



TERN PROPERTIES COMPANY LIMITED

STOCK CODE: 277

2020/2021 INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chan Hoi Sow

(Chairman and Managing Director)

Chan Yan Tin, Andrew

Chan Yan Wai, Emily

(Vice Chairman)

Non-Executive Director

Chan Yan Mei, Mary-ellen

Independent Non-Executive Directors

Chan Kwok Wai

Cheung Chong Wai, Janet

Tse Lai Han, Henry

AUDIT COMMITTEE

Chan Kwok Wai

(Chairman)

Cheung Chong Wai, Janet

Tse Lai Han, Henry

REMUNERATION COMMITTEE

Chan Kwok Wai

(Chairman)

Chan Yan Tin, Andrew

Tse Lai Han, Henry

NOMINATION COMMITTEE

Chan Kwok Wai

(Chairman)

Chan Yan Wai, Emily

Tse Lai Han, Henry

PRINCIPAL BANKERS

Credit Suisse Group AG

Hang Seng Bank Limited

Nanyang Commercial Bank, Ltd.

The Bank of East Asia, Limited

REGISTERED OFFICE

26th Floor, Tern Centre, Tower I

237 Queen's Road Central

Hong Kong

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

COMPANY SECRETARY

Lee Ka Man

AUDITOR

HLM CPA Limited

Room 1501-8, 15/F, Tai Yau Building,

181 Johnston Road,

Wanchai, Hong Kong

SOLICITORS

Woo, Kwan, Lee & Lo

WEBSITE

www.tern.hk

STOCK CODE

277

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 2020, 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 2020

		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	32,824	39,611
Property expenses		<u>(871)</u>	<u>(453)</u>
Gross profit		31,953	39,158
Unrealised gain on revaluation of financial assets at fair value through profit or loss		2,251	9
Realised gain on disposal of financial assets at fair value through profit or loss		1,159	331
Fair value loss on investment properties		(87,300)	(286,600)
Realised (loss) gain on derecognition of financial assets at fair value through other comprehensive income		(2,814)	4,992
Dividend income		306	224
Interest income		18,119	20,873
Other income, gains and losses, net		2,663	324
Administrative expenses		<u>(14,451)</u>	<u>(18,107)</u>
Loss from operations	5	(48,114)	(238,796)
Finance costs	6	(2,647)	(3,563)
Share of results of associates, net of tax	13	<u>(4,590)</u>	<u>(15,927)</u>
Loss before taxation		(55,351)	(258,286)
Taxation	7	<u>(3,872)</u>	<u>(4,811)</u>
Loss for the period attributable to owners of the Company		<u>(59,223)</u>	<u>(263,097)</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		43,155	(4,231)
Release of investment revaluation reserve upon derecognition of debt instruments at fair value through other comprehensive income		<u>8,765</u>	<u>(5,893)</u>
Other comprehensive income (expense), net of tax		<u>51,920</u>	<u>(10,124)</u>
Total comprehensive expense for the period attributable to owners of the Company		<u><u>(7,303)</u></u>	<u><u>(273,221)</u></u>
Loss per share			
Basic and diluted	9	<u><u>(HK21.36 cents)</u></u>	<u><u>(HK88.36 cents)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	<i>Notes</i>	30 September 2020 <i>HK\$'000</i> (Unaudited)	31 March 2020 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	<i>10</i>	2,321,935	2,408,988
Property, plant and equipment	<i>11</i>	3,438	4,066
Right-of-use assets	<i>12</i>	16,603	15,110
Interests in associates	<i>13</i>	292,599	298,622
Debt instruments at fair value through other comprehensive income	<i>14</i>	417,573	491,874
Financial assets at fair value through profit or loss	<i>14</i>	430	430
Deferred rental income		194	271
Deferred tax assets		75	62
		3,052,847	3,219,423
Current assets			
Trade and other receivables	<i>15</i>	14,333	15,349
Debt instruments at fair value through other comprehensive income redeemable within one year	<i>14</i>	21,913	18,390
Financial assets at fair value through profit or loss	<i>14</i>	14,886	51,275
Deferred rental income – current portion		511	563
Tax recoverable		1,713	2,972
Pledged bank deposits		17,215	5,998
Bank balances and cash		139,487	16,119
		210,058	110,666
Current liabilities			
Other payables and receipts in advance		7,986	6,576
Deposits received from tenants		13,370	11,838
Tax payable		1,932	103
Lease liabilities	<i>16</i>	1,034	284
Secured bank borrowings – due within one year	<i>17</i>	13,388	62,263
		37,710	81,064
Net current assets		172,348	29,602
Total assets less current liabilities		3,225,195	3,249,025
Non-current liabilities			
Deposits received from tenants		8,425	11,655
Lease liabilities	<i>16</i>	793	–
Secured bank borrowings – due after one year	<i>17</i>	236,773	244,191
Deferred tax liabilities		30,492	29,679
		276,483	285,525
Net assets		2,948,712	2,963,500
Capital and reserves			
Share capital	<i>18</i>	229,386	229,386
Reserves		2,719,326	2,734,114
Total equity		2,948,712	2,963,500

