PLANETREE INTERNATIONAL DEVELOPMENT LIMITED
梧桐國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00613)

2019 ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Planetree International Development Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding year in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**5,818**	65,958
Other income and gains	*4*	**50,891**	31,636
Net gain on disposal of debt investments at amortised cost		**11,482**	—
Gain on bargain purchase of subsidiaries		**8,260**	—
Impairment losses on loan and interest receivables		**(1,883)**	(5,912)
Impairment losses on promissory note receivable		**(3,184)**	—
Depreciation of property and equipment and rights-of-use assets		**(1,954)**	(312)
Administrative expenses		**(33,994)**	(26,502)
Other expenses	*5*	**(6,300)**	(2,110)
Finance costs	*6*	**(1,099)**	(440)
Share of profit of an associate		**—**	28,048
Profit before taxation	*7*	**28,037**	90,366
Income tax (expenses) credit	*8*	**(6,962)**	18,814
Profit for the year		**21,075**	109,180
Profit for the year attributable to:			
Owners of the Company		**22,312**	109,180
Non-controlling interests		**(1,237)**	—
		21,075	109,180
Earnings per share			
Basic and diluted	*10*	**HK 0.24 cents**	HK 1.17 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**21,075**	109,180
Other comprehensive income (loss):		
Items that are reclassified or may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of an associate	—	(20,957)
Release of other reserves upon distribution in specie of shares in an associate	—	230,861
Total other comprehensive income for the year	—	209,904
Total comprehensive income for the year	**21,075**	319,084
Total comprehensive income attributable to:		
Owners of the Company	**22,312**	319,084
Non-controlling interests	**(1,237)**	—
	21,075	319,084

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment		**181,210**	1,162
Investment properties		**457,700**	464,000
Intangible assets		**6,500**	—
Debt investments at amortised cost		**39,737**	66,769
Loan and other receivables	*11*	**174,764**	97,871
Other assets		**3,230**	360
		863,141	630,162
Current assets			
Trade, loan and other receivables	*11*	**395,042**	29,319
Financial assets at fair value through profit or loss ("FVPL")		**505,618**	818,481
Time deposits		**—**	151,028
Bank balances — trust and segregated accounts		**44,402**	—
Bank balances and cash		**232,254**	17,855
		1,177,316	1,016,683
Current liabilities			
Trade and other payables	*12*	**63,237**	11,094
Lease liabilities — current portion		**2,084**	—
Interest-bearing borrowings		**186,875**	—
Income tax payable		**59**	—
		252,255	11,094
Net current assets		**925,061**	1,005,589
Total assets less current liabilities		**1,788,202**	1,635,751
Non-current liabilities			
Other payables	*12*	**1,944**	2,477
Lease liabilities — non-current portion		**716**	—
Deferred taxation		**8,854**	895
		11,514	3,372
NET ASSETS		**1,776,688**	1,632,379
Capital and reserves			
Share capital		**93,053**	93,053
Reserves		**1,570,159**	1,539,326
Equity attributable to owners of the Company		**1,663,212**	1,632,379
Non-controlling interests		**113,476**	—
TOTAL EQUITY		**1,776,688**	1,632,379

NOTES:

1. General

Planetree International Development Limited *(formerly known as Yugang International Limited)* (the "Company") is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") principally engages in (i) trades and holds debt and equity securities, (ii) money lending services, (iii) property leasing, and (iv) provisions of dealing in securities (Type 1), dealing in futures contracts (Type 2) and asset management services (Type 9).

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. Basis of preparation and changes in accounting policies and disclosures

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements except for the adoption of the following new / revised HKFRSs that are relevant to the Group and effective from the current year. Except for HKFRS 16, the adoption of the other amendments does not have any significant impact on the consolidated financial statements.

Adoption of new / revised HKFRSs

Annual Improvements Project – 2015-2017 Cycle

HKAS 12: Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that (a) the income tax consequences of dividends are recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated the distributable profits were originally recognised and (b) these requirements apply to all income tax consequences of dividends as defined in HKFRS 9.

HKAS 23: Borrowing costs eligible for capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

Amendments to HKAS 19: Employee Benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 January 2019 (i.e. the date of initial application, the "**DIA**") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 31 December 2018 and lease liabilities recognised at the DIA is as follows.

	HK$'000
Operating lease commitments at 31 December 2018	3,059
Less: Short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(3,059)
Lease liabilities at 1 January 2019	—

As lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and those leases are accounted for by applying HKFRS 16 from the DIA.

