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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 29 October 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser agreed to acquire, and the Vendor agreed to sell, the Sale Shares representing approximately 90.10% equity interest in the Target Company at a Consideration of HK\$40,000,000.

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Upon Completion, the Target Company became an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition exceeds 5% and all of such ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are set out below:

Date

29 October 2021 (after trading hours)

Parties

- (i) the Purchaser; and
- (ii) the Vendor

The Vendor is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The Vendor is beneficially owned as to (i) 61.00% by Touyun Biotech Group Limited, the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 1332); (ii) approximately 27.29% by Blue River Holdings Limited, the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 00498); and (iii) approximately 11.71% by Mr. David Ki.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets acquired

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 90.10% equity interest in the Target Company. There is no pre-emption right to the other shareholder of the Target Company holding the remaining 9.90% equity interest therein.

Consideration

The Consideration is HK\$40,000,000 and was paid by the Purchaser to the Vendor in cash upon Completion. The Consideration was financed by the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the net asset value of the Target Company as at 30 September 2021 of approximately HK\$50.80 million; (ii) the market value of the Investment Portfolio as at 28 October 2021; and (iii) the prevailing market sentiment. The net asset value (the "NAV") of the Target Company having taken into account the market value of the Investment Portfolio as at 28 October 2021 amounted to approximately HK\$53.65 million. Corresponding NAV of approximately 90.10% of the Target Company is approximately HK\$48.34 million, to which the Consideration represents a discount of approximately 17.25%.

In view of the above, the Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Completion

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement.

Upon Completion, the Target Company became an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI with limited liability and is owned as to approximately 90.10% by the Vendor and as to approximately 9.90% by an Independent Third Party immediately prior to Completion.

The Target Company is principally engaged in securities trading and investment. The Target Company holds an investment portfolio of financial assets (the "**Investment Portfolio**"), which comprises Hong Kong listed securities in various industry sectors, including hotel, property development and financial services. The aggregate value of the Investment Portfolio amounted to approximately HK\$69.72 million as at 28 October 2021. There is no single equity investment included in the Investment Portfolio with a value of 5% or more of the Group's total assets.

Financial Information of the Target Company

The financial information of the Target Company for the years ended 31 December 2019 and 2020, as extracted from its audited financial statements for the year ended 31 December 2020, are set out below:

	For the year ended	
	31 December	
	2020	2019
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	(14,417)	11,240
Profit/(loss) after taxation	(14,417)	11,240

According to the unaudited financial information of the Target Company, the unaudited amount of net assets of the Target Company as at 30 September 2021 was approximately HK\$50.80 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) financial services with operations under the Securities and Futures Ordinance licenses, (ii) credit and lending services with operations under Money Lenders Ordinance licenses (Chapter 163 of the laws of Hong Kong), (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment.

As stated in the Interim Report 2021 of the Company, it has been the intention of the Group to remain open to consider attractive and solid investment opportunities in the coming future in order to enhance return for Shareholders. The Directors have noticed that the market values of the listed securities in Hong Kong generally have been drastically adjusted downward in recent months. Various sectors of the economy are expected to recover gradually when COVID-19 pandemic is under more control with higher vaccination coverage. Hence, the Directors hold an optimistic view towards the prospects of the Hong Kong securities market as a whole in long run and believe that the Investment Portfolio has a reasonable potential of price appreciation in the future.

In addition, given that the Consideration (HK\$40 million) represents a significant discount to the corresponding NAV of approximately 90.10% of the Target Company (approximately HK\$48 million) as at 28 October 2021, the Directors anticipate that the Group will recognize a gain on bargain purchase (approximately HK\$8 million) upon Completion (subject to audit) and therefore consider the Acquisition an attractive investment opportunity to the Group.

Further, the principal assets of the Target Company are liquid financial assets and are readily realizable or convertible into cash. As such, the Directors consider that the Acquisition will enable the Group to capture investment opportunities without impairing the Group's liquidity position.

Based on the foregoing, the Directors are of the view that the Acquisition is in line with the business development strategy of the Group and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition exceeds 5% and all of such ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors

“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, except a public holiday, Sunday and a Saturday or a day on which a tropical cyclone warning signal no.8 or above or a “black” rainstorm warning signal is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“BVI”	British Virgin Island
“Company”	Planetree International Development Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 00613)
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$40,000,000 pursuant to the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties of the Sale and Purchase Agreement and “Party” means any of them
“Purchaser”	Planetree (BVI) Capital Limited, a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 October 2021 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares

“Sale Shares”	900 ordinary shares of the Target Company, representing approximately 90.10% of the issued shares of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Genius Spring Limited, a company incorporated in the BVI with limited liability
“Vendor”	Galaxy Vantage Limited, a company incorporated in the BVI with limited liability
“%”	per cent.

By order of the Board
Planetree International Development Limited
Man Wai Chuen
Executive Director

Hong Kong, 29 October 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