

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Planetree International Development Limited

梧桐國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00613)

2020 INTERIM RESULTS (UNAUDITED)

The board (the “**Board**”) of directors (the “**Directors**”) of Planetree International Development Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	35,583	38,004
Other income and gains	3	22,171	15,737
Net gain on disposal of debt investments at amortised cost		99	—
Reversal of impairment losses on loan and interest receivables		2,916	869
Reversal of impairment losses on promissory note receivable		2,310	—
Administrative expenses		(53,415)	(15,852)
Other expenses	4	(77,960)	(4,800)
Finance costs	5	(4,740)	(30)
(Loss) Profit before taxation	6	(73,036)	33,928
Income tax expense	7	(19)	(1,802)
(Loss) Profit and total comprehensive (loss) income for the period		(73,055)	32,126

		Six months ended 30 June	
		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
(Loss) Profit for the period attributable to:			
Owners of the Company		(74,284)	32,126
Non-controlling interests		1,229	—
		<u>(73,055)</u>	<u>32,126</u>
Total comprehensive (loss) income attributable to:			
Owners of the Company		(74,284)	32,126
Non-controlling interests		1,229	—
		<u>(73,055)</u>	<u>32,126</u>
		<i>HK cents</i>	<i>HK cents</i>
			<i>(Adjusted)</i>
(Loss) Earnings per share			
Basic	9	<u>(7.98)</u>	<u>3.45</u>
Diluted		<u>(7.98)</u>	<u>3.45</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Non-current assets			
Property and equipment		217,949	181,210
Investment properties		313,200	457,700
Intangible assets		11,500	6,500
Debt investments at amortised cost		24,217	39,737
Financial assets at fair value through profit or loss ("FVPL")		7,865	—
Loan and other receivables	10	1,284	174,764
Other assets		3,230	3,230
		<u>579,245</u>	<u>863,141</u>
Current assets			
Trade, loan and other receivables	10	733,380	395,042
Financial assets at FVPL		386,234	505,618
Bank balances — trust and segregated accounts		5,328	44,402
Bank balances and cash		321,706	232,254
		<u>1,446,648</u>	<u>1,177,316</u>
Current liabilities			
Trade and other payables	11	11,681	63,237
Lease liabilities — current portion		1,770	2,084
Interest-bearing borrowings		278,925	186,875
Income tax payable		49	59
		<u>292,425</u>	<u>252,255</u>
Net current assets		<u>1,154,223</u>	<u>925,061</u>
Total assets less current liabilities		<u>1,733,468</u>	<u>1,788,202</u>
Non-current liabilities			
Other payables	11	1,690	1,944
Lease liabilities — non-current portion		—	716
Deferred taxation		4,249	8,854
		<u>5,939</u>	<u>11,514</u>
NET ASSETS		<u>1,727,529</u>	<u>1,776,688</u>
Capital and reserves			
Share capital		93,353	93,053
Reserves		1,521,842	1,570,159
Equity attributable to owners of the Company		1,615,195	1,663,212
Non-controlling interests		112,334	113,476
TOTAL EQUITY		<u>1,727,529</u>	<u>1,776,688</u>

Notes:

1. Basis of preparation and changes in accounting policies

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**Interim Financial Statements**”) are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Interim Financial Statements should be read in conjunction with the 2019 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2020 as described below.

Adoption of new/revised HKFRSs

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19 Related Rent Concession

The adoption of the new/revised HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

2. 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.

Beginning from the second half of 2019, the Group has reorganised its internal reporting structure resulting in changes to the composition of its reportable segments. The credit and lending services business is now separated from tactical and strategic investment as a single segment. Prior period segment disclosures have been represented to conform with the current period’s presentation.

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

- (a) Financial services — operations under SFO licences segment engaged in the provision of dealing in securities, margin financing services, dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the Securities and Futures Ordinance (the “**SFO**”);
- (b) Credit and lending services — operations under MLO licences segment which generates interest income from money lending activities with licences granted under the Money Lenders Ordinance (the “**MLO**”);

- (c) Tactical and strategic investment segment which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments; and
- (d) Property investment and leasing segment consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential.

