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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 2026

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 2026, 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 2026

		Six months ended 30 September	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*4*	**22,855**	24,007
Property expenses		**(1,509)**	(2,569)
Gross profit		**21,346**	21,438
Fair value loss on investment properties		**(54,500)**	(1,930)
Loss on derecognition of debt instruments at fair value through other comprehensive income		**(177)**	(14,358)
Realised gain on derecognition of financial assets at fair value through profit or loss		**274**	716
Unrealised gain on revaluation of financial assets at fair value through profit or loss		**14,684**	15,738
(Provision for) net reversal of impairment loss on debt instruments at fair value through other comprehensive income		**(17)**	543
Allowance for expected credit losses, net of reversal		**(1,359)**	(1,246)
Dividend income		**4,625**	4,285
Interest income		**6,257**	6,554
Other income, gains and losses, net		**3,526**	2,590
Administrative and other operating expenses		**(16,429)**	(18,849)

	Notes	Six months ended 30 September	
		2026	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss) profit from operations	*5*	**(21,770)**	15,481
Finance costs	*6*	**(449)**	(486)
Share of results of associates	*13*	**(2,093)**	1,422
(Loss) profit before taxation		**(24,312)**	16,417
Taxation	*7*	**(1,358)**	(1,805)
(Loss) profit for the period attributable to owners of the Company		**(25,670)**	14,612
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Net gain (loss) arising on revaluation of debt instruments at fair value through other comprehensive income		**99**	(3,164)
Release of cumulative loss on fair value change on derecognition of debt instruments at fair value through other comprehensive income		**236**	12,553
Provision for (reversal of) impairment loss on debt instruments at fair value through other comprehensive income		**17**	(543)
Exchange differences arising on translation of foreign operations		**(110)**	497
Other comprehensive income for the period, net of tax		**242**	9,343
Total comprehensive (expense) income for the period attributable to owners of the Company		**(25,428)**	23,955
(Loss) earnings per share			
Basic and diluted	*9*	**(HK9.26 cents)**	HK5.27 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2026

	Notes	**30 September 2026** ***HK$'000*** **(Unaudited)**	31 March 2026 *HK$'000* (Audited)
Non-current assets			
Investment properties	*10*	**1,843,118**	1,897,695
Property, plant and equipment	*11*	**447**	567
Right-of-use assets	*12*	**14,238**	14,307
Interests in associates	*13*	**253,589**	256,571
Debt instruments at fair value through other comprehensive income	*14*	**19,872**	23,696
Financial assets at fair value through profit or loss	*14*	**16,595**	700
Deferred rental income		**510**	453
Deferred tax assets		**185**	188
		2,148,554	2,194,177
Current assets			
Trade and other receivables	*15*	**16,282**	14,225
Debt instruments at fair value through other comprehensive income	*14*	**1,153**	891
Financial assets at fair value through profit or loss	*14*	**132,745**	117,523
Deferred rental income – current portion		**493**	914
Tax recoverable		**936**	1,235
Time deposit with maturity over three months		**–**	17,317
Bank balances and cash		**289,990**	276,750
		441,599	428,855
Current liabilities			
Other payables		**5,770**	7,872
Deposits received from tenants		**11,963**	9,565
Tax payable		**697**	312
Lease liabilities	*16*	**11**	34
Secured bank borrowings – due within one year	*17*	**3,156**	3,119
		21,597	20,902
Net current assets		**420,002**	407,953
Total assets less current liabilities		**2,568,556**	2,602,130

	Notes	**30 September 2026** ***HK$'000*** **(Unaudited)**	31 March 2026 *HK$'000* (Audited)
Non-current liabilities			
Deposits received from tenants		**9,233**	11,988
Secured bank borrowings – due after one year	*17*	**33,980**	35,564
Deferred tax liabilities		**35,963**	35,889
		79,176	83,441
Net assets		**2,489,380**	2,518,689
Capital and reserves			
Share capital	*18*	**229,386**	229,386
Reserves		**2,259,994**	2,289,303
Total equity		**2,489,380**	2,518,689