3. Operating segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. Money lending business was separated from treasury management as a single segment. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's reportable and operating segments are as follows:

(a) The treasury management segment which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments;

(b) The property leasing segment consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential;

(c) The financial services – money lending segment which generates interest income from money lending activities; and

(d) The financial services – brokerage and related services segment engaged in the provision of dealing in securities, dealing in futures contracts and asset management services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2019

	Treasury management *HK$'000*	Property leasing *HK$'000*	Financial services — money lending *HK$'000*	Financial services — brokerage and related services *HK$'000*	Consolidated *HK$'000*
Revenue	**(22,055)**	**12,267**	**14,146**	**1,460**	**5,818**
Other income and gains	**49,557**	**—**	**—**	**4**	**49,561**
Segment revenue	**27,502**	**12,267**	**14,146**	**1,464**	**55,379**
Segment profit (loss)	**24,366**	**(4,725)**	**8,423**	**(1,048)**	**27,016**
Unallocated other income and gains					**1,330**
Gain on bargain purchase of subsidiaries					**8,260**
Corporate and unallocated expenses, net					**(15,531)**
Profit for the year					**21,075**

For the year ended 31 December 2018 (Restated)

	Treasury management *HK$'000*	Property investment *HK$'000*	Property leasing *HK$'000*	Financial services — money lending *HK$'000*	Reportable segments total *HK$'000*	Adjustments *(Note)* *HK$'000*	Consolidated *HK$'000*
Revenue	39,418	43,771	11,287	15,253	109,729	(43,771)	65,958
Other income and gains	6,688	54,180	24,946	2	85,816	(54,180)	31,636
Segment revenue	46,106	97,951	36,233	15,255	195,545	(97,951)	97,594
Segment profit	55,655	82,155	26,986	3,683	168,479	(54,107)	114,372
Corporate and unallocated expenses, net							(5,192)
Profit for the year							109,180

Segment revenue includes revenue from treasury management, property leasing and financial services — money lending and financial services — brokerage and related services operations. In addition, the chief operating decision makers also consider other income and gains as segment revenue.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income and gains, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Note:

The activities of the property investment segment was carried on through an associate of the Group and therefore, the entire revenue and gains of this reportable segment and its profit for the year not attributable to the Group are excluded to arrive at the Group's consolidated revenue and gains and consolidated profit for the year ended 31 December 2018.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 December 2019

	Treasury management *HK$'000*	**Property leasing** *HK$'000*	**Financial services — money lending** *HK$'000*	**Financial services — brokerage and related services** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Assets	**719,245**	**459,020**	**87,122**	**482,120**	**292,950**	**2,040,457**
Liabilities	**(5,715)**	**(7,415)**	**(386)**	**(58,974)**	**(191,279)**	**(263,769)**

At 31 December 2018

	Treasury management *HK$'000*	Property investment *HK$'000*	Property leasing *HK$'000*	Financial services — money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Assets	888,045	—	469,890	116,760	172,150	1,646,845
Liabilities	(29)	—	(3,803)	(42)	(10,592)	(14,466)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain right-of-use assets, certain other receivables and bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, interest-bearing borrowings, certain income tax payable and certain deferred taxation.

Other segment information

For the year ended 31 December 2019

	Treasury management *HK$'000*	**Property leasing** *HK$'000*	**Financial services — money lending** *HK$'000*	**Financial services — brokerage and related services** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Capital expenditure	—	—	—	**173,815**	**9,047**	**182,862**
Interest income included in other income and gains	**2,153**	—	—	**5**	**505**	**2,663**
Interest expenses	**181**	**815**	—	—	**103**	**1,099**
Impairment losses on loan receivables	—	—	**1,883**	—	—	**1,883**
Impairment loss on promissory note receivable	**3,184**	—	—	—	—	**3,184**
Gain on disposal of a subsidiary	—	—	—	—	**385**	**385**
Depreciation of property and equipment and right-of-use assets	—	**78**	—	**263**	**1,613**	**1,954**

For the year ended 31 December 2018 (Restated)

	Treasury management *HK$'000*	Property investment *HK$'000*	Property leasing *HK$'000*	Financial services — money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Share of profit of an associate	—	28,048	—	—	—	28,048
Capital expenditure	—	—	—	—	842	842
Interest income included in other income and gains	262	—	—	2	—	264
Interest expenses	440	—	—	—	—	440
Impairment losses on loan receivables	—	—	—	5,912	—	5,912
Depreciation of property and equipment	—	—	78	—	234	312

4. Revenue, other income and gains

An analysis of the Group's revenue, other income and gains is as follows:

	Note	2019 HK$'000	2018 HK$'000
Revenue			
Fee and commission income	*(a)*	**713**	—
Net (loss) gain on disposal of financial assets at FVPL	*(b)*	**(42,986)**	10,624
Interest income from:			
— margin clients		**747**	—
— loan receivables		**14,146**	15,253
— debt investments at amortised cost		**12,401**	447
		27,294	15,700
Dividend income from			
— financial assets at FVPL		**8,530**	28,347
Gross rental income		**12,267**	11,287
		5,818	65,958

Notes:

(a) All fee and commission income are recognised at a point in time.

