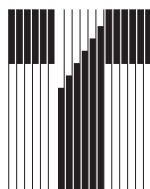


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

The Board of Directors of Tern Properties Company Limited (the “Company”) announces that the unaudited condensed consolidated financial results for the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2025, together with the comparative figures for the corresponding period in the previous year are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

		Six months ended	
		30 September	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	4	24,007	26,418
Property expenses		(2,569)	(2,720)
Gross profit		21,438	23,698
Fair value loss on investment properties		(1,930)	(71,660)
(Loss) gain on derecognition of debt instruments at fair value through other comprehensive income		(14,358)	5
Realised gain on derecognition of financial assets at fair value through profit or loss		716	—
Unrealised gain on revaluation of financial assets at fair value through profit or loss		15,738	1,899
Net reversal of impairment loss on debt instruments at fair value through other comprehensive income		543	155
Allowance for expected credit losses, net of reversal		(1,246)	(1,037)
Dividend income		4,285	2,545
Interest income		6,554	8,913
Other income, gains and losses, net		2,590	234
Administrative expenses		(18,849)	(16,640)

		Six months ended 30 September	
		2025	2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit (loss) from operations	5	15,481	(51,888)
Finance costs	6	(486)	(712)
Share of results of associates	13	1,422	(1,460)
Profit (loss) before taxation		16,417	(54,060)
Taxation	7	(1,805)	(1,698)
Profit (loss) for the period attributable to owners of the Company		14,612	(55,758)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Net (loss) gain arising on revaluation of debt instruments at fair value through other comprehensive income		(3,164)	5,918
Release of cumulative (gain) loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		12,553	(19)
Impairment loss on debt instruments at fair value through other comprehensive income		232	482
Reversal of impairment loss on debt instruments at fair value through other comprehensive income		(775)	(637)
Exchange differences arising on translation of foreign operations		497	(53)
Other comprehensive income for the period, net of tax		9,343	5,691
Total comprehensive income (expense) for the period attributable to owners of the Company		23,955	(50,067)
Earnings (loss) per share			
Basic and diluted	9	HK5.27 cents	HK(20.11) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2025

		30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
	Notes		
Non-current assets			
Investment properties	10	1,936,468	1,937,917
Property, plant and equipment	11	762	971
Right-of-use assets	12	14,466	14,808
Interests in associates	13	254,903	254,380
Debt instruments at fair value through other comprehensive income	14	23,499	29,478
Financial assets at fair value through profit or loss	14	700	700
Deferred rental income		598	478
Deferred tax assets		168	168
		<u>2,231,564</u>	<u>2,238,900</u>
Current assets			
Trade and other receivables	15	13,922	11,434
Debt instruments at fair value through other comprehensive income	14	3,532	3,505
Financial assets at fair value through profit or loss	14	112,092	94,925
Deferred rental income – current portion		1,163	1,248
Tax recoverable		704	1,066
Bank balances and cash		286,257	276,942
		<u>417,670</u>	<u>389,120</u>
Current liabilities			
Other payables and receipts in advance		5,883	5,859
Deposits received from tenants		10,074	11,296
Tax payable		3,896	2,468
Lease liabilities	16	138	416
Secured bank borrowings – due within one year	17	3,040	3,002
		<u>23,031</u>	<u>23,041</u>
Net current assets		<u>394,639</u>	<u>366,079</u>
Total assets less current liabilities		<u>2,626,203</u>	<u>2,604,979</u>

		30 September 2025	31 March 2025
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Deposits received from tenants		10,229	7,507
Lease liabilities	<i>16</i>	11	34
Secured bank borrowings – due after one year	<i>17</i>	37,178	38,727
Deferred tax liabilities		35,739	35,739
		83,157	82,007
Net assets		2,543,046	2,522,972
Capital and reserves			
Share capital	<i>18</i>	229,386	229,386
Reserves		2,313,660	2,293,586
Total equity		2,543,046	2,522,972

