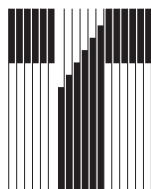


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TERN PROPERTIES COMPANY LIMITED

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 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Turnover	3	64,490	73,120
Property expenses		<u>(1,479)</u>	<u>(1,332)</u>
Gross profit		63,011	71,788
Fair value loss on investment properties		(182,854)	(543,039)
Realised (loss) gain on derecognition of debt instruments at fair value through other comprehensive income		(2,890)	4,899
Realised gain on disposal of financial assets at fair value through profit or loss		3,283	659
Unrealised gain (loss) on revaluation of financial assets at fair value through profit or loss		2,597	(8,338)
Dividend income		636	768
Interest income		35,472	40,537
Other income, gains and losses, net	5	6,595	3,732
Administrative expenses		<u>(34,849)</u>	<u>(36,341)</u>

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Loss from operations	<i>6</i>	(108,999)	(465,335)
Finance costs	<i>7</i>	(4,482)	(6,812)
Share of results of associates		(13,386)	(51,918)
		<u> </u>	<u> </u>
Loss before taxation		(126,867)	(524,065)
Taxation	<i>8</i>	(7,362)	(7,143)
		<u> </u>	<u> </u>
Loss for the year attributable to owners of the Company		(134,229)	(531,208)
		<u> </u>	<u> </u>
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		51,348	(70,185)
Release on derecognition of debt instruments at fair value through other comprehensive income		11,390	(5,327)
Impairment loss on debt instruments at fair value through other comprehensive income		972	–
Exchange differences arising on translation of foreign operations		1,016	–
		<u> </u>	<u> </u>
Other comprehensive income (expense) for the year, net of tax		64,726	(75,512)
		<u> </u>	<u> </u>
Total comprehensive expense for the year attributable to owners of the Company		(69,503)	(606,720)
		<u> </u>	<u> </u>
Loss per share			
Basic and diluted	<i>10</i>	(HK\$0.48)	(HK\$1.85)
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 March 2021*

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,226,650	2,408,988
Property, plant and equipment		2,823	4,066
Right-of-use assets		16,037	15,110
Interests in associates		280,778	298,622
Debt instruments at fair value through other comprehensive income		418,408	491,874
Financial assets at fair value through profit or loss		430	430
Deferred rental income		559	271
Deferred tax assets		88	62
		<u>2,945,773</u>	<u>3,219,423</u>
Current assets			
Trade and other receivables	<i>11</i>	15,059	15,349
Debt instruments at fair value through other comprehensive income redeemable within one year		24,073	18,390
Financial assets at fair value through profit or loss		44,723	51,275
Deferred rental income – current portion		308	563
Tax recoverable		1,313	2,972
Pledged bank deposits		69,606	5,998
Bank balances and cash		89,453	16,119
		<u>244,535</u>	<u>110,666</u>
Current liabilities			
Other payables and receipts in advance	<i>12</i>	7,958	6,576
Deposits received from tenants		14,523	11,838
Tax payable		2,186	103
Lease liabilities		1,047	284
Secured bank borrowings – due within one year		14,836	62,263
		<u>40,550</u>	<u>81,064</u>
Net current assets		<u>203,985</u>	<u>29,602</u>
Total assets less current liabilities		<u>3,149,758</u>	<u>3,249,025</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities		
Deposits received from tenants	7,146	11,655
Lease liabilities	266	–
Secured bank borrowings – due after one year	228,685	244,191
Deferred tax liabilities	<u>31,307</u>	<u>29,679</u>
	267,404	285,525
Net assets	<u>2,882,354</u>	<u>2,963,500</u>
Capital and reserves		
Share capital	229,386	229,386
Reserves	<u>2,652,968</u>	<u>2,734,114</u>
Total equity	<u>2,882,354</u>	<u>2,963,500</u>

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

The financial information relating to the years ended 31 March 2021 and 2020 included in the annual results for the year ended 31 March 2021 does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2020 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 2021 in due course.