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020 (Audited)	<u>229,386</u>	<u>(65,731)</u>	<u>7,485</u>	<u>2,792,360</u>	<u>2,963,500</u>
Loss for the period	–	–	–	(59,223)	(59,223)
Other comprehensive income:					
Net gain arising on revaluation of debt instruments at fair value through other comprehensive income	–	43,155	–	–	43,155
Release of investment revaluation reserve upon derecognition of debt instruments at fair value through other comprehensive income	–	8,765	–	–	8,765
	<u>–</u>	<u>51,920</u>	<u>–</u>	<u>(59,223)</u>	<u>(7,303)</u>
Total comprehensive income (expense) for the period	<u>–</u>	<u>51,920</u>	<u>–</u>	<u>(59,223)</u>	<u>(7,303)</u>
Dividends declared (<i>note 8</i>)	–	–	4,158	(4,158)	–
Dividends paid	–	–	(7,485)	–	(7,485)
	<u>–</u>	<u>–</u>	<u>(7,485)</u>	<u>–</u>	<u>(7,485)</u>
At 30 September 2020 (Unaudited)	<u>229,386</u>	<u>(13,811)</u>	<u>4,158</u>	<u>2,728,979</u>	<u>2,948,712</u>
At 1 April 2019 (Audited)	<u>229,386</u>	<u>9,781</u>	<u>9,848</u>	<u>3,490,902</u>	<u>3,739,917</u>
Loss for the period	–	–	–	(263,097)	(263,097)
Other comprehensive expense:					
Net loss arising on revaluation of debt instruments at fair value through other comprehensive income	–	(4,231)	–	–	(4,231)
Release of investment revaluation reserve upon derecognition of debt instruments at fair value through other comprehensive income	–	(5,893)	–	–	(5,893)
	<u>–</u>	<u>(10,124)</u>	<u>–</u>	<u>(263,097)</u>	<u>(273,221)</u>
Total comprehensive expense for the period	<u>–</u>	<u>(10,124)</u>	<u>–</u>	<u>(263,097)</u>	<u>(273,221)</u>
Cancellation of shares during the period	–	–	–	(155,836)	(155,836)
Dividends declared	–	–	4,990	(4,990)	–
Dividends paid	–	–	(9,848)	–	(9,848)
	<u>–</u>	<u>–</u>	<u>(9,848)</u>	<u>–</u>	<u>(9,848)</u>
At 30 September 2019 (Unaudited)	<u>229,386</u>	<u>(343)</u>	<u>4,990</u>	<u>3,066,979</u>	<u>3,301,012</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	19,367	24,036
Profits tax refunded	<u>16</u>	<u>42</u>
Net cash from operating activities	<u>19,383</u>	<u>24,078</u>
Investing activities		
Interest received	20,917	20,533
Dividend received from investments	306	224
Purchase of financial assets at fair value through profit or loss	(18,718)	(61,381)
Purchase of financial assets at fair value through other comprehensive income	(7,750)	(101,404)
Proceeds from derecognition of financial assets at fair value through other comprehensive income	127,634	46,956
Proceeds from disposal of financial assets at fair value through profit or loss	58,517	57,181
Proceeds from disposal of property, plant and equipments	–	2
Purchase of property, plant and equipment	<u>–</u>	<u>(815)</u>
Net cash from (used in) investing activities	<u>180,906</u>	<u>(38,704)</u>
Financing activities		
Dividend paid	(7,485)	(9,848)
Interest paid	(2,807)	(3,576)
New bank borrowings raised	223,080	45,000
Repayment of lease liabilities	(552)	–
Repayment of bank borrowings	(279,373)	(40,840)
Repurchase of own shares	–	(155,836)
Advance from associates	<u>1,433</u>	<u>2,583</u>
Net cash used in financing activities	<u>(65,704)</u>	<u>(162,517)</u>
Net increase (decrease) in cash and cash equivalents	134,585	(177,143)
Cash and cash equivalents at beginning of period	<u>22,117</u>	<u>277,808</u>
Cash and cash equivalents at end of period	<u>156,702</u>	<u>100,665</u>
Represented by:		
Bank balances and cash	139,487	94,971
Pledged bank deposits	<u>17,215</u>	<u>5,694</u>
	<u>156,702</u>	<u>100,665</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL

The Company is a public listed company incorporated in Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited. The address 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 2020 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 2020 that is included in the Interim Report 2020 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 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.