* *The chief operating decision makers have updated the name of its reportable and operating segments for clearer descriptive information about them.*

Segment revenue and results

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

For the six months ended 30 June 2020 (Unaudited)

	Financial services — operations under SFO licences <i>HK\$'000</i>	Credit and lending services — operations under MLO licences <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	21,248	7,860	1,802	4,673	35,583
Other income and gains	170	—	14,026	7,203	21,399
Segment revenue	<u>21,418</u>	<u>7,860</u>	<u>15,828</u>	<u>11,876</u>	<u>56,982</u>
Segment profit (loss)	<u>12,431</u>	<u>10,739</u>	<u>(52,718)</u>	<u>2,051</u>	(27,497)
Unallocated other income and gains					772
Corporate and unallocated expenses, net					<u>(46,330)</u>
Loss for the period					<u>(73,055)</u>

For the six months ended 30 June 2019 (Unaudited)(Represented)

	Credit and lending services — operations under MLO licences <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Reportable segments total <i>HK\$'000</i>	Adjustments (Note) <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	7,476	24,421	6,107	38,004	—	38,004
Other income and gains	2	15,735	—	15,737	—	15,737
Segment revenue	<u>7,478</u>	<u>40,156</u>	<u>6,107</u>	<u>53,741</u>	<u>—</u>	<u>53,741</u>
Segment profit	<u>8,293</u>	<u>39,158</u>	<u>1,032</u>	<u>48,483</u>	<u>(447)</u>	48,036
Corporate and unallocated expenses, net						<u>(15,910)</u>
Profit for the period						<u>32,126</u>

Note:

The activities of the property investment segment were previously carried on through an associate of the Group and therefore, the entire revenue and gains of this reportable segment and its profit for the period not attributable to the Group are excluded to arrive at the Group's consolidated revenue and gains and consolidated profit for the six months ended 30 June 2019.

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding certain financial assets) are located in Hong Kong.

3. Revenue, other income and gains

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

		Six months ended 30 June	
		2020	2019
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue			
Fee and commission income	(a)	451	—
Net gain on disposal of financial assets at FVPL	(b)	—	9,356
Interest income from:			
— margin clients		20,797	—
— loan receivables		7,860	7,476
— debt investments at amortised cost		1,363	6,922
		30,020	14,398
Dividend income from			
— financial assets at FVPL		439	8,143
Gross rental income		4,673	6,107
		35,583	38,004
Other income and gains			
Interest income on:			
— bank deposits		278	219
— other receivable from ex-shareholder of a subsidiary		48	—
— promissory note receivable	10(f)	4,379	—
		4,705	219
Gain on disposal of subsidiaries		10,393	385
Gain on disposal of property and equipment		—	120
Gain on partial settlement of promissory note receivable	10(f)	4,751	—
Government employment subsidy		312	—
Net fair value gains on financial assets at FVPL		—	14,478
Other commission rebate		843	—
Others		1,167	535
		17,466	15,518
		22,171	15,737
Total revenue, other income and gains		57,754	53,741

Notes:

- (a) All fee and commission income are recognised at point in time.
- (b) For the six months ended 30 June 2019, net gain on disposal of financial assets at FVPL represents proceeds from the disposal of financial assets at FVPL of approximately HK\$154,858,000 less relevant costs and carrying value of the investments sold of approximately HK\$145,502,000.

4. Other expenses

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net fair value losses on financial assets at FVPL	69,860	—
Net fair value losses on investment properties	8,100	4,800
	<u>77,960</u>	<u>4,800</u>

5. Finance costs

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	4,691	—
Imputed interest on lease liabilities	49	30
	<u>4,740</u>	<u>30</u>

6. (Loss) Profit before taxation

The Group's (loss) profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	2,373	77
Depreciation of right-of-use assets	3,063	344
Lease payments in respect of rented premises	—	316
Share-based compensation expenses	23,896	—
	<u>23,896</u>	<u>—</u>

7. Income tax expense

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 is taxed at the rate of 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue to 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 six months ended 30 June 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	19	—
Deferred taxation		
Reversal of temporary difference	—	1,802
Income tax expense	19	1,802

8. Dividends

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9. (Loss) Earnings per share

The calculation of the basic and diluted loss per share is based on (loss) profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the period as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) Profit for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>(74,284)</u>	<u>32,126</u>
	Six months ended 30 June	
	2020	2019
	No. of shares	No. of shares
	(Unaudited)	(Unaudited)
		(Adjusted)
Issued ordinary shares at 1 January	9,305,276,756	9,305,276,756
Effect of share consolidation	(8,374,749,080)	(8,374,749,080)
Shares vested under the share award scheme	<u>779,005</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period, for the purpose of basic and diluted earnings per share	<u>931,306,681</u>	<u>930,527,676</u>

The outstanding share options and share awards of the Company have not been included in the computation of diluted earnings per share as they are anti-dilutive for the six months ended 30 June 2020.

Diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2019 because there were no potential dilutive ordinary shares outstanding.

10. Trade, loan and other receivables

		30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Trade receivables			
Trade receivables arising from the business of financial services			
— cash clients		8	4
— margin clients	(b)	334,910	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		2,005	5,554
	(a)	336,923	253,280
Rental receivables			
		—	320
Loan and interest receivables			
Loan and interest receivables from independent third parties			
		314,266	94,917
Less: Loss allowance		(4,879)	(7,795)
	(d)	309,387	87,122
Other receivables			
Deposits with securities brokers	(e)	77	77
Other receivable from ex-shareholder of a subsidiary		—	51,803
Promissory note receivable	(f)	84,849	173,409
Prepayments		722	1,587
Deposits		1,352	1,378
Other receivables		1,354	830
		88,354	229,084
		734,664	569,806
Less: Non-current portion			
Loan and interest receivables		—	(995)
Other receivables		(1,284)	(173,769)
		(1,284)	(174,764)
Current portion		733,380	395,042

Notes:

- (a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 12% to 24% (31 December 2019: 12% to 24%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,897,179,000 (31 December 2019: HK\$1,669,597,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. As at 30 June 2020, the Group has concentration of credit risk as 32% and 96% (31 December 2019: 35% and 100%) of total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively, within the financial services business.
- (c) The settlement terms of trade receivables arising from the financial services business with HKSCC are usually two days after trade date.
- (d) Loan receivables represent receivables arising from the Group's credit and lending services business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to two (31 December 2019: four) new customers and eleven (31 December 2019: two) existing customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK\$24,191,000 (31 December 2019: HK\$25,282,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 15% to 24% (31 December 2019: ranging from 15% to 24%) per annum and have contractual loan period between 3 months and 12 months (31 December 2019: 3 months and 12 months) under the Group's credit and lending services business. The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK\$285,196,000 (31 December 2019: HK\$61,840,000) which are unsecured, bearing interest ranging from 5% to 28% (31 December 2019: ranging from 5% to 24%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 3 months and 1 year (31 December 2019: between 9 months and 2 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 30 June 2020, allowance for impairment loss of approximately HK\$4,879,000 (31 December 2019: HK\$7,795,000) is recognised for the loan receivables.

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Not yet past due	305,219	87,122
4 to 6 months past due	<u>4,168</u>	<u>—</u>
At the end of the reporting period	<u><u>309,387</u></u>	<u><u>87,122</u></u>

As at 30 June 2020, the Group has concentration of credit risk as 13% and 65% (31 December 2019: 57% and 98%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending services business.

- (e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (f) The amount represented a zero-coupon promissory note issued by an independent third party on 30 September 2019 which is at principal amount of HK\$190,000,000 maturing on 30 June 2021. During the six months ended 30 June 2020, an early repayment of HK\$100,000,000 (six months ended 30 June 2019: Nil) was received and the Group recognised a gain on partial settlement of promissory note receivable of approximately HK\$4,751,000 (six months ended 30 June 2019: Nil).

During the six months ended 30 June 2020, the Group recognised interest income and reversal of impairment losses of approximately HK\$4,379,000 and HK\$2,310,000 respectively for the promissory note receivable.

11. Trade and other payables

		30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Trade payables			
Trade payables arising from the business of financial services	(a)		
— cash clients		1,631	1,669
— margin clients		2,523	8,451
— HKSCC		300	40,420
Trade payables arising from the business of options broking	(a)	209	212
Trade payables arising from the business of dealing in futures contracts	(b)	2,619	6,824
	(c)	7,282	57,576
Other payables			
Other payables and accrued charges		4,399	4,111
Rental deposits received		1,690	3,494
		6,089	7,605
		13,371	65,181
<i>Less: Non-current portion</i>			
Other payables		(1,690)	(1,944)
Current portion		11,681	63,237

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 financial services business with HKSCC are usually two days after trade date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (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.
- (c) Included in trade payables were amounts in aggregate of approximately HK\$5,328,000 (31 December 2019: HK\$44,402,000) in respect of the trust and segregated bank balances received and held for clients in the course of dealing in regulated activities.