(b) The amount represented the proceeds from the disposal of financial assets at FVPL of HK$667,804,000 (2018: HK$119,546,000) less relevant costs and carrying value of the investments sold of HK$710,790,000 (2018: HK$108,922,000).

	2019	2018
	HK$'000	*HK$'000*
Other income and gains		
Interest income on:		
— bank deposits	**231**	264
— other receivable from ex-shareholder of a subsidiary of Liberty	**297**	—
— promissory note receivable	**2,135**	—
	2,663	264
Gain on disposal of a subsidiary	**385**	—
Gain on disposal of property and equipment	**120**	—
Gain on distribution in specie of shares in an associate	**—**	139
Gain on distribution in specie of shares in a financial asset at FVPL	**—**	6,072
Net fair value gains on financial assets at FVPL	**47,364**	—
Net fair value gains on investment properties	**—**	24,918
Net exchange gain	**—**	118
Others	**359**	125
	48,228	31,372
	50,891	31,636

5. **Other expenses**

	2019	2018
	HK$'000	*HK$'000*
Net fair value losses on financial assets at FVPL	**—**	2,110
Net fair value losses on investment properties	**6,300**	—
	6,300	2,110

6. **Finance costs**

	2019	2018
	HK$'000	*HK$'000*
Interest on interest-bearing borrowings	**996**	440
Imputed interest on lease liabilities	**103**	—
	1,099	440

7. Profit before taxation

This is stated after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	**10,351**	15,761
Retirement benefit scheme contributions	**210**	298
	10,561	16,059
Auditor's remuneration	**1,350**	1,648
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**621**	640
Net exchange loss (gain)	**385**	(118)
Lease payments in respect of rented premises	**264**	1,135

8. Income tax expenses (credit)

The two-tiered profits tax rates regime has been implemented from 1 April 2018, under which, the profit tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2019 and 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**59**	19
Under (Over) provision in prior year	**17**	(30)
	76	(11)
Deferred taxation		
Origination and reversal of temporary difference	**6,886**	(18,803)
Income tax expenses (credit)	**6,962**	(18,814)

9. Dividends

	2019	2018
	HK$'000	*HK$'000*
Interim dividends by way of distribution in specie	—	1,460,098

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2019 *(2018: Nil)*. Except for the distribution in specie as detailed below, no interim dividend in form of cash was declared for the financial years of 2019 and 2018.

On 24 August 2018, the Board of directors declared the payment of an interim dividend by way of a distribution in specie of 51,179,018 shares of The Cross-Harbour (Holdings) Limited ("**CHH**"), a financial asset at FVPL held by the Group to the qualifying shareholders in proportion to their respective shareholdings in the Company on the basis of 11 CHH shares for every 2,000 Company shares held by shareholders whose names appeared on the register of members of the Company on 11 September 2018 (the "**Distribution in Specie of CHH**"). Out of the total of 53,009,708 shares of CHH, 51,179,018 shares of CHH with fair value amounted to approximately HK$668,398,000 were distributed, and the remaining 1,830,690 undistributed shares of CHH with fair value amounted to approximately HK$21,309,000 were carried as financial assets at FVPL as at 31 December 2018. The Distribution in Specie of CHH was completed on 19 September 2018.

On 30 October 2018, the Board declared the payment of an interim dividend by way of a distribution in specie of approximately 34.14% of the issued capital of its associate, Y. T. Realty Group Limited ("**Y. T. Realty**"), to the qualifying shareholders in proportion to their respective shareholdings in the Company on the basis of 44 Y. T. Realty shares for every 1,500 Company shares held by shareholders whose names appeared on the register of members of the Company on 15 November 2018 (the "**Distribution in Specie of Y. T. Realty**"). A total of 273,000,000 shares of Y. T. Realty held by the Group with fair value amounted to approximately HK$791,700,000 were distributed. The Distribution in Specie of Y. T. Realty was completed on 23 November 2018.

