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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: 613)

### 2023 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 2023 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>			
Fee and commission income		85	84
Asset management service income		1,860	2,586
Corporate advisory service income		5,686	8,195
Financial advisory service income		2,703	3,785
Net loss on disposal of financial assets at fair value through profit or loss (“ <b>FVPL</b> ”)		–	(1,221)
Interest income from margin clients and loan receivables		48,524	55,307
Dividend income from financial assets at FVPL		335	7
Gross rental income		5,973	4,448
<b>Total revenue</b>	3	<b>65,166</b>	<b>73,191</b>

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>
Other income and gains	3	43,005	5,338
(Impairment loss) Reversal of impairment loss on loan and interest receivables		(1,930)	4,519
(Impairment loss) Reversal of impairment loss on margin loan receivables		(907)	7,044
Reversal of impairment loss (Impairment loss) on trade receivables		229	(231)
Depreciation of property and equipment and right-of-use assets		(6,334)	(6,858)
Administrative expenses		(29,643)	(29,583)
Other losses	4	(77,974)	(8,280)
Finance costs	5	(7,000)	(2,776)
Share of result of associates		(15,098)	(32,852)
<b>(Loss) Profit before taxation</b>	6	<b>(30,486)</b>	<b>9,512</b>
Income tax expense	7	(632)	(8)
<b>(Loss) Profit for the period</b>		<b>(31,118)</b>	<b>9,504</b>
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Share of other comprehensive loss of an associate		(24)	—
<b>Total other comprehensive loss for the period</b>		<b>(24)</b>	<b>—</b>
<b>Total comprehensive (loss) income for the period</b>		<b>(31,142)</b>	<b>9,504</b>
<b>(Loss) Profit for the period attributable to:</b>			
Owners of the Company		(30,690)	2,937
Non-controlling interests		(428)	6,567
		<b>(31,118)</b>	<b>9,504</b>
<b>Total comprehensive (loss) income attributable to:</b>			
Owners of the Company		(30,714)	2,937
Non-controlling interests		(428)	6,567
		<b>(31,142)</b>	<b>9,504</b>
		<i>HK cents</i>	<i>HK cents</i>
<b>(Loss) Earnings per share</b>	9		
Basic		(3.25)	0.31
Diluted		(3.25)	0.31

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property and equipment		36,806	43,117
Investment properties		506,500	513,800
Intangible assets		12,692	12,717
Goodwill		6,115	6,115
Investment in associates		245,661	161,707
Financial assets at FVPL		42,080	17,080
Other receivables	10	1,103	1,286
Other assets		3,205	3,205
		<u>854,162</u>	<u>759,027</u>
<b>Current assets</b>			
Trade, loan and other receivables	10	1,213,563	1,274,942
Financial assets at FVPL		170,825	144,496
Income tax recoverable		3,275	1,899
Bank balances – trust and segregated accounts		7,863	3,070
Bank balances and cash		127,300	229,308
		<u>1,522,826</u>	<u>1,653,715</u>
<b>Current liabilities</b>			
Trade and other payables	11	28,216	22,158
Lease liabilities – current portion		5,473	7,632
Interest-bearing borrowings		246,138	252,555
Income tax payable		4,409	4,887
		<u>284,236</u>	<u>287,232</u>
<b>Net current assets</b>		<u>1,238,590</u>	<u>1,366,483</u>
<b>Total assets less current liabilities</b>		<u>2,092,752</u>	<u>2,125,510</u>

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Other payables	<i>11</i>	<b>1,562</b>	1,562
Lease liabilities – non-current portion		<b>1,659</b>	3,275
Deferred taxation		<b>436</b>	436
		<u><b>3,657</b></u>	<u>5,273</u>
<b>NET ASSETS</b>		<u><b>2,089,095</b></u>	<u>2,120,237</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>94,553</b>	94,553
Reserves		<b>1,616,515</b>	1,647,229
		<u><b>1,711,068</b></u>	<u>1,741,782</u>
Equity attributable to owners of the Company		<b>378,027</b>	378,455
Non-controlling interests		<u><b>378,027</b></u>	<u>378,455</u>
<b>TOTAL EQUITY</b>		<u><b>2,089,095</b></u>	<u>2,120,237</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 2023 (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. The Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022. 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 2022, 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 2023 as described below.