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, which are measured at revalued amounts or fair values, as appropriate.

The condensed consolidated financial statements for the six months ended 30 September 2020 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 2020.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

The preparation of the condensed consolidated financial statements in conformity with HKFRSs 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 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENTS

For management purposes, the Group is currently organised into two operating segments, namely property investment and treasury investment.

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. The information provided includes net rental income (including gross rent and property expenses), fair value loss on investment properties and share of results of associates. The individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the investment in debt and equity securities. Financial information is provided to the Board on a company by company basis. The information provided includes unrealised gain or loss on revaluation of financial assets at fair value through profit or loss (“FVTPL”), realised gain or loss on derecognition of financial assets at fair value through other comprehensive income (“FVTOCI”), realised gain or loss on disposal of financial assets at FVTPL, dividend income from equity securities and interest income from debt securities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. OPERATING SEGMENTS (Continued)

Business information

For the six months ended 30 September 2020

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	32,824	–	32,824
Property expenses	(871)	–	(871)
Gross profit	31,953	–	31,953
Unrealised gain on revaluation of financial assets at FVTPL	–	2,251	2,251
Realised gain on disposal of financial assets at FVTPL	–	1,159	1,159
Fair value loss on investment properties	(87,300)	–	(87,300)
Realised loss on derecognition of financial assets at FVTOCI	–	(2,814)	(2,814)
Dividend income	–	306	306
Interest income	353	17,766	18,119
Other income, gains and losses, net	2,710	(47)	2,663
Administrative expenses	(12,648)	(1,803)	(14,451)
Profit (loss) from operations	(64,932)	16,818	(48,114)
Finance costs	(13)	(2,634)	(2,647)
Share of results of associates, net of tax	(4,590)	–	(4,590)
Profit (loss) before taxation	(69,535)	14,184	(55,351)
Taxation	(2,665)	(1,207)	(3,872)
Profit (loss) for the period	(72,200)	12,977	(59,223)

At 30 September 2020

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	2,749,963	512,942	3,262,905
Segment liabilities	(63,133)	(251,060)	(314,193)
Net assets	2,686,830	261,882	2,948,712
Other segment information:			
Depreciation and amortisation	1,216	–	1,216

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. OPERATING SEGMENTS (Continued)

Business information (Continued)

For the six months ended 30 September 2019

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	39,611	–	39,611
Property expenses	(453)	–	(453)
Gross profit	39,158	–	39,158
Unrealised gain on revaluation of financial assets at FVTPL	–	9	9
Realised gain on disposal of financial assets at FVTPL	–	331	331
Fair value loss on investment properties	(286,600)	–	(286,600)
Realised gain on derecognition of financial assets at FVTOCI	–	4,992	4,992
Dividend income	–	224	224
Interest income	924	19,949	20,873
Other income, gains and losses, net	4,624	(4,300)	324
Administrative expenses	(16,345)	(1,762)	(18,107)
Profit (loss) from operations	(258,239)	19,443	(238,796)
Finance costs	–	(3,563)	(3,563)
Share of results of associates, net of tax	(15,927)	–	(15,927)
Profit (loss) before taxation	(274,166)	15,880	(258,286)
Taxation	(3,909)	(902)	(4,811)
Profit (loss) for the period	<u>(278,075)</u>	<u>14,978</u>	<u>(263,097)</u>

At 31 March 2020

	Property investment HK\$'000 (Audited)	Treasury investment HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	2,748,777	581,312	3,330,089
Segment liabilities	(59,693)	(306,896)	(366,589)
Net assets	<u>2,689,084</u>	<u>274,416</u>	<u>2,963,500</u>
Other segment information:			
Depreciation and amortisation	2,388	–	2,388
Addition to property, plant and equipment	815	–	815

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. OPERATING SEGMENTS (Continued)

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 revenues arising from rental income of approximately HK\$32.8 million (six months ended 30 September 2019: approximately HK\$39.6 million) are rental income of approximately HK\$3.6 million (six months ended 30 September 2019: approximately HK\$3.4 million) which arose from the Group's largest tenant.