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2025

	Share capital HK\$'000	Exchange reserve HK\$'000	Fair value through other comprehensive income ("FVTOCI") reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2025 (Audited)	229,386	(341)	(141,938)	3,881	2,431,984	2,522,972
Profit for the period	-	-	-	-	14,612	14,612
Other comprehensive income (expense):						
Net loss arising on revaluation of debt instruments at FVTOCI	-	-	(3,164)	-	-	(3,164)
Release of cumulative (gain) loss on fair value change on derecognition of debt instruments at FVTOCI	-	-	12,553	-	-	12,553
Impairment loss on debt instruments at FVTOCI included in profit and loss	-	-	232	-	-	232
Reversal of impairment loss on debt instruments at FVTOCI	-	-	(775)	-	-	(775)
Exchange differences arising on translation of foreign operations	-	497	-	-	-	497
Total comprehensive income for the period	-	497	8,846	-	14,612	23,955
Dividends declared (note 8)	-	-	-	832	(832)	-
Dividends paid	-	-	-	(3,881)	-	(3,881)
At 30 September 2025 (Unaudited)	229,386	156	(133,092)	832	2,445,764	2,543,046
At 1 April 2024 (Audited)	229,386	286	(149,602)	3,881	2,491,156	2,575,107
Loss for the period	-	-	-	-	(55,758)	(55,758)
Other comprehensive income (expense):						
Net gain arising on revaluation of debt instruments at FVTOCI	-	-	5,918	-	-	5,918
Release of cumulative (gain) loss on fair value change on derecognition of debt instruments at FVTOCI	-	-	(19)	-	-	(19)
Impairment loss on debt instruments at FVTOCI included in profit and loss	-	-	482	-	-	482
Reversal of impairment loss on debt instruments at FVTOCI	-	-	(637)	-	-	(637)
Exchange differences arising on translation of foreign operations	-	(53)	-	-	-	(53)
Total comprehensive expense for the period	-	(53)	5,744	-	(55,758)	(50,067)
Dividends declared (note 8)	-	-	-	832	(832)	-
Dividends paid	-	-	-	(3,881)	-	(3,881)
At 30 September 2024 (Unaudited)	229,386	233	(143,858)	832	2,434,566	2,521,159

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company is 26th Floor, Tern Centre, Tower I, 237 Queen’s Road Central, Hong Kong.

The Company continues to act as an investment holding company. Its subsidiaries (together with the Company are collectively referred to as the “Group”) and associates are principally engaged in property investment and securities investment.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The condensed consolidated financial statements for the six months ended 30 September 2025 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 (“HKAS 34”), “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The financial information relating to the year ended 31 March 2025 that is included in the Interim Report 2025 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those 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 financial statements for the year ended 31 March 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those 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 report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values.

The condensed consolidated financial statements for the six months ended 30 September 2025 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 March 2025.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2025.

The preparation of the condensed consolidated financial statements in conformity with HKFRS Accounting Standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The condensed consolidated financial statements for the six months ended 30 September 2025 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

During the Reporting Period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Accounting Standards and the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards has no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the Interim Financial Information.

3. 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 (comprising 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 realised gain on derecognition of financial assets at FVTPL, unrealised gain on revaluation of financial assets at FVTPL, (loss) gain on derecognition of debt instruments at FVTOCI, interest income from debt instruments and dividend income from equity securities.

Business information

For the six months ended 30 September 2025

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Turnover	24,007	–	24,007
Property expenses	(2,569)	–	(2,569)
Gross profit	21,438	–	21,438
Fair value loss on investment properties	(1,930)	–	(1,930)
Loss on derecognition of debt instruments at FVTOCI	–	(14,358)	(14,358)
Realised gain on derecognition of financial assets at FVTPL	–	716	716
Unrealised gain on revaluation of financial assets at FVTPL	–	15,738	15,738
Net reversal of impairment loss on debt instruments at FVTOCI	–	543	543
Allowance for expected credit loss, net of reversal	(1,246)	–	(1,246)
Dividend income from equity securities	–	4,285	4,285
Interest income	2,709	3,845	6,554
Other income, gains and losses, net	2,489	101	2,590
Administrative expenses	(18,422)	(427)	(18,849)

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Profit from operations	5,038	10,443	15,481
Finance costs	(5)	(481)	(486)
Share of results of associates	1,422	–	1,422
Profit before taxation	6,455	9,962	16,417
Taxation	(1,285)	(520)	(1,805)
Profit for the period	<u>5,170</u>	<u>9,442</u>	<u>14,612</u>