10. Earnings per share

The calculation of the basic and diluted earnings per share is based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

The calculations of basic and diluted earnings per share are based on:

	2019 *HK$'000*	2018 *HK$'000*
Earnings		
Profit for the year attributable to the equity holders of the Company, for the purpose of basic and diluted earnings per share	**22,312**	109,180

	2019	2018
Number of shares		
Weighted average number of ordinary shares in issue during the year, for the purpose of basic and diluted earnings per share	**9,305,276,756**	9,305,276,756

11. Trade, loan and other receivables

	Note	2019 *HK$'000*	2018 *HK$'000*
Trade receivables			
Trade receivables arising from the business of securities brokerage			
— cash clients		**4**	—
— margin clients	*(b)*	**247,719**	—
— Hong Kong Securities Clearing Company Limited ("HKSCC")	*(c)*	**3**	—
Trade receivables from futures clearing house arising from the business of dealing in futures contracts		**5,554**	—
	(a)	**253,280**	—
Rental receivables		**320**	—
Loan and interest receivables			
Loan and interest receivables from independent third parties		**94,917**	122,670
Less: Loss allowance		**(7,795)**	(5,912)
	(d)	**87,122**	116,758

	Note	2019 HK$'000	2018 HK$'000
Other receivables			
Deposits with securities brokers	*(e)*	**77**	—
Other receivable from ex-shareholder of a subsidiary of Liberty	*(f)*	**51,803**	—
Promissory note receivable	*(g)*	**173,409**	—
Prepayments		**1,587**	4,686
Deposits		**1,378**	1,525
Other receivables		**830**	4,221
		229,084	10,432
		569,806	127,190
Less: Non-current portion			
Loan and interest receivables		**(995)**	(94,084)
Other receivables		**(173,769)**	(3,787)
		(174,764)	(97,871)
		395,042	29,319

Notes:

(a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of financial services business. The Group offset certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 12% to 24% *(2018: Nil)* per annum for year ended 31 December 2019. The loans are secured by pledged marketable securities with a total fair value of approximately HK$1,669,597,000 *(2018: Nil)*. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the year ended 31 December 2019, no margin loans were granted to the directors of the Company nor directors of subsidiaries.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) Loan receivables represent receivables arising from the Group's money lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to four *(2018: three)* new customers and two *(2018: one)* existing customer. Loan receivables include fixed rate loan advances to independent third parties of approximately HK$25,282,000 *(2018: Nil)* which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 15% to 24% *(2018: Nil)* per annum and have contractual loan period at 12 months and 14 months *(2018: Nil)* under the Group's money lending operation. The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK$61,840,000 *(2018: HK$116,758,000)* which are unsecured, bearing interest ranging from 5% to 24% *(2018: 5% to 17%)* per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 9 months and 2 years *(2018: between 8 months and 3 years)*.

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 31 December 2019, allowance for impairment loss of HK$7,795,000 *(2018: HK$5,912,000)* is recognised for the loan receivables.

(e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

(f) The amount due is non-trade nature, unsecured, bears interest at 7% per annum and repayable in January 2020. The carrying amount of the amounts due approximates their fair values. The amount was fully settled in January 2020.

(g) On 30 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose 100,000,000 ordinary shares of a financial asset at FVPL at a consideration of HK$200,000,000 of which HK$10,000,000 is payable in cash and HK$190,000,000 is payable by issuance of a zero-coupon promissory notes at principal amount of HK$190,000,000 maturing on 30 June 2021. The disposal was completed on the same day and resulted in a loss on disposal of financial asset at FVPL of approximately HK$4,542,000 which has been charged to profit or loss during the year. The fair value of the promissory note receivable was approximately HK$174,458,000 at issue date of 30 September 2019.

During the year ended 31 December 2019, the Group recognised interest income and net impairment losses of HK$1,883,000 and HK$3,184,000 respectively for the promissory note receivable.

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not yet past due	**87,122**	116,758

As at 31 December 2019, the Group recognised loss allowance of HK$7,795,000 (2018: HK$5,912,000) on its loan receivables. The movement in the loss allowance for loan receivables during the year is summarised below.

	2019			2018
	12-month ECL Performing	**Lifetime ECL Under-performing**	**Total**	12-month ECL Performing
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
At the beginning of the reporting period	**5,912**	**—**	**5,912**	—
(Decrease) Increase in allowance	**(4,239)**	**6,991**	**2,752**	5,912
Reversal of allowance upon recovery of loan	**(869)**	**—**	**(869)**	—
At the end of the reporting period	**804**	**6,991**	**7,795**	5,912

During the year, one of the loans has a significant increase in credit risk and was considered to classify as Under-performing *(2018: Performing)* for which the lifetime ECL will be recognised *(2018: 12-month ECL)*. The significant increase in credit risk refers to increase in rate for exposure at default due to the deterioration of financial performance of the borrower.