The Company's auditor has reported on those consolidated financial statements of the Group. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost convention except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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 period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and these amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. TURNOVER

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property rental income	<u>64,490</u>	<u>73,120</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 segments 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 disposal of financial assets at FVTPL, realised gain (loss) on derecognition of debt instruments at FVTOCI, unrealised gain (loss) on revaluation of financial assets at FVTPL, interest income from debt instruments and dividend income from equity securities.

Segment information

For the year ended 31 March 2021

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Gross rental income	64,490	–	64,490
Property expenses	(1,479)	–	(1,479)
Net rental income	63,011	–	63,011
Fair value loss on investment properties	(182,854)	–	(182,854)
Realised loss on derecognition of debt instruments at FVTOCI	–	(2,890)	(2,890)
Realised gain on disposal of financial assets at FVTPL	–	3,283	3,283
Unrealised gain on revaluation of financial assets at FVTPL	–	2,597	2,597
Dividend income from equity securities	–	636	636
Interest income	353	35,119	35,472
Other income, gains and losses, net	5,251	1,344	6,595
Administrative expenses	(28,310)	(6,539)	(34,849)
Profit (loss) from operations	(142,549)	33,550	(108,999)
Finance costs	(34)	(4,448)	(4,482)
Share of results of associates	(13,386)	–	(13,386)
Profit (loss) before taxation	(155,969)	29,102	(126,867)
Taxation	(5,669)	(1,693)	(7,362)
Profit (loss) for the year	<u>(161,638)</u>	<u>27,409</u>	<u>(134,229)</u>

At 31 March 2021

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment assets	2,586,358	603,950	3,190,308
Segment liabilities	<u>(63,031)</u>	<u>(244,923)</u>	<u>(307,954)</u>
Net assets	<u>2,523,327</u>	<u>359,027</u>	<u>2,882,354</u>
Other segment information:			
Depreciation and amortisation	<u>2,397</u>	<u>–</u>	<u>2,397</u>

For the year ended 31 March 2020

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Gross rental income	73,120	–	73,120
Property expenses	<u>(1,332)</u>	<u>–</u>	<u>(1,332)</u>
Net rental income	71,788	–	71,788
Fair value loss on investment properties	(543,039)	–	(543,039)
Realised gain on derecognition of debt instruments at FVTOCI	–	4,899	4,899
Realised gain on disposal of financial assets at FVTPL	–	659	659
Unrealised loss on revaluation of financial assets at FVTPL	–	(8,338)	(8,338)
Dividend income from equity securities	–	768	768
Interest income	1,386	39,151	40,537
Other income, gains and losses, net	8,727	(4,995)	3,732
Administrative expenses	<u>(31,980)</u>	<u>(4,361)</u>	<u>(36,341)</u>
Profit (loss) from operations	(493,118)	27,783	(465,335)
Finance costs	(22)	(6,790)	(6,812)
Share of results of associates	<u>(51,918)</u>	<u>–</u>	<u>(51,918)</u>
Profit (loss) before taxation	(545,058)	20,993	(524,065)
Taxation	<u>(5,169)</u>	<u>(1,974)</u>	<u>(7,143)</u>
Profit (loss) for the year	<u>(550,227)</u>	<u>19,019</u>	<u>(531,208)</u>

At 31 March 2020

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,748,777	581,312	3,330,089
Segment liabilities	<u>(59,693)</u>	<u>(306,896)</u>	<u>(366,589)</u>
Net assets	<u><u>2,689,084</u></u>	<u><u>274,416</u></u>	<u><u>2,963,500</u></u>
Other segment information:			
Depreciation and amortisation	2,388	–	2,388
Addition to property, plant and equipment	<u>815</u>	<u>–</u>	<u>815</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\$64.5 million (2020: approximately HK\$73.1 million) are rental income of approximately HK\$5.9 million (2020: approximately HK\$7.0 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 2021 and 2020.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Management fee income	3,223	4,053
Late payment service charges from tenants	816	251
Exchange gains (losses), net	1,341	(2,722)
Government subsidies (note)	807	–
Reversal of provision for allowance for credit losses	97	–
Others	<u>311</u>	<u>2,150</u>
	<u><u>6,595</u></u>	<u><u>3,732</u></u>