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2026

	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 2026 (Audited)	**229,386**	**161**	**(115,649)**	**3,881**	**2,400,910**	**2,518,689**
Loss for the period	**–**	**–**	**–**	**–**	**(25,670)**	**(25,670)**
Other comprehensive income (expense):						
Net gain arising on revaluation of debt instruments at FVTOCI	**–**	**–**	**99**	**–**	**–**	**99**
Release of cumulative loss on fair value change on derecognition of debt instruments at FVTOCI	**–**	**–**	**236**	**–**	**–**	**236**
Provision for impairment loss on debt instruments at FVTOCI included in profit and loss	**–**	**–**	**17**	**–**	**–**	**17**
Exchange differences arising on translation of foreign operations	**–**	**(110)**	**–**	**–**	**–**	**(110)**
Total comprehensive expense for the period	**–**	**(110)**	**352**	**–**	**(25,670)**	**(25,428)**
Dividends declared (note 8)	**–**	**–**	**–**	**832**	**(832)**	**–**
Dividends paid	**–**	**–**	**–**	**(3,881)**	**–**	**(3,881)**
At 30 September 2026 (Unaudited)	**229,386**	**51**	**(115,297)**	**832**	**2,374,408**	**2,489,380**
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 loss on fair value change on derecognition of debt instruments at FVTOCI	–	–	12,553	–	–	12,553
Reversal of impairment loss on debt instruments at FVTOCI	–	–	(543)	–	–	(543)
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

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 2026 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 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 2026 that is included in the Interim Report 2026 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 2026 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 auditors have reported on those financial statements of the Group. The auditors' report was unqualified; did not include a reference to any matters to which the auditors 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 2026 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 2026.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2026.

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 2026 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 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 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

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, interest income from debt instruments and dividend income from equity securities.

Business information

For the six months ended 30 September 2026

	Property investment ***HK$'000*** **(Unaudited)**	**Treasury investment** ***HK$'000*** **(Unaudited)**	**Total** ***HK$'000*** **(Unaudited)**
Turnover	**22,855**	**–**	**22,855**
Property expenses	**(1,509)**	**–**	**(1,509)**
Gross profit	**21,346**	**–**	**21,346**
Fair value loss on investment properties	**(54,500)**	**–**	**(54,500)**
Loss on derecognition of debt instruments at FVTOCI	**–**	**(177)**	**(177)**
Realised gain on derecognition of financial assets at FVTPL	**–**	**274**	**274**
Unrealised gain on revaluation of financial assets at FVTPL	**–**	**14,684**	**14,684**
Provision for impairment loss on debt instruments at FVTOCI	**–**	**(17)**	**(17)**
Allowance for expected credit loss, net of reversal	**(1,359)**	**–**	**(1,359)**
Dividend income from equity securities	**–**	**4,625**	**4,625**
Interest income	**1,528**	**4,729**	**6,257**
Other income, gains and losses, net	**3,624**	**(98)**	**3,526**
Administrative and other operating expenses	**(16,119)**	**(310)**	**(16,429)**

	Property investment *HK$'000* (Unaudited)	Treasury investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
(Loss) profit from operations	**(45,480)**	**23,710**	**(21,770)**
Finance costs	**–**	**(449)**	**(449)**
Share of results of associates	**(2,093)**	**–**	**(2,093)**
(Loss) profit before taxation	**(47,573)**	**23,261**	**(24,312)**

At 30 September 2026

	Property investment *HK$'000* (Unaudited)	Treasury investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment assets	**2,233,177**	**356,976**	**2,590,153**
Segment liabilities	**(63,306)**	**(37,467)**	**(100,773)**
Net assets	**2,169,871**	**319,509**	**2,489,380**
Other segment information:			
Depreciation and amortisation	**189**	**–**	**189**

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 and other operating expenses	(18,422)	(427)	(18,849)