12. Commitment

On 14 May 2020, Planetree Treasury Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with JRDA Limited (“**JRDA**”), an independent third party, to acquire the entire interest in Akron Corporate Finance Limited (“**Akron**”) at a total consideration of HK\$6,000,000, which shall be satisfied by allotting and issuing the shares of the Company to JRDA at HK\$1.00 per consideration share (the “**Akron Acquisition**”). The principal activity of Akron is advising on corporate finance (Type 6). Upon completion of the Akron Acquisition, Akron will become a wholly owned subsidiary of the Company and the assets, liabilities and results of Akron will be consolidated into the financial statements of the Group. The Akron Acquisition is subject to approval by the Securities and Futures Commission of Hong Kong. Up to the date of this announcement, the Akron Acquisition has not been completed.

13. Events after the reporting period

The Group had the following subsequent events:

(a) Grant of share options

On 8 July 2020, the Company granted 41,000,000 share options with no vesting conditions to certain eligible persons of the Group at an exercise price of HK\$1.5 per share. The validity period of the share options is 10 years from the date of grant (i.e. 8 July 2020 to 7 July 2030).

(b) Deemed disposal of a subsidiary and acquisition of a subsidiary

On 13 July 2020, Top Insight Holdings Limited (“**Top Insight**”), a non-wholly owned subsidiary of the Company, and Planetree (BVI) Capital Limited, a non-wholly owned subsidiary of the Company holding Top Insight, entered into a conditional subscription agreement with Multi Kingdom Investment Limited (“**Multi Kingdom**”), an independent third party, to subscribe 350 shares of Top Insight (the “**Top Insight Disposal**”), representing approximately 35% of the enlarged share capital of Top Insight, at consideration of HK\$67,300,000, which shall be settled in kind by Multi Kingdom by transferring the entire issued share capital of Jumbo Hall International Limited (“**Jumbo Hall**”) to Top Insight. The principal assets of Top Insight and its subsidiaries (“**Top Insight Group**”) and Jumbo Hall are property holding. Following the completion of the Top Insight Disposal subsequently in July 2020, the Group’s effective equity interest in Top Insight was diluted from 82.22% to 53.44% at that time, with Jumbo Hall had become a non-wholly owned subsidiary of the Company and the assets, liabilities and results of Jumbo Hall will be consolidated into the financial statements of the Group.

(c) Acquisition of non-controlling interests in a subsidiary

On 4 August 2020, Planetree (Cayman) Capital Limited (“**Planetree Capital**”, formerly known as Liberty Capital Limited) entered into two agreements to repurchase 800 ordinary shares from two minority shareholders at an aggregate cash consideration of HK\$93,600,000. The ordinary shares were cancelled immediately after repurchased (“**Planetree Capital Repurchase**”) in August 2020. Upon completion of the Planetree Capital Repurchase, Planetree Capital became a wholly-owned subsidiary of the Company. The Group derecognised the non-controlling interest in Planetree Capital at the date of completion and recognised directly in retained earnings attributable to owners of the Company for the difference between (1) the amount by which the non-controlling interests are adjusted and (2) the fair value of the consideration payable.

MANAGEMENT DISCUSSION AND ANALYSIS RESULTS

RESULTS

During the first six months ended 30 June 2020 (the “**Period**”), the total revenue and other income of the Group increased by HK\$4.0 million or 7.5% to HK\$57.8 million, as compared to the corresponding period last year. The increase in total revenue and other income of the Group was mainly attributable to the increased segment revenue contributed by the Group’s businesses in financial services, credit & lending and property investment & leasing, which was more than offsetting the decreased segment revenue from the deliberately scaled-down business in tactical and strategic investment, as a result of the Group’s implementation of the strategy of focusing on development of financial services business.

