual periods beginning on or after 1 January 2026.
- ⁴ Effective for annual periods beginning on or after 1 January 2027.

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.

	2025 HK\$'000	2024 HK\$'000
Property rental income	<u>50,397</u>	<u>56,032</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 on derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI"), gain on disposal of financial assets at fair value through profit or loss ("FVTPL"), 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 2025

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	50,397	–	50,397
Property expenses	(5,232)	–	(5,232)
Net rental income	45,165	–	45,165
Fair value loss on investment properties	(91,139)	–	(91,139)
Loss on derecognition of debt instruments at FVTOCI	–	(79)	(79)
Gain on disposal of financial assets at FVTPL	–	42	42
Unrealised gain on revaluation of financial assets at FVTPL	–	15,400	15,400
Provision for impairment loss on debt instruments at FVTOCI, net of reversal	–	(946)	(946)
Allowance for expected credit losses, net of reversal	(1,896)	–	(1,896)
Dividend income from equity securities	–	3,322	3,322
Interest income	6,701	9,484	16,185
Other income, gains and losses, net	4,342	(781)	3,561
Administrative expenses	(30,916)	(4,075)	(34,991)
(Loss) profit from operations	(67,743)	22,367	(45,376)
Finance costs	(22)	(1,274)	(1,296)
Share of results of associates	(2,486)	–	(2,486)
(Loss) profit before taxation	(70,251)	21,093	(49,158)
Taxation	(2,472)	(2,829)	(5,301)
(Loss) profit for the year	<u>(72,723)</u>	<u>18,264</u>	<u>(54,459)</u>

At 31 March 2025

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,364,871	263,149	2,628,020
Segment liabilities	(60,871)	(44,177)	(105,048)
Net assets	<u>2,304,000</u>	<u>218,972</u>	<u>2,522,972</u>
Other segment information: Depreciation and amortisation	<u>1,075</u>	<u>–</u>	<u>1,075</u>

For the year ended 31 March 2024

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
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>

At 31 March 2024

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
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>

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\$50.4 million (2024: approximately HK\$56.0 million) are rental income of approximately HK\$3.2 million (2024: approximately HK\$3.6 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 2025 and 2024.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Management fee income	4,017	3,951
Late payment service charges from tenants	696	526
Exchange losses, net	(1,338)	(2,424)
Gain on disposal of property, plant and equipment	–	175
Write back of over-provision of professional fee in previous years	–	1,378
Others	186	(46)
	<u>3,561</u>	<u>3,560</u>

6. LOSS FROM OPERATIONS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	25,671	27,454
Retirement benefits scheme contributions	258	257
	<u>25,929</u>	<u>27,711</u>
Total staff costs	25,929	27,711
Auditor's remuneration	449	449
Depreciation of property, plant and equipment	391	465
Depreciation of right-of-use assets	684	696
Exchange losses, net	1,338	2,424
Allowance for expected credit losses, net of reversal	1,896	2,526
Provision for (net reversal of) impairment loss on debt instruments at FVTOCI	946	(15,525)
Write-off of trade and other receivables	22	–
and after crediting:		
Dividend income from investments	3,322	8
Gross rental income from investment properties	50,397	56,032
Less:		
Direct operating expenses from investment properties that generated rental income	(2,181)	(2,926)
Direct operating expenses from investment properties that did not generate rental income	(3,051)	(1,997)
	<u>(3,051)</u>	<u>(1,997)</u>
Net rental income	<u>45,165</u>	<u>51,109</u>

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on:		
Bank borrowings	1,274	1,453
Lease liabilities	22	14
	<u>1,296</u>	<u>1,467</u>

8. TAXATION

	2025 HK\$'000	2024 HK\$'000
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	4,933	3,131
Under provision in prior years	219	61
Other jurisdiction		
Under provision in prior years	<u>10</u>	<u>11</u>
	5,162	3,203
Deferred taxation		
Charge for the year	143	965
Over provision in prior years	<u>(4)</u>	<u>–</u>
	<u>5,301</u>	<u>4,168</u>

9. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Interim, paid – HK0.3 cent (2024: HK0.3 cent) per share	832	832
Final, proposed – HK1.4 cents (2024: HK1.4 cents) per share	<u>3,881</u>	<u>3,881</u>
	<u>4,713</u>	<u>4,713</u>