### Adoption of new/revised HKFRSs

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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 operating segments and measurement of segment profit or loss of the Group are determined 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 Securities and Futures Ordinance (“**SFO**”) licences, which engages in the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, automated trading services, securities margin financing services and asset management services with Type 1, Type 2, Type 6, Type 7, Type 8 and Type 9 licences granted under the SFO;
- (b) Credit and lending services – operations under Money Lenders Ordinance (“**MLO**”) licences, which engages in the provision of money lending services for interest income with licences granted under the MLO;
- (c) Other financial services – engages in the provision of corporate advisory related services;
- (d) Property investment and leasing – engages in leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and
- (e) Tactical and strategic investment – engages in trading and holding of debt and equity securities, which 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 2023 (Unaudited)*

	Financial services – operations under SFO licences <i>HK\$'000</i>	Credit and lending services – operations under MLO licences <i>HK\$'000</i>	Other financial services <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	29,119	24,053	5,686	5,973	335	65,166
Other income and gains	482	42,000	28	2	472	42,984
Segment revenue	<u>29,601</u>	<u>66,053</u>	<u>5,714</u>	<u>5,975</u>	<u>807</u>	<u>108,150</u>
Segment profit (loss)	<u>18,591</u>	<u>64,012</u>	<u>800</u>	<u>(7,825)</u>	<u>(81,498)</u>	(5,920)
Unallocated other income and gains						21
Corporate and unallocated expenses, net						<u>(24,587)</u>
Loss before taxation						(30,486)
Taxation						<u>(632)</u>
Loss for the period						<u><u>(31,118)</u></u>

*For the six months ended 30 June 2022 (Unaudited)*

	Financial services – operations under SFO licences <i>HK\$'000</i>	Credit and lending services – operations under MLO licences <i>HK\$'000</i>	Other financial services <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	36,667	25,095	8,195	4,448	(1,214)	73,191
Other income and gains	459	563	105	100	–	1,227
Segment revenue	<u>37,126</u>	<u>25,658</u>	<u>8,300</u>	<u>4,548</u>	<u>(1,214)</u>	<u>74,418</u>
Segment profit (loss)	<u>37,571</u>	<u>29,907</u>	<u>3,025</u>	<u>2,281</u>	<u>(43,011)</u>	29,773
Unallocated other income and gains						4,111
Corporate and unallocated expenses, net						<u>(24,372)</u>
Profit before tax						9,512
Taxation						<u>(8)</u>
Profit for the period						<u>9,504</u>

Segment revenue includes revenue from financial services – operations under SFO licences, credit and lending services – operations under MLO licences, other financial services, property investment and leasing and tactical and strategic investment.

Segment result represents the profit earned or loss incurred by each segment without allocation of the central corporate expenses. On the other hand, the chief operating decision makers consider share of result of an associate as segment result under tactical and strategic investment segment.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers within HKFRS15</b>		
Fee and commission income	85	84
Financial advisory service income	2,703	3,785
Revenue recognised at point in time	2,788	3,869
Asset management service income	1,860	2,586
Corporate advisory service income	5,686	8,195
Revenue recognised over time	7,546	10,781
	<b>10,334</b>	<b>14,650</b>
<b>Revenue from other sources</b>		
Net loss on disposal of financial assets at FVPL	–	(1,221)
Interest income from:		
— margin clients	24,471	30,212
— loan receivables	24,053	25,095
	<b>48,524</b>	<b>55,307</b>
Dividend income from financial assets at FVPL	335	7
Gross rental income	5,973	4,448
	<b>54,832</b>	<b>58,541</b>
<b>Total revenue</b>	<b>65,166</b>	<b>73,191</b>
<b>Other income and gains</b>		
Interest income on:		
— bank deposits	138	1
— clearing house	25	–
	<b>163</b>	<b>1</b>
Gain on disposal of a subsidiary	–	3,999
Gain on deemed disposal of an associate	472	–
Government employment subsidy	–	224
Bad debts recovery ( <i>Note</i> )	42,000	–
Others	370	1,114
	<b>42,842</b>	<b>5,337</b>
<b>Total other income and gains</b>	<b>43,005</b>	<b>5,338</b>
<b>Total revenue, other income and gains</b>	<b>108,171</b>	<b>78,529</b>



*Note:*

Loss allowance of loan and interest receivables which classified as under-performing and not-performing amounting to HK\$42,973,000 was fully written off during the year ended 31 December 2022. The borrower had repaid the loan of HK\$42,000,000 in aggregate during the six months ended 30 June 2023, which resulted in bad debt recovery.