At 30 September 2025

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	2,337,134	312,100	2,649,234
Segment liabilities	(62,992)	(43,196)	(106,188)
Net assets	<u>2,274,142</u>	<u>268,904</u>	<u>2,543,046</u>

Other segment information:

Depreciation and amortisation	<u>551</u>	<u>–</u>	<u>551</u>
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For the six months ended 30 September 2024

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Turnover	26,418	–	26,418
Property expenses	(2,720)	–	(2,720)
Gross profit	23,698	–	23,698
Fair value loss on investment properties	(71,660)	–	(71,660)
Gain on derecognition of debt instruments at FVTOCI	–	5	5
Unrealised gain on revaluation of financial assets at FVTPL	–	1,899	1,899
Net reversal of impairment loss on debt instruments at FVTOCI	–	155	155
Allowance for expected credit loss, net of reversal	(1,037)	–	(1,037)
Dividend income from equity securities	–	2,545	2,545
Interest income	4,270	4,643	8,913
Other income, gains and losses, net	1,258	(1,024)	234
Administrative expenses	(14,662)	(1,978)	(16,640)

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
(Loss) profit from operations	(58,133)	6,245	(51,888)
Finance costs	(13)	(699)	(712)
Share of results of associates	(1,460)	–	(1,460)
	<u>(59,606)</u>	<u>5,546</u>	<u>(54,060)</u>
(Loss) profit before taxation	(59,606)	5,546	(54,060)
Taxation	(1,336)	(362)	(1,698)
	<u>(60,942)</u>	<u>5,184</u>	<u>(55,758)</u>

At 31 March 2025

	Property investment <i>HK\$'000</i> (Audited)	Treasury investment <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets	2,364,871	263,149	2,628,020
Segment liabilities	(60,871)	(44,177)	(105,048)
	<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>
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Geographical information

Over 90% of the 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 turnover arising from rental income of approximately HK\$24.0 million (six months ended 30 September 2024: approximately HK\$26.4 million) are rental income of approximately HK\$1.8 million (six months ended 30 September 2024: approximately HK\$1.7 million) attributable to the Group's largest tenant. No other single customer contributed 10% or more to the Group's turnover for the periods ended 30 September 2025 and 2024.

4. TURNOVER

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

5. PROFIT (LOSS) FROM OPERATIONS

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) from operations has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)	10,421	12,238
Retirement benefits scheme contributions	139	126
Total staff costs	10,560	12,364
Auditor's remuneration	100	225
Depreciation of property, plant and equipment	209	203
Depreciation of right-of-use assets	342	342
Allowance for expected credit losses, net of reversal	1,246	1,037
Net reversal of impairment loss on debt instruments at FVTOCI	(543)	(155)
Exchange (gain)/loss, net	(28)	2,050
Loss (gain) on derecognition of debt instruments at FVTOCI	14,358	(5)
Realised gain on derecognition of financial assets at FVTPL	(716)	–
Unrealised gain on revaluation of financial assets at FVTPL	(15,738)	(1,899)
Dividend income from equity securities	(4,285)	(2,545)
Gross rental income from investment properties	(24,007)	(26,418)
Less:		
Direct operating expenses from investment properties that generated rental income	1,037	1,302
Direct operating expenses from investment properties that did not generate rental income	1,532	1,418
Net rental income	(21,438)	(23,698)

6. FINANCE COSTS

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	481	699
Interest expense on lease liabilities	5	13
	486	712

7. TAXATION

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current period	1,805	1,630
	1,805	1,630
Deferred taxation		
Current period	–	68
	1,805	1,698

Hong Kong Profits Tax is calculated at 8.25% and 16.5% (2024: 16.5%) of the estimated assessable profits for the period.

8. INTERIM DIVIDENDS

For the financial year ended 31 March 2025, final dividend of HK1.4 cents (2024: HK1.4 cents) per share was paid to the shareholders of the Company on 12 September 2025.

For the six months ended 30 September 2025, the Board of Directors has declared an interim dividend of HK0.3 cent (six months ended 30 September 2024: an interim dividend of HK0.3 cent) per share amounting to approximately HK\$832,000 (six months ended 30 September 2024: approximately HK\$832,000) payable to the shareholders of the Company.