The management closely monitor the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

12. Trade and other payables

	Note	**2019**	2018
		HK$'000	*HK$'000*
Trade payables			
Trade payables arising from the business of securities brokerage	*(a)*		
— cash clients		**1,669**	—
— margin clients		**8,451**	—
— HKSCC		**40,420**	—
Trade payables arising from the business of options broking	*(a)*	**212**	—
Trade payables arising from the business of dealing in futures contract	*(b)*	**6,824**	—
		57,576	—
Other payables			
Other payables and accrued charges		**4,111**	11,128
Rental deposits received		**3,494**	2,443
		7,605	13,571
Less: non-current portion		**(1,944)**	(2,477)
Current portion		**5,661**	11,094
		63,237	11,094

Notes:

(a) Trade payables to cash, margin and option clients are repayable on demand. The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business.

Trade payables to client include payables placed in segregated trust accounts with banks of HK$44,402,000 *(2018: Nil)*.

(b) Trade payables to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

During the year under review, the revenue of the Group decreased by HK$60.1 million or 91% to HK$5.8 million as compared to last year. The drop in revenue of the Group during the period under review was attributable to: (i) a net loss HK$43.0 million on disposal of part of its financial assets at fair value through profit or loss ("FVPL") as compared to a net gain of HK$10.6 million in 2018; and (ii) a drop in the overall dividend income from listed equity investments under Treasury Management Business by HK$19.8 million.

The Group recorded a consolidated profit of HK$22.3 million attributable to shareholders of the Company for the year ended 31 December 2019, representing a decrease of HK$86.9 million or 80% from last year. Apart from the aforesaid drop in revenue, the year-on-year drop in the Group's profitability was mainly a result of: (i) the fair value loss for HK$6.3 million in respect of the Group's investment properties recorded in the year under review versus a fair value gain for HK$24.9 million last year; and (ii) no more share of profit of an associate during the year (approximately HK$28.0 million last year) after the Company's distribution of the shares in the associate to the Shareholders in Quarter 4 of 2018, notwithstanding the Group recorded an interest income of HK$12.4 million and a disposal gain of HK$11.5 million from debt investments at amortised cost.

The basic and diluted earnings per share for the year was HK0.24 cents, whereas the basic and diluted earnings per share of HK1.17 cents was recorded for the last corresponding year.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil). No interim dividend was declared for the financial years of 2019 and 2018, except for the distribution in specie of shares of The Cross-Harbour (Holdings) Limited and distribution in specie of shares of Y.T. Realty Group Limited in an aggregate fair value of HK$1,460.1 million declared for the financial year of 2018.

BUSINESS REVIEW

With the aim at enhancing the long-term growth potential of the Group, concrete actions were taken by the Group in year 2019 to implement the business diversification strategy by reducing the scale of the Group's proprietary trading of listed equity investments so as to allocate more resources for acquiring an established group of securities companies to develop the business of providing financial services to clients. The Board has also reclassified the money lending business from Treasury Management Business segment to Financial Services Business segment to better reflect the nature of money lending business.

Treasury Management Business

During the year under review, the Hong Kong stock market was volatile, mainly due to the prolonged trade war between China and the U.S. To contain the risks in the equity market and to allocate more resources to develop the business of financial services, the Group sold part of its financial assets at FVPL during 2019. Hence, the Group's portfolio of financial assets at FVPL reduced from HK$818.5 million as at 31 December 2018 to HK$505.6 million as at 31 December 2019. During the year, the Group recorded a net loss for HK$43.0 million on disposal of part of its financial assets at FVPL (2018: HK$10.6 million net gain), inclusive of the writing down of the nominal amount of a promissory note for HK$190 million receivable by the Group by approximately HK$19 million after taking account of its discounted present value and expected credit loss for valuation purpose. Meanwhile, the financial assets at FVPL of the Group recorded a net fair value gain of HK$47.4 million for the year (2018: HK$2.1 million net loss). Furthermore, the Group received dividend income of HK$8.5 million on the financial assets at FVPL for the year (2018: HK$28.3 million). The drop in dividend income was primarily a result of the Company's distribution in specie of its interests in Y. T. Realty Group Limited and The Cross-Harbour (Holdings) Ltd to the Company's shareholders in the year 2018.

In order to secure a more stable stream of interest income to the Group, the Group has held certain debt investments at amortised cost (senior notes) bearing an annual coupon interest rate ranging from 5.75% to 8.7% issued by certain local listed issuers. During the year, the Group changed the portfolio of the debt investments at amortised cost and recorded a net gain for HK$11.5 million (2018: Nil) for disposal of debt investments at amortised cost while the portfolio of debt investments at amortised cost reduced to HK$39.7 million as at 31 December 2019 (2018: HK$66.8 million). The interest from debt investments at amortised cost contributed a sum of interest income of HK$12.4 million to the Group for the year under review (2018: HK$0.4 million).