	Property investment *HK$'000* (Unaudited)	Treasury investment *HK$'000* (Unaudited)	Total *HK$'000* (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

At 31 March 2026

	Property investment *HK$'000* (Audited)	Treasury investment *HK$'000* (Audited)	Total *HK$'000* (Audited)
Segment assets	2,269,186	353,846	2,623,032
Segment liabilities	(60,922)	(43,421)	(104,343)
Net assets	2,208,264	310,425	2,518,689
Other segment information:			
Depreciation and amortisation	905	–	905

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

No revenue from individual external customer contributed over 10% of total revenue of the Group for the periods ended 30 September 2026 and 2025.

4. TURNOVER

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

5. (LOSS) PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit from operations has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)	**12,315**	10,421
Retirement benefits scheme contributions	**142**	139
Total staff costs	**12,457**	10,560
Auditors' remuneration	**100**	100
Depreciation of property, plant and equipment	**120**	209
Depreciation of right-of-use assets	**69**	342
Allowance for expected credit losses, net of reversal	**1,359**	1,246
Provision for (net reversal of) impairment loss on debt instruments at FVTOCI	**17**	(543)
Exchange gain, net	**(259)**	(28)
Loss on derecognition of debt instruments at FVTOCI	**177**	14,358
Realised gain on derecognition of financial assets at FVTPL	**(274)**	(716)
Unrealised gain on revaluation of financial assets at FVTPL	**(14,684)**	(15,738)
Dividend income from equity securities	**(4,625)**	(4,285)
Gross rental income from investment properties	**(22,855)**	(24,007)
Less:		
Direct operating expenses from investment properties that generated rental income	**246**	1,037
Direct operating expenses from investment properties that did not generate rental income	**1,263**	1,532
Net rental income	**(21,346)**	(21,438)

6. FINANCE COSTS

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	**448**	481
Interest expense on lease liabilities	**1**	5
	449	486

7. TAXATION

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current period	**1,223**	1,805
Under provision in prior years	**58**	–
	1,281	1,805
Deferred taxation		
Current period	**77**	–
	1,358	1,805

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax is calculated at 8.25% and 16.5% (2025: 8.25% and 16.5%) of the estimated assessable profits for the period.

Canada Corporate Income Tax is calculated at 26.5% (2025: 26.5%) for the period.

8. INTERIM DIVIDEND

For the financial year ended 31 March 2026, final dividend of HK1.4 cents (2025: HK1.4 cents) per share was paid to the shareholders of the Company on 11 September 2026.

For the six months ended 30 September 2026, the Board of Directors has declared an interim dividend of HK0.3 cent (six months ended 30 September 2025: an interim dividend of HK0.3 cent) per share amounting to approximately HK$832,000 (six months ended 30 September 2025: approximately HK$832,000).

9. (LOSS) EARNINGS PER SHARE

The calculation of loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$25,670,000 (six months ended 30 September 2025: profit for the period attributable to owners of the Company of approximately HK$14,612,000) and on outstanding number of 277,232,883 ordinary shares in issue during both periods.

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

10. INVESTMENT PROPERTIES

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
FAIR VALUE		
At beginning of the period/year	**1,897,695**	1,937,917
Fair value loss recognised in profit or loss	**(54,500)**	(40,480)
Exchange adjustments	**(77)**	258
At end of the period/year	**1,843,118**	1,897,695

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 2026 by the Group's independent qualified professional valuer using the same valuation techniques as were used by this valuer when carrying out 31 March 2026 valuations.