9. EARNINGS (LOSS) PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$14,612,000 (six months ended 30 September 2024: loss for the period attributable to owners of the Company of approximately HK\$55,758,000) and on outstanding number of 277,232,883 ordinary shares in issue during both periods.

Diluted earnings (loss) per share is the same as basic earnings (loss) per share for both periods as the Company had no dilutive potential ordinary shares outstanding in both periods.

10. INVESTMENT PROPERTIES

	30 September 2025	31 March 2025
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
FAIR VALUE		
At beginning of the period/year	1,937,917	2,029,390
Fair value loss recognised in profit or loss	(1,930)	(91,139)
Exchange adjustments	481	(334)
At end of the period/year	1,936,468	1,937,917

During the period, the Group had neither acquired nor disposed of any investment properties.

The valuations of investment properties carried at fair value were updated at 30 September 2025 by the Group's independent qualified professional valuer using the same valuation techniques as were used by this valuer when carrying out 31 March 2025 valuations.

11. PROPERTY, PLANT AND EQUIPMENT

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Carrying amounts at beginning of the period/year	971	1,362
Additions for the period/year	–	–
Depreciation for the period/year	<u>(209)</u>	<u>(391)</u>
Carrying amounts at end of the period/year	<u><u>762</u></u>	<u><u>971</u></u>

12. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased property HK\$'000	Total HK\$'000
As at 31 March 2025			
Carrying amounts	14,366	442	14,808
As at 30 September 2025			
Carrying amounts	14,320	146	14,466
Six months ended 30 September 2025			
Depreciation charge	<u>46</u>	<u>296</u>	<u>342</u>
Total cash outflow for leases			<u><u>306</u></u>

Leasehold lands and buildings are depreciated on a straight-line basis over the term of the leases.

The Group leases a property for a director's quarters. Lease contract is entered into for fixed term of 2 years for the property. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

13. INTERESTS IN ASSOCIATES

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Share of net assets	258,580	257,158
Amounts due to associates	<u>(3,677)</u>	<u>(2,778)</u>
	<u><u>254,903</u></u>	<u><u>254,380</u></u>

The amounts due to associates are unsecured, interest-free and have no fixed repayment terms.

Summarised condensed consolidated financial information in respect of the Group's material associates is set out below:

Financial position as at 30 September 2025

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Current assets	29,998	24,590
Non-current assets	514,914	517,556
Current liabilities	(10,073)	(10,152)
Non-current liabilities	(17,679)	(17,679)
Net assets	517,160	514,315
Proportion of the Group's ownership interest therein	50%	50%
Group's share of net assets of the associates	258,580	257,158

Profit or loss and other comprehensive income for the six months ended 30 September 2025

	Six months ended 30 September 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Turnover	8,490	9,873
Profit (loss) for the period	2,845	(2,919)
Other comprehensive income	—	—
Total comprehensive income (expense) for the period	2,845	(2,919)
Share of results of associates comprises:		
Share of profit (loss) of associates	1,932	(886)
Share of taxation of associates	(510)	(574)
	1,422	(1,460)

14. FINANCIAL ASSETS

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Non-current:		
Debt instruments at FVTOCI		
– Unlisted debt securities (<i>note (iii)</i>)	–	–
– Listed debt securities (<i>note (i)</i>)	23,499	29,478
	23,499	29,478
Financial assets at FVTPL		
– Unlisted club debenture	700	700
	24,199	30,178
Current:		
Debt instruments at FVTOCI		
– Listed debt securities (<i>note (i)</i>)	3,532	3,505
Financial assets at FVTPL		
– Listed equity securities in Hong Kong	102,531	93,063
– Listed equity securities in overseas	9,561	1,862
	112,092	94,925
	115,624	98,430

Notes:

- (i) Financial assets at FVTOCI include debt instruments held by the Group and which are listed in recognised stock exchanges in Hong Kong and overseas, the issuers of which include those that are mainly engaged in, among others, banking, hospitality and real estate businesses. Such debt instruments' maturity dates vary from 2025 to 2049 and include those that are perpetual.

