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Planetree International Development Limited

梧桐國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00613)

2021 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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue			
Fee and commission income		1,287	451
Asset management service income		12,176	—
Corporate advisory service income		7,368	—
Financial advisory service income		3,162	—
Interest income from margin clients, loan receivables and debt investments at amortised cost		71,702	30,020
Dividend income from financial assets at fair value through profit or loss (“ FVPL ”)		—	439
Gross rental income		4,774	4,673
Total Revenue	3	100,469	35,583

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Other income and gains	3	1,215	22,171
Net gain on disposal of debt investments at amortised cost		—	99
(Impairment losses) Reversal of impairment losses on loan and interest receivables		(4,937)	2,916
Reversal of impairment losses on promissory note receivable		—	2,310
Impairment losses on trade receivables		(500)	—
Administrative expenses		(40,350)	(53,415)
Other losses	4	(4,517)	(77,960)
Finance costs	5	(2,292)	(4,740)
Share of result of an associate		(27,862)	—
Profit (Loss) before taxation	6	21,226	(73,036)
Income tax expense	7	(7,663)	(19)
Profit (Loss) and total comprehensive income (loss) for the period		13,563	(73,055)
Profit (Loss) for the period attributable to:			
Owners of the Company		11,893	(74,284)
Non-controlling interests		1,670	1,229
		13,563	(73,055)
Total comprehensive income (loss) attributable to:			
Owners of the Company		11,893	(74,284)
Non-controlling interests		1,670	1,229
		13,563	(73,055)
		<i>HK cents</i>	<i>HK cents</i>
			<i>(Adjusted)</i>
Earnings (Loss) per share	9		
Basic		1.26	(7.98)
Diluted		1.26	(7.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property and equipment		215,561	217,128
Investment properties		358,200	358,200
Intangible assets		12,792	12,817
Goodwill		6,115	6,115
Investment in an associate		153,504	181,366
Debt investments at amortised cost		8,034	8,030
Other receivables	10	2,090	1,503
Other assets		3,205	3,205
		<u>759,501</u>	<u>788,364</u>
Current assets			
Trade, loan and other receivables	10	1,364,112	1,062,642
Financial assets at FVPL		23,803	27,922
Bank balances — trust and segregated accounts		3,046	179,617
Bank balances and cash		131,772	250,579
		<u>1,522,733</u>	<u>1,520,760</u>
Current liabilities			
Trade and other payables	11	19,748	169,822
Lease liabilities — current portion		3,810	1,886
Interest-bearing borrowings		271,807	275,664
Income tax payable		18,662	11,262
		<u>314,027</u>	<u>458,634</u>
Net current assets		<u>1,208,706</u>	<u>1,062,126</u>
Total assets less current liabilities		<u>1,968,207</u>	<u>1,850,490</u>
Non-current liabilities			
Other payables	11	1,562	1,690
Lease liabilities — non-current portion		5,858	3,886
Deferred taxation		1,185	1,185
		<u>8,605</u>	<u>6,761</u>
NET ASSETS		<u><u>1,959,602</u></u>	<u><u>1,843,729</u></u>

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Capital and reserves			
Share capital	12	94,253	93,953
Reserves		1,685,370	1,671,467
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,779,623	1,765,420
Non-controlling interests		179,979	78,309
		<hr/>	<hr/>
TOTAL EQUITY		1,959,602	1,843,729
		<hr/> <hr/>	<hr/> <hr/>

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 2021 (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 2020 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 2020, 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 2021 as described below.

Adoption of new/revised HKFRSs

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2
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Amendments to HKFRS 16	COVID-19 Related Rent Concession Beyond 30 June 2021
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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.

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

- (a) Financial services — operations under SFO licences segment, which engages in the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, margin financing services and asset management services with Type 1, Type 2, Type 6, Type 8 and Type 9 licences granted under 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 MLO;
- (c) Other financial services segment, which engages in the provision of corporate advisory related services;
- (d) Property investment and leasing segment, which consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and
- (e) Tactical and strategic investment segment, which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments.