11. PROPERTY, PLANT AND EQUIPMENT

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Carrying amounts at beginning of the period/year	**567**	971
Depreciation for the period/year	**(120)**	(404)
Carrying amounts at end of the period/year	**447**	567

12. RIGHT-OF-USE ASSETS

	Leasehold land	**Leased property**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2026			
Carrying amounts	**14,274**	**33**	**14,307**
As at 30 September 2026			
Carrying amounts	**14,227**	**11**	**14,238**
Six months ended 30 September 2026			
Depreciation charge	**47**	**22**	**69**
Total cash outflow for leases			**23**

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 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets	**257,182**	259,275
Amounts due to associates	**(3,593)**	(2,704)
	253,589	256,571

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 2026 and 31 March 2026

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current assets	**34,092**	29,373
Non-current assets	**508,450**	516,801
Current liabilities	**(5,833)**	(9,840)
Non-current liabilities	**(22,346)**	(17,784)
Net assets	**514,363**	518,550
Proportion of the Group's ownership interest therein	**50%**	50%
Group's share of net assets of the associates	**257,182**	259,275

Profit or loss and other comprehensive income for the six months ended 30 September 2026 and 2025

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover	**8,684**	8,490
(Loss) profit for the period	**(4,187)**	2,845
Other comprehensive income	**–**	–
Total comprehensive (expense) income for the period	**(4,187)**	2,845
Share of results of associates comprises:		
Share of (loss) profit of associates	**(1,665)**	1,932
Share of taxation of associates	**(428)**	(510)
	(2,093)	1,422

14. FINANCIAL ASSETS

	30 September 2026 ***HK$'000*** **(Unaudited)**	31 March 2026 *HK$'000* (Audited)
Non-current:		
Debt instruments at FVTOCI		
– Listed debt securities *(note (i))*	**19,872**	23,696
	19,872	23,696
Financial assets at FVTPL		
– Unlisted club debenture	**700**	700
– Unlisted fund investments *(note (ii))*	**15,895**	–
	16,595	700
	36,467	24,396
Current:		
Debt instruments at FVTOCI		
– Listed debt securities *(note (i))*	**1,153**	891
Financial assets at FVTPL		
– Listed equity securities in Hong Kong	**122,421**	108,169
– Listed equity securities in overseas	**10,324**	9,354
	132,745	117,523
	133,898	118,414

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 2026 to 2037 and include those that are perpetual.

(ii) The Group has determined that the attributable net assets value of the funds represents their fair values of the unlisted fund investments at the balance sheet date. The unobservable input includes attributable net asset value. These valuations fall within level 3 of the fair value measurement hierarchy. The higher the attributable net asset value is, the higher the fair value of investments will be.

(iii) At 30 September 2026 and 31 March 2026, 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.

15. TRADE AND OTHER RECEIVABLES

Included in the trade receivables were rental receivables (net of allowance for expected credit loss) of approximately HK$4,543,000 (31 March 2026: approximately HK$4,352,000). 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 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**268**	696
31 – 60 days	**238**	515
61 – 90 days	**–**	515
Over 90 days	**4,037**	2,626
	4,543	4,352

16. LEASE LIABILITIES

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**11**	34
Within a period of more than one year but not exceeding two years	**–**	–
	11	34
Less: Amount due for settlement within one year shown under current liabilities	**(11)**	(34)
Amount due for settlement after one year shown under non-current liabilities	**–**	–

17. SECURED BANK BORROWINGS

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Carrying amounts of secured bank borrowings repayable based on contractual repayment dates:		
Within one year	**3,156**	3,119
More than one year but not exceeding two years	**3,231**	3,193
More than two years but not exceeding five years	**10,160**	10,040
More than five years	**20,589**	22,331
	37,136	38,683
Less: Amounts due within one year shown under current liabilities	**(3,156)**	(3,119)
Amounts due after one year shown under non-current liabilities	**33,980**	35,564

All of the bank borrowings were denominated in Hong Kong dollars with interest rate at lower of 1.25% over Hong Kong Interbank Offered Rate per annum or 2.65% under Prime Rate per annum.

18. SHARE CAPITAL

	30 September 2026		31 March 2026	
	Number of ordinary shares	**Amount** ***HK$'000***	Number of ordinary shares	Amount *HK$'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(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 parties

Relationships	Nature of transactions	Six months ended 30 September 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Associate	Management fee income received from associates	**2,789**	2,239
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 *(note)*	**174**	58

Note: During the period ended 30 September 2026, the Group entered into an agreement on provision of consultancy service with a close family member of three executive directors for 12 months (30 September 2025: 6 months). Commitment in respect of the agreement amounted to HK$522,000 (30 September 2025: HK$290,000).