The final dividend of HK1.4 cents (2024: HK1.4 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\$54,459,000 (2024: approximately HK\$9,797,000) and on 277,232,883 (2024: 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 2025 and 2024. Accordingly, diluted loss per share is the same as basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables – rental receivables	4,166	2,413
Less: Allowance for credit losses	(1,138)	(263)
	<u>3,028</u>	<u>2,150</u>
Other receivables		
Interest receivables	7,052	5,855
Utilities deposits	2,139	2,724
Prepayments	1,563	1,345
Management fee receivable from associates	958	993
Others	2,146	1,431
	<u>13,858</u>	<u>12,348</u>
Less: Allowance for credit losses (note (i))	(5,452)	(4,746)
	<u>8,406</u>	<u>7,602</u>
	<u><u>11,434</u></u>	<u><u>9,752</u></u>

Notes:

- (i) The amount mainly included 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.

	2025 HK\$'000	2024 HK\$'000
31 – 60 days	687	1,381
61 – 90 days	318	–
Over 90 days	2,023	769
	<u>3,028</u>	<u>2,150</u>

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
31 – 60 days	687	1,381
61 – 90 days	318	–
Over 90 days	2,023	769
	<u>3,028</u>	<u>2,150</u>

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
Balance at beginning of the year	263	203
Increase in allowance for credit losses recognised in profit or loss	993	60
Amount written off as uncollectible	(118)	–
	<u>1,138</u>	<u>263</u>

During the year, the Group has made an allowance of expected credit losses, net of reversal of approximately HK\$993,000 (2024: HK\$60,000) for the trade receivables.

12. OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2025 HK\$'000	2024 <i>HK\$'000</i>
Contract liabilities – receipts in advance in relation to rental income (Note)	3,002	2,324
Other payables		
Accrued interests	63	90
Dividend payable	913	883
Accrued expenses	702	641
Others	1,179	1,535
	<u>5,859</u>	<u>5,473</u>

Note: The balance of receipts in advance in relation to rental income as at 1 April 2024 of approximately HK\$2,324,000 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 2025. 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 (“**2025 Annual General Meeting**”) to be held on Wednesday, 20 August 2025, will be payable on Friday, 12 September 2025 to the shareholders on the Register of Members of the Company on Tuesday, 2 September 2025.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2025 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 15 August 2025 to Wednesday, 20 August 2025, 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 2025 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, 14 August 2025.

Subject to the approval of the shareholders at the 2025 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 2025. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 29 August 2025 to Tuesday, 2 September 2025, 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, 28 August 2025.

BUSINESS OUTLOOK

Since 2024, world economic growth continues on a delicate path of volatility with trade tensions, inflation and global tensions, continue to cast a shadow on the economic outlook. As such, the global economic outlook remains highly volatile and is likely to continue to impede global growth and business activities.

Whilst the Hong Kong economy has been showing signs of recovery, the progress is still lagging behind expectations. Hong Kong’s office and retail leasing sector continues with its challenges stemming from weak demand and oversupply of new office spaces. The ongoing economic uncertainty, trade tariffs under the Trump administration, inflation, high borrowing cost, unstable geopolitical situation have considerably dampened the real estate performance. Consequently, businesses are exhibiting heightened uncertainty and are more cautious to expand their business. In addition, the impact of Hong Kong residents’ northbound visits to the Greater Bay Area on weekends and holidays has led to changes in shopping patterns in Hong Kong. All these factors have resulted in a decline in rental income and property values across all retail shops and commercial buildings segments in Hong Kong.

Nevertheless, we have seen supportive measures from the China and Hong Kong governments such as promoting Hong Kong as “the premier hub for mega events”, expanding the Individual Visit Scheme to various cities in China, and enhancing the duty-free allowances for Mainland tourists in mid of 2024. These measures are aimed at boosting market confidence and driving business expansion in Hong Kong which will provide support and resilience to the local economy. The Group remains cautiously optimistic about the Hong Kong market in the long term.

Given the volatile economic situation, the Group is taking cautious approach to mitigate these challenges by prioritising cost control and sustainable development. The Group holds adequate net cash balances and deposits on hand with a very low debt level. The investment income has provided the Group with steady income and liquidity, mitigating the impact of potential economic slowdown on declining rental income. We shall continue to enhance productivity and efficiency along with prudent financial management while keeping an eye on future opportunities.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue derived from the Group’s investment in properties for the year was HK\$50.4 million (2024: HK\$56.0 million). The decrease in revenue was primarily due to the declining in rental income upon lease renewal and slightly increase in vacancy rate of the Group’s properties during the year.