Notwithstanding the increase in total revenue and other income, the Group recorded an unaudited consolidated loss before tax for HK\$73.0 million during the Period versus a profit before tax of HK\$33.9 million in the corresponding period last year. The decline in profitability was primarily attributable to the fair value losses of HK\$67.4 million on financial assets at fair value through profit or loss (“**FVPL**”) held by the Group as at 30 June 2020 and a sum of administrative expenses for HK\$23.9 million recorded during the Period in respect of share options and share awards granted by the Company during the Period. The aforesaid fair value losses and administrative expenses required for accounting purposes did not involve cash outlay from the Group. Before including such items, the Group recorded a profit before tax of HK\$18.3 million generated by the Group’s businesses during the Period plagued by the outbreak of the novel coronavirus (“**COVID-19**”).

INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2019 was paid during the six months ended 30 June 2020 (2019: Nil).

Apart from the aforesaid, the Board has resolved not to declare any interim dividend for the Period (2019: Nil).

BUSINESS REVIEW

With the aim at enhancing the Group's long-term growth potential, the Group successfully implemented the business diversification strategy during the Period by reducing the scale of the Group's portfolio of listed equity investments and portfolio of investment properties so as to allocate more resources to develop the business of providing financial services to clients. The principal activities of the Group are classified into the following business segments:

(1) Financial services — operations under SFO licences

After the acquisition of a majority stake (approximately 52.63% shareholding) in Planetree (Cayman) Capital Limited (“**Planetree Capital**”, formerly known as Liberty Capital Limited) in mid-December 2019, the Group in January 2020 injected a sum of HK\$227.8 million equity capital into Planetree Capital to develop its businesses covering the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services through Planetree Capital's subsidiaries (together the “**Planetree Capital Group**”) with Type 1, Type 2 and Type 9 licences granted under the Securities and Futures Ordinance (the “**SFO**”, Chapter 571 of the laws of Hong Kong) to carry on such kind of regulated business activities.

During the Period, this segment recorded segment revenue of HK\$21.4 million and achieved a segment profit of HK\$12.4 million during the Period (2019: Nil revenue and profit) and has become the most profitable core business of the Group. Through shares buybacks from Planetree Capital's minority shareholders completed in December 2019 and August 2020, Planetree Capital has now become a wholly-owned subsidiary of the Company with a consolidated net asset value of HK\$608.2 million as at 30 June 2020.

In order to expand the scope of the Group's financial services, the Company in May 2020 announced the acquisition of Akron Corporate Finance Limited (which engages in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO) at a consideration of HK\$6 million, which will be satisfied by allotting and issuing 6,000,000 new shares in the Company to the vendor. This acquisition has not yet been completed, pending the approval by the Securities and Futures Commission.

(2) Credit and lending services – operations under MLO licences

The Group conducts its money lending business with two money lender licences held by the Group under the Money Lenders Ordinance (the “**MLO**”, Chapter 163 of the laws of Hong Kong). During the Period, segment revenue increased from HK\$7.5 million in the corresponding period last year to HK\$7.9 million with more loans granted by the Group to a broader base of clients in this segment, as reflected by the increase in the gross balance of loan and interest receivables from HK\$94.9 million as at 31 December 2019 to HK\$314.3 million as at the end of the Period. The segment profit increased to HK\$10.7 million during the Period when compared to the segment profit of HK\$8.3 million during the corresponding period last year.

(3) Tactical and strategic investment

In order to allocate more financial resources to develop the financial services business, the Group has deliberately scaled down the resources put in this business segment since the second half of 2019. As at 30 June 2020, after netting off fair value losses of HK\$67.4 million, the sum of financial assets at FVPL and debt investments at amortised cost under this segment was HK\$418.3 million, as compared to HK\$1,060.7 million as at 30 June 2019. Due to the scaling down of this segment coupled with the depressed stock market conditions during the Period caused by the COVID-19 pandemic, segment revenue dropped from HK\$40.2 million (inclusive of a net gain of HK\$9.4 million on disposal of listed equity investments) in the corresponding period last year to HK\$15.8 million during the Period. There was a segment loss of HK\$52.7 million during the Period as compared to a segment profit of HK\$39.2 million during the corresponding period last year, mainly due to the aforesaid fair value losses of HK\$67.4 million on financial assets at FVPL held by the Group as at 30 June 2020. There were also losses of HK\$2.5 million on financial assets at FVPL held by an ex-subsidiary during the Period.