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 2021 (Unaudited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Consolidated HK\$'000
Revenue	61,521	26,484	7,368	4,774	322	100,469
Other income and gains	45	—	4	—	644	693
Segment revenue	<u>61,566</u>	<u>26,484</u>	<u>7,372</u>	<u>4,774</u>	<u>966</u>	<u>101,162</u>
Segment profit (loss)	<u>46,529</u>	<u>19,167</u>	<u>1,002</u>	<u>2,624</u>	<u>(31,017)</u>	<u>38,305</u>
Unallocated other income and gains						522
Corporate and unallocated expenses, net						<u>(25,264)</u>
Profit for the period						<u>13,563</u>

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

Note:

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	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue			
Fee and commission income	(a)	1,287	451
Asset management service income	(b)	12,176	—
Corporate advisory service income	(b)	7,368	—
Financial advisory service income	(a)	3,162	—
Interest income from:			
— margin clients		44,896	20,797
— loan receivables		26,484	7,860
— debt investments at amortised cost		322	1,363
		71,702	30,020
Dividend income from financial assets at FVPL		—	439
Gross rental income		4,774	4,673
		100,469	35,583
Other income and gains			
Interest income on:			
— bank deposits		15	278
— other receivable from ex-shareholder of a subsidiary		—	48
— promissory note receivable	(c)	—	4,379
		15	4,705
Gain on disposal of subsidiaries		—	10,393
Gain on partial settlement of promissory note receivable	(c)	—	4,751
Government employment subsidy	(d)	—	312
Other commission rebate		—	843
Others		1,200	1,167
		1,200	17,466
		1,215	22,171
Total revenue, other income and gains		101,684	57,754

Notes:

- (a) All fee and commission income and financial advisory service income are recognised at a point in time.
- (b) Asset management service income and corporate advisory service income are recognised over time.
- (c) During the six months ended 30 June 2020, the Group recognised interest income and gain on partial settlement of approximately HK\$4,379,000 and HK\$4,751,000 respectively for the promissory notes receivables.
- (d) During the six months ended 30 June 2020, the Group recognised government subsidies of HK\$312,000 in respect of Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

4. Other losses

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net exchange loss	397	—
Net fair value losses on financial assets at FVPL	4,120	69,860
Net fair value losses on investment properties	—	8,100
	<u>4,517</u>	<u>77,960</u>

5. Finance costs

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	2,189	4,691
Imputed interest on lease liabilities	103	49
	<u>2,292</u>	<u>4,740</u>

6. Profit (Loss) before taxation

This is stated after charging:

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	3,459	2,373
Depreciation of right-of-use assets	3,998	3,063
Amorisation of intangible assets	25	—
Share-based compensation expenses	2,310	23,896

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 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	7,663	19

8. Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. Earnings (Loss) per share

The calculation of the basic and diluted earnings (loss) per share is based on profit (loss) 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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Profit (Loss) for the period attributable to owners of the Company, for the purpose of basic and diluted earnings (loss) per share	<u>11,893</u>	<u>(74,284)</u>
	Six months ended 30 June	
	2021 <i>No. of shares</i> (Unaudited)	2020 <i>No. of shares</i> (Unaudited)
Issued ordinary shares at 1 January	939,527,675	9,305,276,756
Effect of share consolidation	—	(8,374,749,080)
Shares vested under the share award scheme	<u>795,581</u>	<u>779,005</u>
Weighted average number of ordinary shares in issue during the period, for the purpose of basic earnings (loss) per share	940,323,256	931,306,681
Effect of dilutive potential shares from share award scheme	<u>485,342</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted earnings (loss) per share	<u>940,808,598</u>	<u>931,306,681</u>

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

The outstanding share options (if any) and share awards of the Company have been included in the computation of diluted earnings per share as they are dilutive for the six months ended 30 June 2021 and 2020.

10. Trade, loan and other receivables

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Notes		
Trade receivables			
Trade receivables arising from the business of securities brokerage			
— cash clients		4	36
— margin clients	(b)	746,452	673,832
— Hong Kong Securities Clearing Company Limited (“HKSCC”)	(c)	84,373	478
Trade receivables from futures clearing house arising from the business of dealing in futures contracts		—	4,665
Trade receivables from provision of corporate advisory service	(d)	8,439	11,404
Trade receivables from provision of financial advisory service	(d)	833	3,222
Trade receivables from provision of assets management service	(d)		
— from independent third parties		1,378	36,782
— from an associate		—	14,820
Trade receivables from provision of underwriting service		—	126
		<u>841,479</u>	<u>745,365</u>
Less: Loss allowance		<u>(1,113)</u>	<u>(613)</u>
	(a)	<u>840,366</u>	<u>744,752</u>
Rental receivables			
		<u>690</u>	<u>—</u>
Loan and interest receivables			
Loan and interest receivables from independent third parties		529,810	319,114
Less: Loss allowance		<u>(12,237)</u>	<u>(7,300)</u>
	(e)	<u>517,573</u>	<u>311,814</u>
Other receivables			
Deposits with securities brokers	(f)	77	77
Prepayments		1,653	2,607
Deposits		1,936	2,246
Other receivables		3,893	2,637
Due from an associate	(g)	14	12
		<u>7,573</u>	<u>7,579</u>
		<u>1,366,202</u>	<u>1,064,145</u>
Less: Non-current portion			
Other receivables		<u>(2,090)</u>	<u>(1,503)</u>
Current portion		<u>1,364,112</u>	<u>1,062,642</u>