Compensation of key management personnel

The remuneration of directors during the period was as follows:

	Six months ended 30 September 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Salaries and other short-term benefits	**2,878**	3,048
Contributions to retirement benefit scheme	**27**	27
	2,905	3,075

20. PLEDGE OF ASSETS

At 30 September 2026, the Group's banking facilities amounted to approximately HK$37,636,000 (31 March 2026: approximately HK$39,183,000).

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

i) Investment properties with carrying amounts of approximately HK$242,000,000 (31 March 2026: approximately HK$256,800,000).

21. CONTINGENT LIABILITIES

As at 30 September 2026 and 31 March 2026, the Group did not have any material contingent liabilities.

22. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At 30 September 2026, the investment properties of the Group are expected to generate average rental yields of approximately 1.24% (31 March 2026: 2.51%) on an ongoing basis. All of the properties held have committed tenants not exceeding four years (31 March 2026: three years).

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

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**34,171**	37,718
More than one year but within two years	**15,131**	16,241
More than two years but within three years	**2,051**	1,621
More than three years but within four years	**1,265**	–
	52,618	55,580

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		Fair value hierarchy	Valuation techniques and key inputs
	30 September 2026	31 March 2026		
	HK$'000	*HK$'000*		
	(Unaudited)	(Audited)		
Financial assets at FVTOCI				
– Listed debt instruments	**20,964**	24,494	Level 1	Quoted prices in active markets
– Listed debt instruments	**61**	93	Level 2	Quoted prices provided by financial institution
Financial assets at FVTPL				
– Listed equity securities	**132,745**	117,523	Level 1	Quoted prices in active markets
– Unlisted club debenture	**700**	700	Level 2	Market approach
– Unlisted fund investments	**15,895**	–	Level 3	Asset approach

During the six months ended 30 September 2026, there were no transfers between instruments in Level 1, Level 2 and Level 3 (31 March 2026: 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 2026. The interim dividend will be paid on Tuesday, 29 December 2026 to shareholders of the Company whose names appear on the register of members of the Company on Thursday, 17 December 2026.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Thursday, 17 December 2026. The register of members of the Company will be closed from Tuesday, 15 December 2026 to Thursday, 17 December 2026, 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 Monday, 14 December 2026.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue of the Group for the period decreased by 4.6% to HK$22.9 million as compared with prior period (2025: HK$24.0 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$1.0 million (2025: HK$0.9 million), dividend income of HK$4.6 million (2025: HK$4.3 million) and bank interest income of HK$5.3 million (2025: HK$5.6 million). The total investment income are about the same as last period.

An unrealised fair value gain of HK$14.7 million (2025: HK$15.7 million) on listed equity securities on hand was recorded during the period.

There was provision for impairment loss on debt instruments at fair value through other comprehensive income of HK$0.02 million (2025: net reversal of impairment loss of HK$0.5 million) was recorded during the period. In 2025, the net reversal are mainly derived from debt securities being bought in previous periods.

Loss attributable to the owners of the Company

The loss attributable to the owners of the Company for the period was HK$25.7 million (2025: a profit of HK$14.6 million). The turnaround of the result by recording a loss for the period as compared to a profit in last comparable period was mainly due to:

– A significant increase in fair value loss of investment properties upon revaluation at period end. Decrease in fair value of investment properties of HK$54.5 million (2025: HK$1.9 million) was reported during the period.

– The share of results of associates of the Group with a loss of HK$2.1 million during the period (2025: a profit of HK$1.4 million) as compared with last comparable period.