Property Leasing Business

The Group carries on Property Leasing Business by directly holding various classes of properties in Hong Kong including commercial, industrial and residential properties for generation of rental income. The aggregate rental income from Property Leasing Business was HK$12.3 million for the year (2018: HK$11.3 million). The increase in rental income was a result of steady rise in the rental rate for lease renewals.

As at the end of the year under review, the carrying amount of investment properties under the Property Leasing Business segment were revalued to HK$457.7 million by an independent professional valuer with a total fair value losses of HK$6.3 million for the year (2018: total fair value gains of HK$24.9 million).

During the year 2018, the Group carried on its Property Investment Business through Y. T. Realty Group Limited, which was a former associate of the Group. On 23 November 2018, the Company completed the distribution in specie of all its entire interests in Y. T. Realty Group Limited as an interim dividend to shareholders of the Company. Since then, the Group has consolidated the Property Investment Business with its Property Leasing Business.

Financial Services Business

Money Lending

Under a prudent approach in money lending business during the year, the interest income earned from money lending business slightly reduced to HK$14.1 million for the year (2018: HK15.3 million). The balance of loan and interest receivables as at 31 December 2019 was HK$87.1 million (2018: HK$116.8 million).

Brokerage and Other Related Services

As disclosed in the Company's announcement dated 3 May 2019 and as stated in the composite document in relation to the conditional mandatory cash offer of the Company dated 28 March 2019, the controlling shareholder of the Company intended to formulate long-term business plans and strategy of the Company, explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate in order to enhance the long-term growth potential of the Company.

In line with this business plan and strategy, the Company intends to focus on developing its financial services business and has accordingly through a wholly-owned subsidiary (namely, Planetree Cayman Limited) completed the acquisition of a majority stake (approximately 52.63% shareholding) in Liberty Capital Limited ("**Liberty**") on 12 December 2019, which through its subsidiaries principally engages in the business of investment holding, property investment and provision of financial services with licenses to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Moreover, Liberty (through its subsidiaries) is applying for a licence to carry out Type 7 (providing automated trading services) and Type 8 (securities margin financing) regulated activities. Subsequent to the acquisition of the aforesaid majority stake in Liberty, Liberty conducted three shares buybacks from certain minority shareholders in December 2019 and Planetree Cayman Limited injected further equity capital into Liberty in January 2020. The Company currently holds approximately 82.22% equity interest in Liberty.

Since the completion of the said acquisition, the Company has its own platform to develop its new business segment of providing asset management, securities trading services and other financial services. The Company also intends to leverage the expertise of Liberty in the securities market and its clientele to enhance the Group's own treasury management activities and proprietary trading of securities investments as well as to expand the Group's loan financing (inclusive of margin loan financing) business. There was only about half a month between the said acquisition completion date (i.e. 12 December 2019) and the year-end under review (i.e. 31 December 2019). During this short period under review, Liberty recorded a fee and commission income for about HK$0.7 million and an interest income from margin clients for another HK$0.7 million, which were consolidated into the Group's results (2018: Nil).

To unify the corporate image within the Group, Liberty and its principal subsidiaries have recently adopted the keyword "Planetree" in their corporate name.

OUTLOOK AND STRATEGY

The novel coronavirus disease 2019 (COVID-19) pandemic in the first quarter of 2020 has caused indices of global financial markets including Hang Seng Index to drop significantly. The adverse impacts of the COVID-19 pandemic on the global property markets and securities markets are likely to last for some time. Hence, the full year business outlook of the Group in 2020 will be uncertain.

Experience tells us that uncertainties will create risks and opportunities. The Group will keep a close watch on market changes and make appropriate strategic adjustments to the Group's assets portfolio with business diversification in order to maximize the returns to shareholders of the Company.

Having changed the company name from "Yugang International Limited" to "Planetree International Development Limited" during 2019, the Company intends to establish a new image and is poised to formulate long-term business plans and strategy of the Company. To this end, the acquisition of Liberty since December 2019 has demonstrated the Group's concrete step taken to develop the business in provision of financial services to clients. The Group will explore other attractive business opportunities (particularly those in the finance industry and properties, both local and overseas) aiming at enhancing the long-term growth potential and business diversification of the Group.