As of 30 September 2025, such financial assets at FVTOCI constitute approximately 1.02% (31 March 2025: 1.25%) of the total assets of the Group and no single debt instrument constituting such financial assets at FVTOCI has an outstanding amount representing over 5% of the Group's total assets.

The Group recognised a net reversal of impairment allowance of approximately HK\$543,000 for the current period (30 September 2024: HK\$155,000).

- (ii) At 30 September 2025 and 31 March 2025, listed debt instruments at FVTOCI and listed equity securities at FVTPL were stated at fair values which were determined based on the quoted market closing prices available on the Stock Exchange or other recognised stock exchanges.
- (iii) At 31 March 2025, unlisted debt instruments at FVTOCI were stated at fair values were reference to the quoted prices provided by financial institution.

15. TRADE AND OTHER RECEIVABLES

Included in the trade receivables were rental receivables (net of allowance for expected credit loss) of approximately HK\$3,385,000 (31 March 2025: approximately HK\$3,028,000). Rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants. The aging of rental receivables, net of allowance for credit loss presented based on the due date of debit note is as below:

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Within 30 days	410	–
31 – 60 days	274	687
61 – 90 days	–	318
Over 90 days	2,701	2,023
	3,385	3,028

Included in the other receivables, there are amounts due from associates of approximately HK\$992,000 as at 30 September 2025 (31 March 2025: approximately HK\$958,000).

16. LEASE LIABILITIES

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Within one year	138	416
Within a period of more than one year but not exceeding two years	11	34
	149	450
Less: Amount due for settlement within one year shown under current liabilities	(138)	(416)
Amount due for settlement after one year shown under non-current liabilities	11	34

17. SECURED BANK BORROWINGS

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Carrying amounts of secured bank borrowings repayable based on contractual repayment dates:		
Within one year	3,040	3,002
More than one year but not exceeding two years	3,120	3,081
More than two years but not exceeding five years	9,862	9,737
More than five years	24,196	25,909
	40,218	41,729
Less: Amounts due within one year shown under current liabilities	(3,040)	(3,002)
Amounts due after one year shown under non-current liabilities	37,178	38,727

All of the bank borrowings were denominated in Hong Kong dollars with interest rates at 2.60% per annum.

18. SHARE CAPITAL

	30 September 2025		31 March 2025	
	Number of ordinary shares (Unaudited)	Amount <i>HK\$'000</i> (Unaudited)	Number of ordinary shares (Audited)	Amount <i>HK\$'000</i> (Audited)
Issued and fully paid	277,232,883	229,386	277,232,883	229,386

19. RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Group, had the following related parties transactions during the period.

Transaction with related party

		Six months ended 30 September	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
<u>Relationships</u>	<u>Nature of transactions</u>		
Associate	Management fee income received from associates	2,239	1,840
Related company controlled by close family member of Mr. Chan Yan Tin Andrew, a director of the Company	Rental income received from a related party	648	–
Close family member of three executive directors	Consultancy expense paid to a related party (<i>note</i>)	58	–

Note: During the period ended 30 September 2025, the Group entered into an agreement on provision of consultancy service with a close family member of three executive directors for 6 months. Commitment in respect of the agreement amounted to HK\$290,000 (30 September 2024: nil).

Compensation of key management personnel

The remuneration of directors during the period was as follows:

	Six months ended	
	30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	3,048	7,336
Contributions to retirement benefit scheme	27	27
	3,075	7,363

20. PLEDGE OF ASSETS

At 30 September 2025, the Group's banking facilities amounted to approximately HK\$40,718,000 (31 March 2025: approximately HK\$42,230,000). The Group has utilised loan facilities from banks with an amount of approximately HK\$40,218,000 (31 March 2025: approximately HK\$41,729,000).

The following assets were pledged to secure the banking facilities granted to the Group:

- i) Investment properties with carrying amounts of approximately HK\$260,200,000 (31 March 2025: approximately HK\$261,400,000).

21. CONTINGENT LIABILITIES

As at 30 September 2025 and 31 March 2025, the Group did not have any material contingent liabilities.

22. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At 30 September 2025, the investment properties of the Group are expected to generate average rental yields of approximately 2.48% (31 March 2025: 2.60%) on an ongoing basis. All of the properties held have committed tenants not exceeding three years (31 March 2025: three years).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 September	31 March
	2025	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	39,414	36,249
In the second year	17,174	13,430
In the third year	3,598	2,022
	60,186	51,701

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets are measured at fair value on a recurring basis.