Loss per share

Loss per share amounted to HK9.26 cents (2025: a profit per share of HK5.27 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 2026, the Group's net bank balances and cash amounted to HK$252.9 million (31 March 2026: HK$238.1 million), represented bank balances and cash of HK$290.0 million (31 March 2026: HK$276.8 million) less bank borrowings of HK$37.1 million (31 March 2026: HK$38.7 million).

At 30 September 2026, the Group's total banking facilities amounting to HK$37.6 million (31 March 2026: HK$39.2 million) were fully secured by its investment properties amounting to HK$242.0 million (31 March 2026: HK$256.8 million).

	At 30 September 2026	At 31 March 2026
	HK$'000	*HK$'000*
Bank loans are repayable as follows:		
On demand or within one year	**3,156**	3,119
More than one year but not exceeding two years	**3,231**	3,193
More than two years but not exceeding five years	**10,160**	10,040
More than five years	**20,589**	22,331
	37,136	38,683

At 30 September 2026, the current ratio (current assets/current liabilities) of the Group was 20.4 times (31 March 2026: 20.5 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 17.

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 2026, the Group's shareholders' funds remain stable at HK$2,489.4 million (31 March 2026: HK$2,518.7 million).

The net asset value per share was HK$9.0 as at 30 September 2026 (31 March 2026: HK$9.1).

The decrease in the shareholders' fund as at period end as compared with the previous year was primarily attributable to the decrease in profit from operations during the period.

At 30 September 2026, 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.

– The occupancy rate for the period is 77%, a decrease of 6% as compared with last comparable period of 83.0%.

– 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$4.3 million, about same as the last comparable period.

Treasury investment operation

On 30 September 2026, the portfolio of securities investments and treasury products of HK$153.7 million comprise debt securities of HK$21.0 million and listed equity securities of HK$132.7 million.

The Group held debt securities of HK$21.0 million, with a decrease of 14.5% as compared with 31 March 2026. For the period ended 30 September 2026, the Group recognized a loss on disposal of debt securities of HK$0.2 million (2025: HK$14.4 million).

The Group held listed equity securities of HK$132.7 million, with an increase of 12.9% as compared with 31 March 2026. For the period ended 30 September 2026, the Group recognized a gain on disposal of listed equity securities of approximately HK$0.3 million (2025: HK$0.7 million).

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

Employees

At 30 September 2026, the total number of staff of the Group was 20 (2025: 18). The total staff costs including Directors' emoluments for the six months ended 30 September 2026 amounted to HK$12.4 million (2025: HK$10.6 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

BUSINESS OUTLOOK

The global environment remained fluid and full of uncertainty during the year. The volatility stemming from energy shocks, the escalation of the war in Iran and Middle East, raising inflation, postponing federal rate cut and geopolitical conflicts continue to disrupt global trade flows and supply chains, leaving the global economic outlook highly uncertain.

In Hong Kong, the office and retail leasing market continues to face challenges, characterized by downward pressure on properties valuations and rental income, primarily due to subdued consumer spending and corporate expenditure. Although a continued recovery in overall visitor arrivals to Hong Kong, the outbound travel by Hong Kong residents remains active, leading to an outflow of weekend cross-border spending and domestic retail activity. Furthermore, the shift in consumer shopping habits to online platforms has also dampened the performance of the retail and real estate markets.

Despite the continued challenges in the retail and office sectors, supportive measures from the Hong Kong SAR Government such as new commercial land sales and new policies permitting the conversion of hotel and commercial properties into student accommodation, all help to alleviate market inventory pressure. In addition, the Hong Kong SAR Government's talent support schemes and various mega-events aim to boost visitor inflow, which are expected to stimulate economic activity and business expansion. Meanwhile, the record high of stock market performance is expected to maintain the equity market vibrant and boosting market confidence in Hong Kong.

Looking ahead, resilience has become the Group's solid foundation and principle in face of the complex and constant changing market environment. 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 2026.

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 2026 and the 2026/2027 Interim Report with the Directors.

CORPORATE GOVERNANCE

During the six months ended 30 September 2026, 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 2026.

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

Hong Kong, 18 November 2026

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