The Company's shares are currently traded on the Hong Kong stock exchange at around HK$0.1 per share (i.e. the closing price as at the date of this announcement), representing a discount of about 48% to the consolidated net asset value of approximately HK$0.191 per share as at 31 December 2019. To make the Company's shares more attractive to institutional and professional investors with guidelines stipulating minimum trading price of potential investments, the Board intends to put forward a share consolidation scheme to bring about an upward adjustment to the share price of the Company. Further announcement will be published by the Company as and when necessary.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately HK$5.8 million for the year, representing a drop of HK$60.1 million or 91% from the last corresponding year. The drop in revenue was mainly a result of the net loss for HK$43.0 million on disposal of financial assets at FVPL (2018: net gain of HK$10.6 million) and less dividend income of HK$8.5 million from financial assets at FVPL held by the Group (2018: HK$28.3 million).

Other Comprehensive Income

The Group recorded no other comprehensive income for the year (2018: other comprehensive income of HK$209.9 million), which arose from a release of other reserves upon distribution in specie of shares in an associate.

Net Asset Value

As at 31 December 2019, the consolidated net asset value of the Group was HK$1,776.7 million (2018: HK$1,632.4 million). The consolidated net asset value per share of the Group was HK$0.191 (2018: HK$0.175). The Group's total assets and total liabilities were HK$2,040.5 million (2018: HK$1,646.8 million) and HK$263.8 million (2018: HK$14.5 million) respectively.

Capital Structure

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings.

The Group consistently adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars and Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

Liquidity and Financial Resources

The Group's cash and cash equivalents, being mainly denominated in Hong Kong dollars, was HK$276.7 million as at 31 December 2019 (2018: HK$168.9 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were HK$782.3 million as at 31 December 2019 (2018: HK$987.4 million). The liquidity of the Group was very strong with a current ratio of 4.7 as at 31 December 2019 (2018: 91.6).

The Group had bank borrowing in the sum of HK$186.9 million as at 31 December 2019 (2018: Nil). The Group did not have any available short-term revolving banking facilities as at 31 December 2019 (2018: HK$150.0 million, and none of them were utilised as at 31 December 2018).

Exposure to Fluctuation in Exchange Rates and Related Hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate. The Group did not have any related hedging instruments.

Gearing Ratio

As at 31 December 2019, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was inapplicable as it became negative when cash and cash equivalents could entirely cover the total debt (2018: inapplicable). Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2019 (2018: Nil).

Charges on Group Assets

As at 31 December 2019, the Group pledged its investment properties with an aggregate carrying value of approximately HK$313.2 million as security for general banking facilities granted to the Group (2018: HK$130.3 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

The Group maintained a diversified portfolio of financial assets at FVPL with a carrying value of HK$505.6 million as at 31 December 2019 (2018: HK$818.5 million). At the year end, the Group held a total of 13 listed companies in the portfolio of financial assets at FVPL, all of which are listed in Hong Kong. The significant investments held by the portfolio during the year under review included:

1. ***C C Land Holdings Limited ("C C Land") (stock code: 1224)***

   C C Land principally engages in property development and investment and treasury investments. The Group sold all its shares in C C Land with carrying value of HK$552.3 million as at 31 December 2018 and a loss of HK$49.5 million was recognised in the consolidated statement of profit or loss during the year. The Group received a dividend income of HK$5.8 million from C C Land during the year (2018: HK$5.8 million).

2. China Dili Group ("China Dili") (stock code: 1387)

China Dili is one of the leading operators of agricultural produce wholesale markets in China. The carrying value of China Dili was stated at fair value of approximately HK$214.1 million as at 31 December 2019 and a fair value gain of approximately HK$13.0 million was recognised during the period.

3. Newton Resources Limited ("Newton Res") (stock code: 1231)

Newton Res principally engages the trading business of iron ore, other commodities and construction materials and the mining businesses. The Group sold part of its shares in Newton Res with carrying value of HK$12.0 million as at 31 December 2018 and a loss of HK$2.8 million was recognised in the consolidated statement of profit or loss during the year. The carrying value of Newton Res was stated at fair value of HK$122.1 million as at 31 December 2019 and a fair value gain of approximately HK$3.6 million was recognised during the year.

4. Shengjing Bank Co., Ltd ("Shengjing Bank") (stock code: 2066)

Shengjing Bank principally engages in banking and financing services in China. The carrying value of Shengjing Bank was stated at fair value of HK$60.5 million as at 31 December 2019 and fair value gain of HK$26.4 million was recognised during the year. The Group received a dividend income of approximately HK$1.2 million from Shengjing Bank during the period.

5. Senior notes (debt investments)

The Group has held certain senior notes bearing an annual coupon interest rate ranging from 7.875% to 8.5% issued by two separate local listed issuers (namely, Kaisa Group Holdings Ltd. with stock code: 1638 and Fantasia Holdings Group Co., Limited with stock code: 1777, both of which principally engage in property development and related services in China) with a sum of carrying value of HK$66.8 million as at 31 December 2018 were sold during the year. The Group recorded a sum of interest income of HK$12.4 million from all the senior notes at amortised cost and a gain of disposal of HK$11.5 million during the year. The Group then replenished the portfolio of debt investments at amortised cost by acquiring five bonds bearing an annual coupon interest rate ranging from 5.75% to 8.7% issued by five separate issuers, with a sum of carrying value of HK$39.7 million as at 31 December 2019.