4. REVENUE

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

5. LOSS FROM OPERATIONS

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	10,896	11,515
Mandatory provident fund ("MPF") contributions	118	129
	<hr/>	<hr/>
Total staff costs	11,014	11,644
Auditor's remuneration	243	238
Depreciation of property, plant and equipment	628	543
Amortisation of leasehold land	–	47
Depreciation of right-of-use assets	588	–
Exchange loss, net	–	1,789
Provision for allowance for credit loss	500	–
Realised loss on derecognition of financial assets at FVTOCI	2,814	–
and after crediting:		
Dividend income	306	224
Exchange gain, net	175	–
Realised gain on disposal of financial assets at FVTPL	1,159	331
Realised gain on derecognition of financial assets at FVTOCI	–	4,992
Unrealised gain on revaluation of financial assets at FVTPL	2,251	9
Gross rental income from investment properties	32,824	39,611
Less:		
Direct operating expenses from investment properties that generated rental income	(317)	(208)
Direct operating expenses from investment properties that did not generate rental income	(554)	(245)
	<hr/>	<hr/>
Net rental income	31,953	39,158
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	2,633	3,563
Interest expense on lease liabilities	14	–
	<u>2,647</u>	<u>3,563</u>

7. TAXATION

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current period	3,072	3,911
Deferred taxation		
Current period	800	900
	<u>3,872</u>	<u>4,811</u>

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the period.

8. INTERIM DIVIDENDS

For the financial year ended 31 March 2020, final dividend of HK2.7 cents (2019: HK3.2 cents) per share was paid to the shareholders of the Company on 27 August 2020.

For the six months ended 30 September 2020, the Board of Directors has declared an interim dividend of HK1.5 cents (six months ended 30 September 2019: an interim dividend of HK1.8 cents) per share amounting to approximately HK\$4,158,000 (six months ended 30 September 2019: approximately HK\$4,990,000) payable to the shareholders of the Company.

9. LOSS 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\$59,223,000 (six months ended 30 September 2019: HK\$263,097,000) and on outstanding number of 277,232,883 (30 September 2019: weighted average number of 297,750,116) ordinary shares in issue during the period.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

10. INVESTMENT PROPERTIES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
FAIR VALUE		
At beginning of the period/year	2,408,988	2,952,288
Fair value loss recognised in profit or loss	(87,300)	(543,039)
Exchange adjustments	<u>247</u>	<u>(261)</u>
	<u>2,321,935</u>	<u>2,408,988</u>

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

11. PROPERTY, PLANT AND EQUIPMENT

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Carrying amounts at beginning of the period/year	4,066	4,425
Additions	–	815
Depreciation for the period/year	<u>(628)</u>	<u>(1,174)</u>
Carrying amounts at end of the period/year	<u>3,438</u>	<u>4,066</u>

12. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased property HK\$'000	Total HK\$'000
As at 31 March 2020			
Carrying amounts	14,830	280	15,110
As at 30 September 2020			
Carrying amounts	14,782	1,821	16,603
For the period ended 30 September 2020			
Depreciation charge	48	540	588
Total cash outflow for leases			(552)

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

The Group leases a property for its director's quarter. Lease contract is entered into for fixed term of 2 years for the property. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

13. INTERESTS IN ASSOCIATES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Share of net assets	295,635	300,225
Amounts due to associates	<u>(3,036)</u>	<u>(1,603)</u>
	<u>292,599</u>	<u>298,622</u>

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

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

Financial position as at 30 September 2020

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Current assets	2,082	2,822
Non-current assets	615,098	626,066
Current liabilities	(10,229)	(13,198)
Non-current liabilities	<u>(15,680)</u>	<u>(15,240)</u>
Net assets	<u>591,271</u>	<u>600,450</u>
Proportion of the Group's ownership interest therein	50%	50%
Group's share of net assets of the associates	<u>295,635</u>	<u>300,225</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

13. INTERESTS IN ASSOCIATES (Continued)

Profit or loss and other comprehensive income for the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	<u>10,282</u>	<u>13,125</u>
Loss for the period, net of tax	(9,179)	(31,853)
Other comprehensive income	<u>–</u>	<u>–</u>
Loss and total comprehensive expense for the period	<u>(9,179)</u>	<u>(31,853)</u>
Share of results of associates comprises:		
Share of loss of associates	(4,061)	(15,331)
Share of taxation of associates	<u>(529)</u>	<u>(596)</u>
	<u>(4,590)</u>	<u>(15,927)</u>

14. FINANCIAL ASSETS

	30 September 2020	31 March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current:		
Financial assets at FVTOCI		
– Listed debt securities (<i>note</i>)	417,573	491,874
Financial assets at FVTPL		
– Unlisted club debenture	<u>430</u>	<u>430</u>
	<u>418,003</u>	<u>492,304</u>
Current:		
Financial assets at FVTOCI		
– Listed debt securities (<i>note</i>)	<u>21,913</u>	<u>18,390</u>
Financial assets at FVTPL		
– Listed equity securities in Hong Kong	9,030	49,207
– Listed equity securities in overseas	<u>5,856</u>	<u>2,068</u>
	<u>14,886</u>	<u>51,275</u>
	<u>36,799</u>	<u>69,665</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

14. FINANCIAL ASSETS (Continued)

Note:

Financial assets at FVTOCI include debt securities held by the Group and which are listed in The Stock Exchange of Hong Kong Limited and/or an overseas exchange, the issuers of which include those that are engaged in, among others, the aviation, banking and real estate businesses. Such debt securities' maturity dates vary from 2020 to 2049 and include those that are perpetual.