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 10% to 24% (31 December 2020: 15% to 24%) per annum as at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$3,996,123,000 (31 December 2020: HK\$4,009,170,000). 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 2021, the Group has concentration of credit risk as 27% and 75% (31 December 2020: 20% and 79%) 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) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.
- (e) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to twenty-one (31 December 2020: fourteen) customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK\$42,310,000 (31 December 2020: HK\$46,662,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 12% to 15% (31 December 2020: ranging from 12% to 15%) per annum and have contractual loan period between 3 months and 2 years (31 December 2020: 3 months and 2 years). The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK\$475,263,000 (31 December 2020: HK\$265,152,000) which are unsecured, bearing interest ranging from 7% to 36% (31 December 2020: ranging from 5% to 36%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 1 month and 2 years (31 December 2020: between 1 month 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 2021, allowance for impairment loss of approximately HK\$12,237,000 (31 December 2020: HK\$7,300,000) 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Not yet past due	440,221	311,814
1 to 3 months past due	<u>77,352</u>	<u>—</u>
At the end of the reporting period	<u>517,573</u>	<u>311,814</u>

As at 30 June 2021, the Group has concentration of credit risk as 9% and 36% (31 December 2020: 13% and 61%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively.

- (f) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (g) The amount due is unsecured, interest-free and has no fixed repayment term.

11. Trade and other payables

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<i>Notes</i>		
Trade payables		
Trade payables arising from the business of securities brokerage		
— cash clients	1,328	1,456
— margin clients	4,346	154,106
— HKSCC	—	4,409
Trade payables arising from the business of options broking	209	209
Trade payables arising from the business of dealing in futures contracts	<u>1,535</u>	<u>3,018</u>
	<u>7,418</u>	<u>163,198</u>
Other payables		
Other payables and accrued charges	12,330	6,624
Rental deposits received	<u>1,562</u>	<u>1,690</u>
	<u>13,892</u>	<u>8,314</u>
	<u>21,310</u>	<u>171,512</u>
Less: Non-current portion		
Other payables	<u>(1,562)</u>	<u>(1,690)</u>
Current portion	<u>19,748</u>	<u>169,822</u>

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\$3,046,000 (31 December 2020: HK\$154,702,000) in respect of the trust and segregated bank balances received and held for clients in the course of dealing in regulated activities.

12. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2020	50,000,000,000	500,000
Share consolidation	(45,000,000,000)	—
At 31 December 2020 and 30 June 2021	5,000,000,000	500,000
	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2020	9,305,276,756	93,053
Share consolidation (<i>Note</i>)	(8,374,749,081)	—
Shares vested under the share award scheme	3,000,000	300
Issue of consideration shares for acquisition of a subsidiary	6,000,000	600
At 31 December 2020	939,527,675	93,953
Shares vested under the share award scheme	3,000,000	300
At 30 June 2021	942,527,675	94,253

Note:

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 8 May 2020, every ten issued and unissued ordinary shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1 each with effect from 12 May 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the first six months ended 30 June 2021 (the “**Period**”), the total revenue and other income of the Group increased by HK\$43.9 million or 76% to HK\$101.7 million, as compared to the corresponding period for the six months ended 30 June 2020 (the “**Previous Period**”). 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 with operations requiring licences granted under the Securities and Futures Ordinance (“**SFO**”, Chapter 571 of the laws of Hong Kong), credit & lending services with operations requiring licences granted under the Money Lenders Ordinance (“**MLO**”, Chapter 163 of the laws of Hong Kong) and other financial services.

The increase in total revenue and other income as mentioned above turned around the Group’s profitability. The Group recorded an unaudited consolidated profit before tax for HK\$21.2 million during the Period versus a loss before tax of HK\$73.0 million in the Previous Period. The net profit for the Period attributable to owners of the Company was HK\$11.9 million (2020: a loss of HK\$74.3 million). The turn-around in the Group’s profitability year-on-year was mainly attributable to: (1) the significant increase in revenue as mentioned above due to the successful development of the Group’s financial and other businesses; and (2) the reduction in fair value losses on financial assets (including the share of loss from an associate principally engaged in investment holding) by HK\$37.9 million during the Period when compared to the Previous Period. Excluding the share of loss from the associate for HK\$27.9 million, the Group’s profit before tax during the Period was HK\$49.1 million.

INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2020 was paid during the six months ended 30 June 2021 (2020: Nil).

Apart from the aforesaid, the Board has resolved not to declare any interim dividend for the Period (2020: Nil).

BUSINESS REVIEW

The first half of 2021 was a period with the prospect of economic recovery when compared to the first half of 2020. During most of the Period, the investment atmosphere was largely positive as the vaccination program was launched by the government to more effectively control the spread of COVID-19 in Hong Kong. The momentum of successful development of the Group’s financial services businesses thus smoothly carried forward from the second half last year into the first half of this year. The principal activities of the Group are classified into the following business segments:

(1) Financial services — operations under SFO licences

Businesses under this segment cover the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, provision of margin loans and asset management services with Type 1, Type 2, Type 6, Type 8 and Type 9 licences granted under the SFO to carry on such kind of regulated business activities.

Business of this segment has become more mature after the Group's dedicated development in this segment for more than one year. Moreover, the relatively more positive investment atmosphere during the Period gave rise to more investment market activities resulting in increase in revenue generated by the Group's financial services with operations under SFO licences. This segment recorded segment revenue of HK\$61.6 million (2020: HK\$21.4 million) and posted a segment profit of HK\$46.5 million during the Period (2020: HK\$12.4 million). This segment is the most profitable core business of the Group.

(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 MLO. During the Period, segment revenue increased from HK\$7.9 million in the Previous Period to HK\$26.5 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\$319.1 million as at 31 December 2020 to HK\$529.8 million as at the end of the Period. The segment profit increased to HK\$19.2 million during the Period when compared to the segment profit of HK\$10.7 million during the Previous Period. The business expansion in this segment was propelled by the additional funds amounted to HK\$100 million raised by the Group's issuance of new shares in a money lender subsidiary (namely, Maxlord Enterprises Limited) to an independent third party subscriber in March 2021.

(3) Other financial services

To open up a new business line in financial services, the Group acquired the entire equity interest in Briscoe Wong Advisory Limited in October 2020. Briscoe Wong Advisory Limited has carried on the business of providing corporate advisory related services in Hong Kong. By utilising the Group's integrated platform in financial services and the goodwill of being a member of a listed group, this segment recorded segment revenue of HK\$7.4 million (2020: Nil) and achieved a segment profit of HK\$1.0 million during the Period (2020: Nil).

(4) Property investment and leasing

The performance of this segment was stable during the Period with segment revenue of HK\$4.8 million (2020: HK\$11.9 million) and segment profit of HK\$2.6 million (2020: HK\$2.1 million). As at 30 June 2021, the Group held 3 commercial properties in Hong Kong for leasing to independent third party tenants for rental income with a total fair value at HK\$358.2 million.

(5) Tactical and strategic investment

Since implementing the strategy of scaling down the portfolio of equity and debt investments held by the Group last year, the amount of resources allocated by the Group to this segment (in the form of financial assets at fair value through profit or loss) remained at a relatively low level around HK\$23.8 million at the end of the Period (30 June 2020: HK\$27.9 million). Hence, the segment recorded a small segment revenue of HK\$1.0 million (2020: HK\$15.8 million) and a segment loss of HK\$31.0 million during the Period (2020: HK\$52.7 million) mainly due to share of loss of an associate of HK\$27.9 million (2020: Nil).

PROSPECT

While the Group's core businesses fared well during the Period, some negative factors have cropped out since June 2021 to weaken the local economy. The world-wide persistent spread of COVID-19 has dampened the general public's initial expectation of economic recovery. Moreover, the recent measures introduced by the central government to regulate certain business activities in the Mainland have aroused investors' concerns and affected local investment atmosphere, as reflected by the Hang Seng Index having dropped from the high record above 29,000 points in June 2021 to the recent low record around 25,000 points in August 2021.

The weakening economic outlook mentioned above inevitably has exerted challenges on the Group's financial services as well as credit and lending services in the second half of this year. Under these circumstances, the Group will keep on developing diversified financial services on an integrated platform aiming at creating synergy effect and competitive advantages among competitors. To this end, the Group is in the process of applying for: (1) a licence to carry on Type 7 (providing automated trading services) regulated activity under the SFO; and (2) approving the licensed corporation within the Group carrying on Type 6 (advising on corporate activity) regulated activity to act as a sponsor to conduct initial public offering sponsorship business under the SFO. The Group's application for the aforesaid Type 7 licence has lasted for more than one year. The lengthy process is due to the complex nature of the trading platform being reviewed by the Securities and Futures Commission meticulously.