6. China Resources Pharmaceutical Group Limited ("CR Pharm") (stock code: 3320)

CR Pharm principally engages in pharmaceutical and other healthcare products. During the year, the Group sold all its shares in CR Pharm with a carrying value of HK$145.5 million as at 31 December 2018 to realise a sum of gains for HK$9.4 million.

Save as disclosed above, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries (other than the acquisition of Liberty Capital Limited and its subsidiaries as disclosed in the "Business Review" section above), associates or joint ventures during the year under review. In view of the recent COVID-19 pandemic, the business outlook of the significant investments held by the Group will be uncertain in 2020. There was no present plan authorized by the Board for material investments or acquisition of material capital assets as at the date of this announcement.

Significant Events since the End of the Reporting Period

On 22 January 2020, Planetree Cayman Limited entered into a subscription agreement with Liberty to subscribe for 1,700 new shares at a total consideration of HK$227,800,000. Upon completion, the Group has held approximately 82.22% ordinary equity interests in Liberty Group attributable to the equity holders of the Company. The subscription was completed in January 2020.

Save as disclosed above, there were no other significant events affecting the Group since the end of the reporting period.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the year ended 31 December 2019, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for deviation from code provisions A.2 and D.1.4. For code provision A.2, the positions of "chairman" and "chief executive officer" have been left vacant by the Company since the change of composition of the Board on 30 April 2019. The Board requires additional time to identify a suitable candidate to act as the chairman of the Board and the Group's chief executive officer respectively. As a transitional arrangement, the Directors elect one of them to act as chairman of the meetings of the Company by rotation and Ms. Cheung Ka Yee has served the role of chief executive officer of the Group while Mr. Wong Hung Wai has served as the Company's Managing Executive Officer — Financial Services since 6 March 2020. For code provision D.1.4, the Company does not have formal letter of appointment for all Directors setting out key terms and conditions of their appointment. The Company is of the view that the current arrangement is more appropriate and flexible, particularly in light of the current business activities and operational structure of the Company. All Directors have a clear understanding of terms and conditions of their appointment already exists between the Company and Directors. Additionally, each Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years pursuant to bye-laws of the Company. The Board will review these arrangements in light of the evolving development of the Group's business activities.

The Company will continually review its corporate governance framework to ensure best corporate governance practices. Save as disclosed above, there were no significant changes in the Company's corporate governance practice or from the information disclosed in the Corporate Governance Report in the latest published annual report.

Compliance of Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the accounting period under review, they have complied with the required standards set out in the Model Code.

Environmental, Social and Governance ("ESG") Performance

The Board is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of the business operations and investment of the Company. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Group. The Company strives to promote awareness on environmental protection and optimizes efficient use of energy in daily operation by encouraging employees to recycle office suppliers, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interest. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Group are set out in 2019 annual report which are prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, and will be available on the website of the Company (www.planetreeintl.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk) in due course.

Human Resources Practices

The Group's Remuneration Policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There are approximately 30 effective work forces serving the Group as at 31 December 2019. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme to motivate the performance of employees.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Company's auditors, Mazars CPA Limited ("**Mazars**") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on this announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the accounting principles and standards adopted by the Group, the risk management and internal control systems and financial reporting matters of the Group. In addition, the consolidated financial statements of the Group for the year ended 31 December 2019 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2019.

PUBLICATION OF 2019 ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Company (www.planetreeintl.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2019 annual report will be dispatched to Shareholders and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing, Mr. Zhang Qing Xin, Mr. Lee Ka Sze, Carmelo, Mr. Luk Yu King, James, Mr. Leung Yu Ming, Steven and Mr. Ng Kwok Fu for their contributions to the Board until their resignation as directors of the Company on 30 April 2019. I would like to extend our gratitude and sincere appreciation to the management and all staff for their diligence and dedication to the Group throughout the period.

By order of the Board
Planetree International Development Limited
Cheung Ka Yee
Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:
Mr. Lam Hiu Lo
Mr. Liang Kang
Ms. Cheung Ka Yee
Ms. Tsang Wing Man
Mr. Wong Hung Wai

Independent Non-Executive Directors:
Mr. Chan Sze Hung
Mr. Ha Kee Choy, Eugene
Mr. Kwong Kai Sing, Benny