As of 30 September 2020, such financial assets at FVTOCI constitute approximately 13.47% of the total assets of the Group and no single debt security constituting such financial assets at FVTOCI have an outstanding amount representing over 5% of the Group's total assets.

15. TRADE AND OTHER RECEIVABLES

Included in the trade and other receivables were rental receivables (net of allowance for credit loss) of approximately HK\$2,579,000 (31 March 2020: approximately HK\$994,000) with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants. The aging of rental receivables based on due date is as below:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	1,064	–
31 – 60 days	–	330
61 – 90 days	346	305
Over 90 days	<u>1,169</u>	<u>359</u>
	<u>2,579</u>	<u>994</u>

16. LEASE LIABILITIES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within one year	1,034	284
Within a period of more than one year but not exceeding two years	<u>793</u>	<u>–</u>
	1,827	284
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(1,034)</u>	<u>(284)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>793</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

17. SECURED BANK BORROWINGS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Carrying amounts of secured bank borrowings repayable based on contractual repayment dates:		
Within one year	13,388	62,263
More than one year but not exceeding two years	13,571	12,544
More than two years but not exceeding five years	42,007	39,459
More than five years	181,195	192,188
	250,161	306,454
Less: Amounts due within one year shown under current liabilities	13,388	62,263
Amounts due after one year	236,773	244,191

All of the bank borrowings were denominated in Hong Kong dollars with variable interest rates ranging from 1.0% to 1.25% over HIBOR per annum (31 March 2020: from 1.1% to 1.25% over HIBOR per annum).

18. SHARE CAPITAL

	30 September 2020		31 March 2020	
	Number of ordinary shares (Unaudited)	Amount HK\$'000 (Unaudited)	Number of ordinary shares (Audited)	Amount HK\$'000 (Audited)
At beginning of the period/year	277,232,883	229,386	307,758,522	229,386
Cancellation of shares during the period/year	—	—	(30,525,639)	—
At end of the period/year	277,232,883	229,386	277,232,883	229,386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

19. RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Group, during the period, had the following transaction with the associates of the Group. The transaction prices were considered by the directors of the Company as estimated market price.

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management fee income received from associates	1,670	1,893

Compensation of key management personnel

The remuneration of directors during the period was as follows:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	6,940	7,116
MPF contributions	18	18
	6,958	7,134

20. PLEDGE OF ASSETS

At 30 September 2020, the Group's total banking facilities amounted to HK\$830,161,000 (31 March 2020: HK\$1,026,454,000). The Group has utilised loan facilities from banks with an amount of approximately HK\$250,161,000 (31 March 2020: approximately HK\$306,454,000).

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

- i) Investment properties with carrying amount of approximately HK\$713,600,000 (31 March 2020: approximately HK\$759,800,000);
- ii) Financial assets at FVTOCI and financial assets at FVTPL with aggregate carrying amount of approximately HK\$382,740,000 (31 March 2020: approximately HK\$430,751,000); and
- iii) Bank deposits with carrying amount of approximately HK\$17,215,000 (31 March 2020: approximately HK\$5,998,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

21. CONTINGENT LIABILITIES

At 30 September 2020, the Company has provided guarantee for an associate to secure a revolving loan of HK\$200,000,000 (31 March 2020: HK\$200,000,000). At 30 September 2020, the associate has not utilised the banking facility.

The Group has not recognised any deferred income or expense in respect of the guarantees as their fair values and transaction prices cannot be reliably measured.

22. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At 30 September 2020, the investment properties of the Group are expected to generate average rental yields of approximately 2.83% (31 March 2020: 3.04%) on an ongoing basis. All of the properties held have committed tenants not exceeding three years (31 March 2020: four years).

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within one year	49,115	57,129
In the second to fifth year inclusive	<u>16,011</u>	<u>19,567</u>
	<u>65,126</u>	<u>76,696</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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			
	30 September	31 March	Fair value	Valuation
	2020	2020	hierarchy	techniques and
	<i>HK\$'000</i>	<i>HK\$'000</i>		key inputs
	(Unaudited)	(Audited)		
Financial assets at FVTOCI				
– Listed debt securities	439,486	510,264	Level 1	Quoted bid prices in active market
Financial assets at FVTPL				
– Listed equity securities	14,886	51,275	Level 1	Quoted bid prices in active market
– Unlisted club debenture	430	430	Level 2	Quoted market prices in secondary market

During the six months ended 30 September 2020, there were no transfers between instrument in Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2020: Nil).