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

6. LOSS FROM OPERATIONS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	24,461	25,768
Retirement benefits scheme contributions	241	253
	<hr/>	<hr/>
Total staff costs	24,702	26,021
Auditor's remuneration	460	486
Depreciation of property, plant and equipment	1,243	1,174
Depreciation of right-of-use assets	1,154	1,214
Exchange (gains) losses, net	(1,341)	2,722
Provision for allowance for credit losses	1,425	244
Impairment loss on debt instruments at FVTOCI	972	–
Impairment loss on trade receivables	241	–
and after crediting:		
Dividend income from investments	636	768
Gain on disposal of property, plant and equipment	–	2
Reversal of provision for allowance for credit losses	97	–
Government subsidies	807	–
Write-back of other payable	–	1,523
Gross rental income from investment properties	64,490	73,120
Less:		
Direct operating expenses from investment properties that generated rental income	(873)	(545)
Direct operating expenses from investment properties that did not generate rental income	(606)	(787)
	<hr/>	<hr/>
Net rental income	63,011	71,788

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings	4,391	6,790
Lease liabilities	34	22
Other finance charges	57	–
	<hr/>	<hr/>
	4,482	6,812

8. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	5,744	5,700
(Over) under provision in prior years	(6)	669
Other jurisdiction		
Under (over) provision in prior years	22	(930)
	5,760	5,439
Deferred taxation		
Current year	1,602	1,704
	7,362	7,143

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profit for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before taxation	(126,867)	(524,065)
Tax at the Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	(20,933)	(86,471)
Tax effect of share of results of associates	2,209	8,566
Tax effect of expenses not deductible for tax purpose	31,776	91,663
Tax effect of income not taxable for tax purpose	(5,836)	(6,437)
Tax effect of tax losses not recognised	383	333
Tax effect of deductible temporary differences not recognised	20	21
Under (over) provision of taxation in respect of prior years	16	(261)
Tax concession	(140)	(280)
Utilisation of tax losses previously not recognised	(134)	–
Effect of different tax rates of a subsidiary operating in other jurisdiction	1	9
Tax charge for the year	7,362	7,143

9. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim, paid – HK1.5 cents (2020: HK1.8 cents) per share	4,158	4,990
Final, proposed – HK2.1 cents (2020: HK2.7 cents) per share	<u>5,822</u>	<u>7,485</u>
	<u>9,980</u>	<u>12,475</u>

The final dividend of HK2.1 cents (2020: HK2.7 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\$134,229,000 (2020: approximately HK\$531,208,000) and on weighted average number of 277,232,883 (2020: weighted average number of 287,491,499) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares outstanding in both the years ended 31 March 2021 and 2020. Accordingly, diluted loss per share is the same as basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables – rental receivables	3,155	1,238
Less: Allowance for credit losses	<u>(879)</u>	<u>(244)</u>
	2,276	994
Other receivables		
Interest receivables	7,930	10,129
Utilities deposits	1,642	1,935
Prepayments	1,034	1,010
Management fee receivable from associates	714	922
Others (note (i))	2,156	359
Less: Allowance for credit losses (note (ii))	<u>(693)</u>	<u>–</u>
	<u>12,783</u>	<u>14,355</u>
	<u>15,059</u>	<u>15,349</u>

Note:

- (i) The balance included amounts due from associates of approximately HK\$304,000 as at 31 March 2021.
- (ii) The amount represents a provision for allowance for credit losses of interest receivables on a debt instrument at FVTOCI, which has been fully-impaired during the year.

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.

	2021 HK\$'000	2020 <i>HK\$'000</i>
31 – 60 days	1,590	330
61 – 90 days	306	305
Over 90 days	<u>380</u>	<u>359</u>
	<u>2,276</u>	<u>994</u>

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
31 – 60 days	1,590	330
61 – 90 days	306	305
Over 90 days	<u>380</u>	<u>359</u>
	<u>2,276</u>	<u>994</u>

Based on historical and forward looking information of the Group, it is determined that no impairment allowance is necessary in respect of these past due balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances apart from the rental deposits received.

12. OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2021 HK\$'000	2020 <i>HK\$'000</i>
Contract liabilities – receipts in advance in relation to rental income	3,112	3,478
Other payables		
Accrued interests	165	392
Dividend payable	763	690
Accrued expenses	794	1,030
Others	<u>3,124</u>	<u>986</u>
	<u>7,958</u>	<u>6,576</u>

The balance of contract liabilities as at 1 April 2020 of approximately HK\$3,478,000 was recognised as revenue during the year.

DIVIDEND

The Board of Directors of the Company has resolved to recommend a final dividend of HK2.1 cents per share for the year ended 31 March 2021. Together with the interim dividend of HK1.5 cents per share that have already been paid, the total dividends for the year will amount to HK3.6 cents per share. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 18 August 2021, will be payable on Wednesday, 8 September 2021 to the shareholders on the Register of Members of the Company on Friday, 27 August 2021.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2021 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021, 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 2021 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, 12 August 2021.

Subject to the approval of the shareholders at the 2021 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 27 August 2021. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 25 August 2021 to Friday, 27 August 2021, 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 Tuesday, 24 August 2021.

BUSINESS OUTLOOK

The COVID-19 pandemic has brought unprecedented challenges to the global economy and businesses. Local governments have implemented various measures to control the pandemic, including suspension of commercial activities, strict transit restrictions and social distancing measures, which have presented the most severe challenges to the business community and put heavy pressure on the current trading environment. Along with the progress of vaccines, the good news that many countries have approved and started vaccination, as well as a series of targeted easing policies implemented by the central banks of various countries, the global economy is recovering.

However, under the triple blow of the COVID-19 pandemic, international trade tensions and disappearance of tourists, Hong Kong's economy has continued to be in a downturn. Most of the shops owned by the Group located in tourist areas, and tourists have always been the main target of the Group's retail tenants. Due to restrictions on travel and social distancing, tenants face severe challenges. Although the Group has cooperated with tenants to tide over difficult times, reorganizing lease terms and providing rent concessions when necessary, the vacancy rate of the Group's shops has been slowly rising.

Due to the emergence of new and more infectious variants, no one can tell how the world will go under the coronavirus and how many people will get vaccinated. It is currently uncertain when the COVID-19 restrictions will be relaxed for a longer period. The Group believes that the decline in rental income, rising vacancy rates and sluggish market conditions will continue in the short term.

As the implications of the pandemic have not yet been clear, the Group continues to remain vigilant and cautious, and is ready to deal with further deterioration in local and foreign conditions. Nevertheless, the Group's financial stability, strong balance sheets, stable interest income from listed fixed-income bonds and sufficient liquid cash, will help the Group to cope with unprecedented challenges and seize the opportunities that may arise during this period.

FINANCIAL REVIEW

Financial Results

Revenue

The revenue derived from the Group's investment in properties for the year was HK\$64.5 million (2020: HK\$73.1 million), a decrease of HK\$8.6 million. This was due to most of the Group's commercial shop properties recorded a decrease in rental rates upon renewal and decreased in the Group's rental portfolio occupancy rate. The Group's rental portfolio occupancy rate decreased by 5.3% to 87.1% (2020: 92.4%).

Treasury investments income

The Group's treasury investment income mainly represented interest income of HK\$35.0 million (2020: HK\$38.1 million) derived from investments in debt securities, a decrease of HK\$3.1 million. This was primarily due to a lower average carrying value of investments in debt securities during the year.

During the year, the Group disposed certain of its investments in debt securities which acquired at total cost of HK\$138.2 million at market value of HK\$135.3 million, a realised loss of HK\$2.9 million was recorded.

At year ended, there was fair value gain of HK\$2.6 million (2020: loss of HK\$8.3 million) on listed equity securities on hand.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the year was HK\$134.2 million (2020: HK\$531.2 million).