(4) Property investment and leasing

To contain the negative impacts on local property prices arising from the COVID-19 pandemic and to focus on the development of the financial services business, the Group disposed of 4 residential units and 3 industrial units by selling certain property holding companies in May 2020. The total valuation of these properties was HK\$136.4 million by that time (after deducting the fair value losses of HK\$8.1 million recorded before the disposal) while the net asset value of the relevant property holding companies at the time of disposal was HK\$12.9 million after netting off loans and debts repayable to independent third parties. The relevant property holding companies were sold for a cash consideration of HK\$20 million, resulting in a gain of HK\$7.1 million which recovered most of the aforesaid fair value losses.

To abide by corporate social responsibility, the Group granted a temporary rent concession to alleviate the operating pressure of a tenant whose business was seriously affected by the COVID-19 pandemic during the Period. Hence, the Group's rental income decreased from HK\$6.1 million in the corresponding period last year to HK\$4.7 million during the Period.

Overall speaking, this segment during the Period recorded segment revenue of HK\$11.9 million (2019: HK\$6.1 million) and segment profit of HK\$2.1 million (2019: HK\$1.0 million). As at 30 June 2020, the Group held 2 commercial properties in Hong Kong for leasing to independent third party tenants for rental income with a total fair value at HK\$313.2 million.

PROSPECT

Going forward, the Group will continue to focus on developing the financial services business. The Group's acquisition of Akron Corporate Finance Limited (which engages in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO) is expected to be completed within the year 2020 pending the approval by the Securities and Futures Commission. To further develop the Group's core business into a more integrated financial services business, the Group is in the process of applying for licences to carry on Type 7 (providing automated trading services) and Type 8 (securities margin financing) regulated activities under the SFO. A more comprehensive profile of licences under the SFO is expected to create synergy effect favourable to the Group's development of an integrated financial services business so as to grasp the opportunities in the capital market when the COVID-19 pandemic will gradually be brought under control.

Regarding the Group's other business segments in tactical and strategic investment as well as property investment and leasing, the Group will pursue attractive investment and business opportunities which will have strategic investment value and is in line with the Group's corporate mission and goals. However, as there are uncertainties about the economic outlook arising from COVID-19, the Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate buffer to meet the challenges ahead.

FINANCIAL REVIEW

Revenue

The overall revenue of the Group for the Period was HK\$35.6 million, representing a decrease of HK\$2.4 million from the corresponding period last year. Margin loan interest income, fees and commission under the Group's financial services business aggregated to HK\$21.2 million (2019: Nil). Interest income from the Group's money lending business increased to HK\$7.9 million (2019: HK\$7.5 million). Revenue from holding tactical and strategic investments decreased to HK\$1.8 million (2019: HK\$24.4 million). Rental income of the Group for the period decreased to HK\$4.7 million (2019: HK\$6.1 million).

Other comprehensive income

The Group recorded no other comprehensive gain or loss for the Period (2019: Nil).

Net asset value

The unaudited consolidated net asset value of the Group as at 30 June 2020 was HK\$1,727.5 million, representing a decrease of HK\$49.2 million from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2020 was HK\$1.85.

Capital structure

On 12 May 2020, the Company effected a share consolidation whereby every 10 shares in the Company by that time were consolidated into one consolidated share in order to: (1) make the consolidated shares in the Company more attractive to institutional and professional investors who may avoid investing in securities with trading price of HK\$0.5 or less; and (2) reduce the overall transaction and handling costs of dealings in the shares in the Company so as to attract more investors.

On 1 June 2020, the Company completed the issue of 3,000,000 awarded shares to an employee granted to him on 14 May 2020 under the Company's share award scheme. Since then, the Company has 933,527,675 shares in issue.

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

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

Liquidity and financial resources

As at 30 June 2020, the Group's cash and bank balances were HK\$321.7 million whilst the cash and cash equivalents and the listed equity investments in aggregate were HK\$707.9 million. The Group maintained a high current ratio at 4.9 (31 December 2019: 4.7) and the net current assets of the Group was HK\$1,154.2 million (31 December 2019: HK\$925.1 million) which indicated a strong and healthy financial position of the Group.

As at 30 June 2020, the Group's bank borrowings were HK\$278.9 million (31 December 2019: HK\$186.9 million). The Group did not have any available short-term revolving banking facilities as at 30 June 2020 (31 December 2019: Nil).

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 to the U.S. Dollars. The Group did not have any related hedging instruments.