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2020. The interim dividend will be paid on or about Monday, 28 December 2020 to shareholders of the Company whose names appear on the Register of Members of the Company on Thursday, 17 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 15 December 2020 to Thursday, 17 December 2020, 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 2020.

FINANCIAL HIGHLIGHTS

The Group continued to hold quality commercial properties for rental income and invest in debt and equity securities for interest and dividend income during the period.

In thousands of Hong Kong dollars except per share amounts

		Six months ended	
		30 September	2019
		2020	
For the period	Revenue	32,824	39,611
	Loss for the period attributable to owners of the Company	(59,223)	(263,097)
As at 30 September	Capital & reserves attributable to owners of the Company	2,948,712	3,301,012
	Shares in issue (thousands)	277,233	277,233
Ratio	Return before the changes in fair value of investment properties on capital & reserves attributable to owners of the Company	0.94%	1.42%
	Gearing	3.2%	5.2%
Per Share	Net worth per share (HK\$)	10.64	11.91
	Basic loss per share (HK cents)	(21.36)	(88.36)
	Interim dividend declared per share (HK cents)	1.5	1.8

FINANCIAL REVIEW

Financial Results

Revenue

The revenue of the Group for the period decreased by 17.1% to HK\$32.8 million as compared with prior period (2019: HK\$39.6 million). The decrease in revenue was primarily due to:

- rent concession being given to retail shops tenants
- significant decrease in rental rates upon renewal of Group's retail shop properties

Loss attributable to the owners of the Company

The loss attributable to the owners of the Company for the period was HK\$59.2 million.

The decrease in the loss attributable to the owners of the Company was due to lesser decrease in fair value of investment properties during the period.

Decrease in fair value of investment properties of HK\$87.3 million (2019: HK\$286.6 million) was reported during the period.

Loss per share

Loss per share amounted to HK 21.36 cents (2019: HK 88.36 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 2020, the Group's net borrowings amounted to HK\$93.5 million (31 March 2020: HK\$284.4 million) represent bank borrowings of HK\$250.2 million (31 March 2020: HK\$306.5 million) less bank deposits, bank balances and cash of HK\$156.7 million (31 March 2020: HK\$22.1 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 3.2% (31 March 2020: 9.6%).

At 30 September 2020, the Group's total banking facilities amounting to HK\$830.2 million (31 March 2020: HK\$1,026.4 million) were fully secured by its investment properties, debt instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss and bank deposits with an aggregate carrying value amounting to HK\$1,113.6 million (31 March 2020: HK\$1,196.5 million).

	At 30 September 2020 <i>HK\$'000</i>	At 31 March 2020 <i>HK\$'000</i>
Bank loans are repayable as follows:		
On demand or within one year	13,388	62,263
More than one year but not exceeding two years	13,571	12,544
More than two years but not exceeding five years	42,007	39,459
More than five years	<u>181,195</u>	<u>192,188</u>
	<u><u>250,161</u></u>	<u><u>306,454</u></u>

FINANCIAL REVIEW (Continued)

At 30 September 2020, the current ratio (current assets/current liabilities) of the Group was 5.57 times (31 March 2020: 1.37 times).

Segment information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 3 to the condensed consolidated financial statements on pages 7 to 10.

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 17.

Shareholders' Funds

At 30 September 2020, the Group's shareholders' funds remain stable at HK\$2,948.7 million (31 March 2020: HK\$2,963.5 million).

The net asset value per share was HK\$10.6 (31 March 2020: HK\$10.7).

The decrease in the shareholders' fund as at period end as compared with the previous year end was due to a decrease in the fair value of investment properties of HK\$87.3 million.

At 30 September 2020, 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.
- During the period, the Group providing short-term relief measures to tenants, resulting downward adjustment on the Group's rental income.
- The occupancy rate for the period is 91.7%, a slight decrease of 2.2% as compared with last comparable period of 93.9%.
- The fair value loss in the investment properties mainly associated with Group's investment properties located in Tsim Sha Tsui.
- The Group's share of gross rental income from associates was HK\$5.1 million, a decrease of 1.4 million as compared with last comparable period.

OPERATION REVIEW (Continued)

Treasury investment operation

- Interest income and dividend income derived from the Group investment in debt and equity securities during the period is HK\$18.1 million, a decrease of 13.4% as compared with last period of HK\$20.9 million.
- On 30 September 2020, the Group held debt securities investments of HK\$439.5 million, a 13.9% decreased as compared with year ended at 31 March 2020.