The Group's financial assets at FVTOCI and financial assets at FVTPL are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at	31 March	Fair value	Valuation
	30 September	2025	hierarchy	techniques and
	2025	2025		key inputs
	HK\$'000	HK\$'000		
	(Unaudited)	(Audited)		
Financial assets at FVTOCI				
– Listed debt instruments	24,550	24,903	Level 1	Quoted prices in active markets
– Listed debt instruments	2,481	8,080	Level 2	Quoted prices provided by financial institution
Financial assets at FVTPL				
– Listed equity securities	112,092	94,925	Level 1	Quoted prices in active markets
– Unlisted club debenture	700	700	Level 2	Market approach

During the six months ended 30 September 2025, there were no transfers between instruments in Level 1, Level 2 and Level 3 (31 March 2025: Nil).

The directors of the Company consider the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their respective fair values.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK0.3 cent per share for the six months ended 30 September 2025. The interim dividend will be paid on Monday, 29 December 2025 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 17 December 2025.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Wednesday, 17 December 2025. The register of members of the Company will be closed from Monday, 15 December 2025 to Wednesday, 17 December 2025, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers 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, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 December 2025.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue of the Group for the period decreased by 9.1% to HK\$24.0 million as compared with prior period (2024: HK\$26.4 million). The decrease in revenue was primarily due to declining in rental income upon renewal of the Group's properties during the period.

Treasury investment income

The Group's treasury investment income mainly consist of debt securities interest income of HK\$0.9 million (2024: HK\$2.1 million), dividend income of HK\$4.3 million (2024: HK\$2.5 million) and bank interest income of HK\$5.6 million (2024: HK\$6.8 million). A decrease in total investment income by HK\$0.6 million was mainly due to decrease in bank time deposit interest rate during the period.

An unrealised fair value gain of HK\$15.7 million (2024: HK\$1.9 million) on listed equity securities on hand was recorded during the period.

There was a net reversal of impairment loss on debt instruments at fair value through other comprehensive income of HK\$0.5 million (2024: HK\$0.2 million) was recorded during the period. The net reversal are mainly derived from debt securities being bought in previous periods.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company for the period was HK\$14.6 million (2024: a loss of HK\$55.8 million). The turnaround of the result by recording a profit for the period as compared to a loss in last comparable period was due to:

- A significant decrease in fair value loss of investment properties upon revaluation at period end. Decrease in fair value of investment properties of HK\$1.9 million (2024: HK\$71.7 million) was reported during the period.
- An unrealised gain on investment in equity shares of the Group of HK\$15.7 million during the period (2024: HK\$1.9 million) as compared with last comparable period.

Profit per share

Profit per share amounted to HK5.27 cents (2024: a loss per share of HK20.11 cents).

Financial Resources, Liquidity and Capital Structure

The Group is principally financed by cash inflow from operating activities and banking facilities granted by the banks. The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

At 30 September 2025, the Group's net bank balances and cash amounted to HK\$246.0 million (31 March 2025: HK\$235.2 million), represented bank balances and cash of HK\$286.2 million (31 March 2025: HK\$276.9 million) less bank borrowings of HK\$40.2 million (31 March 2025: HK\$41.7 million).

At 30 September 2025, the Group's total banking facilities amounting to HK\$42.2 million (31 March 2025: HK\$42.2 million) were fully secured by its investment properties amounting to HK\$260.2 million (31 March 2025: HK\$261.4 million).

	At 30 September 2025 <i>HK\$'000</i>	At 31 March 2025 <i>HK\$'000</i>
Bank loans are repayable as follows:		
On demand or within one year	3,040	3,002
More than one year but not exceeding two years	3,120	3,081
More than two years but not exceeding five years	9,862	9,737
More than five years	24,196	25,909
	<u>40,218</u>	<u>41,729</u>

At 30 September 2025, the current ratio (current assets/current liabilities) of the Group was 18.1 times (31 March 2025: 16.9 times).

Segment information

Detailed segmental information in respect of the turnover and profit or loss is shown in note 3 to the condensed consolidated financial statements on pages 7 to 9.