Lesser in loss was primarily due to a lesser decrease in the fair value loss on revaluation of investment properties as compared with last year. The fair value loss on revaluation of investment properties at year end was HK\$182.9 million (2020: HK\$543.0 million). Furthermore, the Group recorded an unrealised gain of HK\$2.6 million (2020: unrealised loss of HK\$8.3 million) resulted from listed equity securities on hand.

Loss per share

Loss per share for the year ended 31 March 2021 was HK48.4 cents (2020: HK184.8 cents). The proposed final dividend of HK2.1 cents (2020: HK2.7 cents) per share will make a total distribution of interim and final dividend of HK3.6 cents (2020: HK4.5 cents) per share for the full year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2021, the Group's net current assets including pledged bank deposits and bank balances and cash of HK\$159.1 million (2020: HK\$22.1 million) amounted to HK\$204.0 million (2020: HK\$29.6 million), an increase of HK\$174.4 million from last year due to the proceeds from disposal of investments in debt securities during the year.

At 31 March 2021, the Group's banking facilities amounting to HK\$744.0 million (2020: HK\$1,026.4 million) were fully secured by its investment properties, pledged bank deposits and investment in debt securities with an aggregate fair value amounting to HK\$1,007.8 million (2020: HK\$1,196.5 million). At 31 March 2021, HK\$243.5 million was utilised (2020: HK\$306.5 million).

At 31 March 2021, the total amount of outstanding bank borrowings net of bank balances and cash and pledged bank deposits was HK\$84.5 million (2020: HK\$284.3 million) and the gearing ratio (which is the ratio of net bank borrowings to total equity) was 2.9% (2020: 9.6%).

Of the total bank borrowings at 31 March 2021, HK\$14.8 million or 6.1% (2020: HK\$62.3 million or 20.3%) were repayable within one year. HK\$15.0 million or 6.2% (2020: HK\$12.5 million or 4.1%) were repayable after one year but within two years. HK\$46.4 million or 19.1% (2020: HK\$39.5 million or 12.9%) were repayable after two years but within five years. HK\$167.3 million or 68.6% (2020: HK\$192.2 million or 62.7%) were repayable after five years.

The Group's finance costs for the year ended 31 March 2021 was HK\$4.5 million (2020: HK\$6.8 million) an decrease by 33.8% as compared with last year due to the repayment of bank borrowings.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any capital commitments.

SHAREHOLDERS' FUNDS

At 31 March 2021, the Group's shareholders' funds decreased to HK\$2,882.4 million (2020: HK\$2,963.5 million) was mainly due to a significant decrease in the fair value of Group's investment properties at year end. The net asset value per share was HK\$10.4 (2020: HK\$10.7).

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 2021, the total number of staff of the Group was 16 (2020: 17). The total staff costs including Directors' remuneration amounted to HK\$24.7 million (2020: HK\$26 million).

The Group reviews staff remuneration packages annually, which is based on individual performance and merit. The benefits including contributions to employee provident funds, medical subsidies and a discretionary bonus. The Group recognises the importance of continuing professional education and development, and subsidies are granted to employees who take job-related courses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2021, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision A.2.1 of the Code. Provision A.2.1 of the Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Chan Hoi Sow is the Chairman of the Board and Managing Director of the Company. Mr. Chan has been performing the duties of both the chairman and the chief executive since the establishment of the Company. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. As three members of the Board comprises Independent Non-Executive Directors who are professional accountant, engineer and manager respectively, the balance of power and authority between the Board and the management will not be compromised.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited annual accounts and annual results for the year ended 31 March 2021 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, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLM CPA Limited on the Preliminary Announcement.

By order of the Board
Tern Properties Company Limited
Chan Hoi Sow
Chairman

Hong Kong, 23 June 2021

As at the date of this announcement, the Board of Directors of the Company comprises seven Directors, of which three are Executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew and Ms. CHAN Yan Wai, Emily, one is Non-Executive Director, namely Ms. CHAN Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Ms. CHEUNG Chong Wai, Janet.