Employees

At 30 September 2020, the total number of staff of the Group was 17 (2019: 17). The total staff costs including Directors' emoluments for the six months ended 30 September 2020 amounted to HK\$10.8 million (2019: HK\$11.5 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

BUSINESS OUTLOOK

At the beginning of 2020, cases of COVID-19 infection started to spread worldwide, turning to a pandemic. To mitigate the spread of the virus, many countries have implemented measures of social distancing and travel restrictions, which resulted in a rapid downturn in global economy. The affected countries and governments have launched various adjustment measures to boost household consumption willingness and business sentiment in an effort to soften the economic fallout. Nevertheless, the adverse effects of COVID-19 may not have been fully reflected and is likely to persist in the years ahead.

COVID-19 pandemic has impacted all walks of life in Hong Kong, resulting in a dramatic drop in economic activities. In particular, retail, catering, aviation and hotel industries bore the brunt due to the decline in inbound tourism, which in turn directly led to a further decline in the rental income of the Group. As the government has obtained a preliminary success in containing the pandemic, all business sectors are cautiously re-opening. It is expected that the rental income of the Group will take several more years to recover to the pre-pandemic level.

Looking ahead, the macro-economic outlook remains uncertain and not so optimistic. Under such environment, the Group's investment in listed fixed-income bonds continues to offer a stable income. Meanwhile, by leveraging our prudent financial management, the Group holds a strong balance sheet and sufficient liquidity, enabling the Group to respond to the unprecedented challenges during this period, and to seize any other possible investment and development opportunities.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

DIRECTORS' INTERESTS IN SHARES (Continued)

(i) Interest in the Company (long position)

Name of Director	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of Aggregate long position in shares to the issued share capital
Chan Hoi Sow	Beneficial owner	Personal interest	2,036,000	204,656,534	73.82
	Interest of controlled corporation	Corporate interest (Note 1)	56,348,534		
	Founder of a discretionary trust	Other interest (Notes 1 & 2)	172,094,896		
Chan Yan Tin, Andrew	Beneficial owner	Personal interest	792,000	172,886,896	62.36
	Beneficiary of a trust	Other interest (Notes 2 & 3)	172,094,896		
Chan Yan Wai, Emily	Beneficiary of a trust	Other interest (Notes 2 & 4)	172,094,896	172,094,896	62.07
Chan Yan Mei, Mary-ellen	Beneficiary of a trust	Other interest (Notes 2 & 5)	172,094,896	172,094,896	62.07

Notes:

- The 56,348,534 shares are held as to 30,525,638 shares by Smartprint Development Limited and as to 25,822,896 shares held by Evergrade Investments Limited.

The issued share capital of Smartprint Development Limited is beneficially owned by Mr. Chan Hoi Sow.

The issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Mr. Chan Hoi Sow and as to 50% by Beyers Investments Limited which is indirectly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan Hoi Sow and his family members. These 25,822,896 shares are also included in the 172,094,896 shares held by Mr. Chan Hoi Sow in the capacity as founder of a discretionary trust.

DIRECTORS' INTERESTS IN SHARES (Continued)

(i) Interest in the Company (long position) (Continued)

Notes: (Continued)

- The three references to 172,094,896 shares relate to the same block of shares in the Company. The 172,094,896 shares are held as to 146,272,000 shares by Noranger Company Limited and as to 25,822,896 shares by Evergrade Investments Limited. The issued share capital of Noranger Company Limited is beneficially wholly owned by Beyers Investments Limited and the issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Mr. Chan Hoi Sow and as to 50% by Beyers Investments Limited. Beyers Investments Limited is indirectly owned by Sow Pin Trust, a discretionary trust, the founder of which is Mr. Chan Hoi Sow and the beneficiaries of which are Mr. Chan Hoi Sow and his family members. By virtue of the shareholdings as aforementioned, Mr. Chan Hoi Sow is deemed to be interested in 172,094,896 shares indirectly owned by Sow Pin Trust.
- Mr. Chan Yan Tin, Andrew is the son of Mr. Chan Hoi Sow and is a beneficiary of Sow Pin Trust, a discretionary trust as referred to in Note 2 above. By virtue of the shareholdings as mentioned in Note 2 above, Mr. Chan Yan Tin, Andrew is deemed to be interested in 172,094,896 shares indirectly owned by Sow Pin Trust.
- Ms. Chan Yan Wai, Emily is the daughter of Mr. Chan Hoi Sow and is a beneficiary of Sow Pin Trust, a discretionary trust as referred to in Note 2 above. By virtue of the shareholdings as mentioned in Note 2 above, Ms. Chan Yan Wai, Emily is deemed to be interested in 172,094,896 shares indirectly owned by Sow Pin Trust.
- Ms. Chan Yan Mei, Mary-ellen is the daughter of Mr. Chan Hoi Sow and is a beneficiary of Sow Pin Trust, a discretionary trust as referred to in Note 2 above. By virtue of the shareholdings as mentioned in Note 2 above, Ms. Chan Yan Mei, Mary-ellen is deemed to be interested in 172,094,896 shares indirectly owned by Sow Pin Trust.