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Pledge of Assets

Details regarding the pledge of assets are set out in note 20 to the condensed consolidated financial statements on page 18.

Contingent Liabilities

Details regarding the contingent liabilities are set out in note 21 to the condensed consolidated financial statements on page 18.

Shareholders' Funds

At 30 September 2025, the Group's shareholders' funds remain stable at HK\$2,543.0 million (31 March 2025: HK\$2,523.0 million).

The net asset value per share was HK\$9.2 as at 30 September 2025 (31 March 2025: HK\$9.1).

The increase in the shareholders' fund as at period end as compared with the previous year was primarily attributable to an increase in profit from operations during the period (2024: HK\$71.7 million).

At 30 September 2025, the Group had no significant exposure to foreign exchange rate fluctuations.

OPERATION REVIEW

Property Investment Operation

- The Group's rental income mainly derived from its Hong Kong property portfolio.
- With the reopening of the borders, inbound tourism has somewhat recovered, driving the local economy to rebound. This has a positive impact on the rental rates upon renewal.
- The occupancy rate for the period is 83%, an increase of 8% as compared with last comparable period of 75.0%.
- The fair value loss in the investment properties mainly associated with Group's investment properties located in Tsim Sha Tsui and Sheung Wan.
- The Group's share of gross rental income from associates was HK\$1.4 million, an increase of HK\$2.9 million as compared with last comparable period.

Treasury investment operation

On 30 September 2025, the portfolio of securities investments and treasury products of HK\$139.1 million comprise debt securities of HK\$27.0 million and listed equity securities of HK\$112.1 million.

The Group held debt securities of HK\$27.0 million, with a decrease of 18.0% as compared with 31 March 2025. For the period ended 30 September 2025, the Group recognized a loss on disposal of debt securities of HK\$14.4 million (2024: a gain of HK\$5,000).

The Group held listed equity securities of HK\$112.1 million, with an increase of 18.1% as compared with 31 March 2025. For the period ended 30 September 2025, the Group recognized a gain on disposal of listed equity securities of HK\$716,000 (2024: nil).

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

Employees

At 30 September 2025, the total number of staff of the Group was 18 (2024: 17). The total staff costs including Directors' emoluments for the six months ended 30 September 2025 amounted to HK\$10.6 million (2024: HK\$12.4 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

BUSINESS OUTLOOK

Since 2025, the global economic environment remained fluid and full of uncertainty. The volatility stemming from trade tensions, inflation and geopolitical conflicts are holding back the recovery process and the global economic outlook remains highly volatile.

Locally, the Hong Kong's office and retail leasing sector continues to face challenges, primarily due to weak demand and oversupply of new office spaces. The trade tariffs, inflation, high borrowing cost, unstable geopolitical situation and changing shopping habits among Hong Kong residents have all dampened the retail and real estate performance. Meanwhile, the record high of stock market performance, the supportive measures from Hong Kong Government aim at boosting market confidence and promoting business expansion in Hong Kong, coupled with the expected interest rate cuts by the U.S. Federal Reserve, which are expected to have a positive impact on the Hong Kong market, boosting investor confidence and promoting assets market performance.

Although with adequate financial resources on hand, the Group has always adhered to the principle of financial prudence and maintained a low level of debts. The rising interest rates have not put pressure on the Group's operating expenses and cashflow. The Group will continue to remain vigilant in addressing various challenges, while seizing high-quality investment opportunities that arise from time to time.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's shares during the period ended 30 September 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors, as at the date of this announcement, the Company has maintained a public float of 25%.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and risk management systems of the Group and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 September 2025 and the 2025/2026 Interim Report with the Directors.

CORPORATE GOVERNANCE

During the six months ended 30 September 2025, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except the following deviation:

Provision C.2.1 of the Code stipulates that the roles of the chairman and the chief executive officer 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 of the Board members comprise 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.

MODEL CODE FOR SECURITIES TRANSACTIONS’ BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2025.

By order of the Board
Tern Properties Company Limited
Chan Yan Wai, Emily
Chan Yan Lam, Alan
Joint Chairmen

Hong Kong, 19 November 2025

As at the date of this announcement, the Board 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.