The Group's business in property investment and leasing is expected to remain stable in the second half of this year. In view of the recent trend in the stock market and bonds market, the Group intends to keep the existing scale of its tactical and strategic investments, though the Group is open to consider attractive and solid investment opportunities in the coming future in order to enhance return for shareholders of the Company.

FINANCIAL REVIEW

Revenue

The overall revenue of the Group for the Period was HK\$100.5 million, representing an increase of HK\$64.9 million from the Previous Period. Financial services income including those from other financial services aggregated to HK\$68.9 million (2020: HK\$21.2 million). Interest income from the Group's money lending business increased to HK\$26.5 million (2020: HK\$7.9 million). Rental income of the Period remained stable at HK\$4.8 million (2020: HK\$4.7 million). Revenue from tactical and strategic business decreased to HK\$0.3 million (2020: HK\$1.8 million).

Other comprehensive income

The Group did not have other comprehensive gain or loss for the Period (2020: Nil).

Net asset value

The unaudited consolidated net asset value of the Group as at 30 June 2021 was HK\$1,959.6 million, representing an increase of HK\$115.9 million (as a result of an increase in non-controlling interest and profit recorded during the Period) from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2021 was HK\$2.08.

Capital structure

On 14 May 2021, 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 942,527,675 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

The Group's cash and cash equivalents (excluding trust and segregated accounts), being mainly denominated in Hong Kong dollars, was HK\$131.8 million as at 30 June 2021 (31 December 2020: HK\$250.6 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were HK\$155.6 million as at 30 June 2021 (31 December 2020: HK\$278.5 million). The liquidity of the Group was very strong with a current ratio of 4.8 as at 30 June 2021 (31 December 2020: 3.3). The Group had bank borrowings in the sum of HK\$271.8 million as at 30 June 2021 (31 December 2020: HK\$275.7 million). The Group did not have any available short-term revolving banking facilities as at 30 June 2021 (31 December 2020: 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 2021, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 8% (31 December 2020: 1%). The increase in gearing ratio was mainly attributable to the reduced cash and cash equivalents as a result of more efficient utilization of the Group's financial resources to finance the expansion in businesses. 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 30 June 2021 (31 December 2020: Nil).

Charge on Group assets

As at 30 June 2021, the Group pledged its investment properties and right-of-use assets — land and buildings with carrying value of HK\$303.2 million (31 December 2020: HK\$303.2 million) and HK\$164.9 million (31 December 2020: HK\$167.0 million) respectively as security for general banking facilities granted to the Group.

Significant investments

The Group holds 40% equity interest in Green River Associates Limited (“**Green River Marshall**”) incorporated in Marshall Islands as a long-term investment. As at 30 June 2021, the carrying amount of investment in 40% equity interest in Green River Marshall amounted to HK\$153.5 million (31 December 2020: HK\$181.4 million), which represented approximately 6.7% to the Group's total assets. During the reporting period, the Group's share of loss of Green River Marshall was HK\$27.9 million (2020: Nil), which was mainly a result of Green River Marshall's fair value loss on its investments. Given the recent downward trend in the local securities market, Green River Marshall's business of securities investment may still face challenges in the second half of this year.

Save as disclosed above and elsewhere in this announcement, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the reporting period under review (2020: Nil). There was no present plan authorised 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

There were no significant events affecting the Group since the end of the reporting period.

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 of the Company has also reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters.

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 50 work forces (inclusive of all the Directors) working for the Group as at 30 June 2021. 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 a deviation from code provision A.5.1. It provides that the nomination committee is to be chaired by the chairman of the board or an independent non-executive director. During the Period, the nomination committee of the Company was chaired by Mr. Kwong Kai Sing, Benny (a non-executive director of the Company by that time) from 1 January 2021 to 17 February 2021 and subsequently chaired by Ms. Cheung Ka Yee (an executive director of the Company) from 17 February 2021 onwards. The Board considered that the good business network of Mr. Kwong and Ms. Cheung and their in-depth knowledge of the Group’s operations would make them suitable to respectively chair the nomination committee of the Company.

The Board will continually review the Company’s 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 2021 interim report will be dispatched to shareholders of the Company and published on the above websites in September 2021.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank Mr. Kwong Kai Sing, Benny, Ms. Wong Sheun Fun, Estella and Mr. Liang Kang for their contributions to the Board during their tenure of office as directors of the Company. I would also like to extend our gratitude and sincere appreciation to management and all staff for their diligence and dedication to the Company throughout the Period.

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

Hong Kong, 26 August 2021

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
Ms. Cheung Ka Yee
Mr. Man Wai Chuen

Independent Non-Executive Directors:

Mr. Chan Sze Hung
Mr. Zhang Shuang
Mr. Chung Kwok Pan
Ms. Liu Yan