Treasury investments income

The Group’s treasury investment income for the year consists of debt securities interest income of HK\$4.1 million (2024: HK\$7.9 million), share dividend income of HK\$3.3 million (2024: HK\$0.01 million) and bank interest income of HK\$12.1 million (2024: HK\$11.8 million) which are about the same level compared to last year.

An unrealized gain on revaluation of financial assets at fair value through profit or loss of HK\$15.4 million (2024: HK\$0.1 million) on listed equity securities was recorded during the year.

There was an impairment loss on debt instruments at fair value through other comprehensive income of HK\$0.9 million (2024: a net reversal of impairment loss of HK\$15.5 million) was recorded during the year. The fair value loss are mainly derived from debt securities being bought in previous periods.

During the year, the Group disposed certain of its investments in debt securities with a realised loss of HK\$0.1 million (2024: HK\$4.4 million) was recorded.

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

Loss attributable to the owners of the Company

The loss attributable to the owners of the Company for the year was HK\$54.5 million (2024: HK\$9.8 million).

- A significant decrease in fair value of investment properties upon revaluation at year end. Decrease in fair value of investment properties of HK\$91.1 million (2024: HK\$54.4 million) was reported during the year.
- A decrease in rental income of the Group to HK\$50.4 million during the year (2024: HK\$56.0 million) as compared with last year
- A significant change of impairment loss on debt instruments at fair value through other comprehensive income from a net reversal of impairment loss of HK\$15.5 million in last year to an impairment loss of HK\$1.0 million during the year.

Loss per share

Loss per share for the year ended 31 March 2025 was HK19.6 cents (2024: HK4.0 cents). The proposed final dividend of HK1.4 cents (2024: HK1.4 cents) per share will make a total distribution of interim and final dividend of HK1.7 cents (2024: HK1.7 cents) per share for the full year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2025, the Group's net current assets including pledged bank deposits, bank balances and cash of HK\$276.9 million (2024: HK\$292.6 million), a decrease of HK\$15.7 million from last year was mainly due to increase in investments in equity securities during the year.

At 31 March 2025, the Group's banking facilities amounting to HK\$42.2 million (2024: HK\$45.1 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\$261.4 million (2024: HK\$311.3 million). At 31 March 2025, HK\$41.7 million (2024: HK\$44.6 million) was utilised.

At 31 March 2025, although the Group have bank borrowings of HK\$41.7 million (2024: HK\$44.6 million), the Group have significant net cash balance on hand.

Of the total bank borrowings at 31 March 2025, HK\$3.0 million or 7.2% (2024: HK\$2.8 million or 6.3%) were repayable within one year. HK\$3.1 million or 7.4% (2024: HK\$2.9 million or 6.5%) were repayable after one year but within two years. HK\$9.7 million or 23.3% (2024: HK\$9.3 million or 20.8%) were repayable after two years but within five years. HK\$25.9 million or 62.1% (2024: HK\$29.6 million or 66.4%) were repayable after five years.

The Group's finance costs for the year ended 31 March 2025 was HK\$1.3 million (2024: HK\$1.5 million), a decrease by 11.6% as compared with last year. This was primarily due to the decrease in principal amount of bank loan during the year.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any capital commitments.

SHAREHOLDERS' FUNDS

At 31 March 2025, the Group's shareholders' funds decreased to HK\$2,523.0 million (2024: HK\$2,575.1 million) was mainly due to decrease in the fair value of the Group's investment properties. The net asset value per share was HK\$9.1 (2024: HK\$9.3).

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 2025, the total number of staff of the Group was 18 (2024: 16). The total staff costs including Directors' remuneration amounted to HK\$25.9 million (2024: HK\$27.7 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2025, 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. Ms. Chan Yan Wai, Emily and Mr. Chan Yan Lam, Alan are the Joint Chairmen of the Board and Co-Managing Directors of the Company. Ms. Chan Yan Wai, Emily and Mr. Chan Yan Lam, Alan have been performing the duties of both the chairman and the chief executive. 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 2025 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 2025 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 Yan Wai, Emily
Chan Yan Lam, Alan
Joint Chairmen

Hong Kong, 18 June 2025

As at the date of this announcement, the Board of Directors of the Company comprises six Directors, of which three are Executive Directors, namely Ms. CHAN Yan Wai, Emily, Mr. CHAN Yan Tin, Andrew 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.