Gearing ratio

As at 30 June 2020, 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 (31 December 2019: inapplicable). Net debt includes bank borrowings, other payables and accruals, net of cash and cash equivalents.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2020.

Charge on Group assets

As at 30 June 2020, the Group pledged its investment properties with an aggregate carrying value of HK\$313.2 million (31 December 2019: HK\$313.2 million) and a property for own use with a carrying value of HK\$169.1 million (31 December 2019: Nil) as security for general banking facilities granted to the Group.

Significant investments

As at 30 June 2020, the Group maintained a diversified portfolio of financial assets at FVPL under current assets with a carrying value of HK\$386.2 million (31 December 2019: HK\$505.6 million). This portfolio consisted of investments in a total of five listed companies in Hong Kong. Only one of these investments had a carrying value of 5% or more of the Group's total assets as at 30 June 2020 with details as follows:

Name of investments	Number of shares held as at 30 June 2020	Percentage of shareholding as at 30 June 2020	Dividends received during six months ended 30 June 2020 <i>HK\$'000</i>	Realized gain/(loss) during six months ended 30 June 2020 <i>HK\$'000</i>	Unrealized gain/(loss) during six months ended 30 June 2020 <i>HK\$'000</i>	Investment cost <i>HK\$'000</i>	Market value as at 30 June 2020 <i>HK\$'000</i>	Approximate % to the Group's total assets as at 30 June 2020
---------------------	--	---	--	--	--	------------------------------------	--	--

China Dili Group ("Dili")

(stock code: 1387)	87,000,000	1.52%	Nil	Nil	(69,600)	200,100	143,550	7.09%
--------------------	------------	-------	-----	-----	----------	---------	---------	-------

Dili and its subsidiaries principally engage in the operation of agriculture wholesale markets in the People's Republic of China. According to Dili's interim results announcement for the six months ended 30 June 2020, it recorded consolidated revenue of approximately RMB689.3 million and consolidated net profit of approximately RMB142.0 million during the period under review. Both Dili's revenue and profit decreased year-on-year, mainly as a result of the challenging business operation conditions under the impact of COVID-19 pandemic and a net valuation loss of approximately RMB179.9 million on investment properties. The Company expects Dili's prospect to turn better when COVID-19 pandemic is gradually brought under control. Hence, the Company considers its investment in Dili has strategic investment value and has no present plan to change the Group's holding of Dili shares.

Review of accounts

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Company's auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial statements of the Group for the Period have also been reviewed by the Audit Committee of the Company. In addition, the Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters.

Significant events since the end of the reporting period

Save as disclosed in the note 13 in page 15 above, there were no other significant events affecting the Group since the end of the reporting period.

OPERATION REVIEW

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 level 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 were 33 work forces (inclusive of all the directors of the Company) working for the Group as at 30 June 2020. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

ADDITIONAL INFORMATION

Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the Period, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, except for deviation from code provisions A.2. 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. During the period under review, Dr. Leung Wing Cheung, William has been appointed as the executive chairman of the Board since 2 June 2020 and Ms. Cheung Ka Yee has served the role of chief executive officer of the Group.

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 with 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 of the Listing Rules as its own code of conduct regarding securities transactions by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the Period, they have complied with the required standards set out in the Model Code.

Purchase, sale or redemption of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Period.

Publication of interim results announcement and interim report

This results 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 2020 interim report will be dispatched to shareholders of the Company and published on the above websites in September 2020.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank Ms. Tsang Wing Man and Mr. Wong Hung Wai for their contributions to the Board until their resignation as directors of the Company on 1 June 2020 and 21 July 2020 respectively. I would also like to extend our gratitude and sincere appreciation to management and all staff for their diligence and dedication to the Group throughout the period.

By order of the Board
Planetree International Development Limited
Dr. Leung Wing Cheung, William
Executive Chairman

Hong Kong, 28 August 2020

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

Executive Directors:

Dr. Leung Wing Cheung, William
(Executive Chairman)

Mr. Lam Hiu Lo

Mr. Liang Kang

Ms. Cheung Ka Yee

Ms. Wong Sheun Fun, Estella

Mr. Man Wai Chuen

Non-Executive Director:

Mr. Kwong Kai Sing, Benny

Independent Non-Executive Directors:

Mr. Chan Sze Hung

Mr. Ha Kee Choy, Eugene

Mr. Zhang Shuang

Mr. Chung Kwok Pan