(ii) Interest in an associated corporation of the Company (long position)

Name of Director	Name of the associated corporation	Capacity	Nature of interests
Chan Yan Wai, Emily	Win Easy Development Limited	Interest of Controlled Corporation	Corporate Interest (Note 1)
Chan Hoi Sow	Noranger Company Limited	Interest of Controlled Corporation	Corporate Interest (Note 2)

Notes:

- The issued share capital of Win Easy Development Limited is beneficially owned as to 50% by the Company and as to 50% by Kotime Properties Limited which is owned as to 10% by Diamond Sky Limited, a company wholly owned by Ms. Chan Yan Wai, Emily.
- The issued share capital of Noranger Company Limited is beneficially owned as to 100% by Beyers Investments Limited. Beyers Investments Limited is indirectly owned by Sow Pin Trust. Mr. Chan Hoi Sow is the founder of Sow Pin Trust.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 30 September 2020 or had been granted or exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2020, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name of substantial shareholders	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position to the issued share capital
Chan Loo Kuo Pin	Interest of spouse	Family interest <i>(Note 1)</i>	204,656,534	204,656,534	73.82
Credit Suisse Trust Limited as trustee of Sow Pin Trust	Interest of controlled corporation	Other interest <i>(Notes 2, 3 & 4)</i>	172,094,896	172,094,896	62.07
Brock Nominees Limited	Interest of controlled corporation	Corporate interest <i>(Notes 2 & 3)</i>	172,094,896	172,094,896	62.07
Global Heritage Group Limited	Interest of controlled corporation	Corporate interest <i>(Notes 2 & 3)</i>	172,094,896	172,094,896	62.07
Beyers Investments Limited	Interest of controlled corporation	Corporate interest <i>(Notes 2, 3 & 4)</i>	172,094,896	172,094,896	62.07
Noranger Company Limited	Beneficial owner	Corporate interest <i>(Notes 2, 3 & 4)</i>	146,272,000	146,272,000	52.76
Evergrade Investments Limited	Beneficial owner	Corporate interest <i>(Notes 2, 3 & 4)</i>	25,822,896	25,822,896	9.31
Smartprint Development Limited	Beneficial owner	Corporate interest <i>(Note 5)</i>	30,525,638	30,525,638	11.01
Builtwin Ltd.	Beneficial owner	Corporate interest <i>(Note 6)</i>	14,876,008	14,876,008	5.37
Hon Nicholas	Interest of controlled corporation	Corporate interest <i>(Note 6)</i>	14,876,008	14,876,008	5.37

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. The interest is the same block of shares already disclosed under the personal, corporate and other interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "Directors' Interests in Shares".
2. All interests of Credit Suisse Trust Limited as trustee of Sow Pin Trust, Brock Nominees Limited, Global Heritage Group Limited, Beyers Investments Limited and the aggregate interests of Noranger Company Limited and Evergrade Investments Limited relate to the same block of shares in the Company.
3. Credit Suisse Trust Limited as trustee of Sow Pin Trust is the holding company of Brock Nominees Limited and is deemed to be interested in the shares owned by Sow Pin Trust, a discretionary trust as mentioned in Note 4 below through interests of corporations controlled by it as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage control
Brock Nominees Limited	Credit Suisse Trust Limited as trustee of Sow Pin Trust	0.00
Global Heritage Group Limited	Brock Nominees Limited	100.00
Beyers Investments Limited	Global Heritage Group Limited	100.00
Noranger Company Limited	Beyers Investments Limited	100.00
Evergrade Investments Limited	Beyers Investments Limited	50.00

4. Credit Suisse Trust Limited as trustee of Sow Pin Trust is interested in 172,094,896 shares which are held as to 146,272,000 shares by Noranger Company Limited and as to 25,822,896 shares by Evergrade Investments Limited. The issued share capital of Noranger Company Limited is beneficially wholly owned by Beyers Investments Limited and the issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Beyers Investments Limited and as to 50% by Mr. Chan Hoi Sow. Beyers Investments Limited is indirectly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan Hoi Sow and his family members as disclosed in the section headed "Directors' Interests in Shares".
5. Smartprint Development Limited is wholly owned by Mr. Chan Hoi Sow.
6. Builtwin Ltd. is wholly owned by Mr. Hon Nicholas.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 30 September 2020, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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 2020.

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 report, 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 financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 September 2020 and the 2020/2021 Interim Report with the Directors.

CORPORATE GOVERNANCE

During the six months ended 30 September 2020, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except the following deviation:

Provision A.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. 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 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 10 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 2020.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in information of Directors subsequent to the date of the Annual Report 2020.

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

Hong Kong, 30 November 2020