#### 4. OTHER LOSSES

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss on deemed disposal of an associate	–	398
Loss on future trading	138	390
Net exchange loss	2	2
Net fair value loss on financial assets at FVPL	70,534	7,490
Net fair value loss on investment properties	7,300	–
	<u>77,974</u>	<u>8,280</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	6,304	2,396
Interest on margin account	478	314
Imputed interest on lease liabilities	218	66
	<u>7,000</u>	<u>2,776</u>

## 6. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	13,585	15,407
Retirement benefit scheme contributions	334	354
Share-based compensation expenses – grant of share award to an employee	–	2,310
	<u>13,919</u>	<u>18,071</u>
Amortisation of intangible assets – included in administrative expenses	<u>25</u>	<u>25</u>

## 7. INCOME TAX EXPENSE

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

For the six months ended 30 June 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	<u>632</u>	<u>8</u>

## 8. DIVIDEND

The board of directors does not recommend payment of an interim dividend for the six months ended 30 June 2023 (*six months ended 30 June 2022: Nil*).

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) Profit for the period attributable to owners of the Company, for the purpose of basic and diluted (loss) earnings per share	<b>(30,690)</b>	2,937
	<b>945,527,675</b>	942,527,675
	<b>–</b>	795,580
	<b>945,527,675</b>	943,323,255

  

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>No. of shares</i></b>	<b><i>No. of shares</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Issued ordinary shares at 1 January	<b>945,527,675</b>	942,527,675
Shares vested under the share award scheme	<b>–</b>	795,580
Weighted average number of ordinary shares in issue during the period, for the purpose of basic and diluted (loss) earnings per share	<b>945,527,675</b>	943,323,255

Diluted loss per share is the same as the basic loss per share for the six months ended 30 June 2023 and 2022 because there were no potential dilutive ordinary share outstanding.

## 10. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Trade receivables</b>			
Trade receivables arising from the business of securities brokerage	(a)		
— margin clients	(b)	684,861	563,402
— Hong Kong Securities Clearing Company Limited (“HKSCC”)		—	237
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	(a)	3,297	3,424
		<b>688,158</b>	567,063
<i>Less:</i> Loss allowance		<b>(1,437)</b>	(530)
		<b>686,721</b>	566,533
Trade receivables from provision of corporate advisory service		10,027	9,676
Trade receivables from provision of financial advisory service		1,192	2,892
Trade receivables from provision of assets management service			
— from independent third parties		171	177
— from an associate		85	99
	(c)	11,475	12,844
<i>Less:</i> Loss allowance		<b>(147)</b>	(376)
		<b>11,328</b>	12,468
<b>Loan and interest receivables</b>			
Loan and interest receivables from independent third parties		507,293	687,289
<i>Less:</i> Loss allowance		<b>(2,505)</b>	(575)
	(d)	<b>504,788</b>	686,714
<b>Other receivables</b>			
Prepayments		2,939	3,169
Deposits		1,697	1,727
Other receivables		5,184	5,178
Due from an associate	(e)	2,009	439
		<b>11,829</b>	10,513
		<b>1,214,666</b>	1,276,228
<i>Less:</i> Non-current portion Other receivables		<b>(1,103)</b>	(1,286)
Current portion		<b>1,213,563</b>	1,274,942

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 8% to 20% (31 December 2022: 8% to 20%) 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\$1,618,908,000 (31 December 2022: HK\$1,945,249,000). 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 2023, the Group has concentration of credit risk as 27% and 94% (31 December 2022: 34% and 93%) of total margin loans are due from the Group's largest margin client and the five largest margin clients respectively, within the financial services business.

- (c) 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.
- (d) 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-four (31 December 2022: twenty-five) customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK\$97,020,000 (31 December 2022: HK\$105,510,000) which are secured by the pledge of a Hong Kong property and unlisted equity securities, bearing interest ranging from 7.5% to 10% (31 December 2022: ranging from 7.5% to 10%) per annum and have contractual loan period of two years (31 December 2022: between 1 and 1.5 years). The remaining balance includes fixed rate loan advances to independent third parties of approximately HK\$407,768,000 (31 December 2022: HK\$581,204,000) which are unsecured, bearing interest ranging from 5% to 36% (31 December 2022: ranging from 4% 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 6 and 24 months (31 December 2022: between 1 month and 1 year).

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 2023, allowance for impairment loss of approximately HK\$2,505,000 (31 December 2022: HK\$575,000) has been recognised for the loan receivables.

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Not yet past due	504,519	686,714
1 to 3 months past due	<u>269</u>	<u>—</u>
At the end of the reporting period	<b><u>504,788</u></b>	<b><u>686,714</u></b>

As at 30 June 2023, the Group has concentration of credit risk as 16% and 39% (31 December 2022: 13% and 48%) of total loan receivables are due from the Group's largest borrower and the five largest borrowers respectively.

- (e) The amount due is unsecured, interest-free and has no fixed repayment term.

## 11. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>Trade payables</b>			
Trade payables arising from the business of securities brokerage	<i>(a)</i>		
— cash clients		392	663
— margin clients			
— to independent third parties		2,664	3,402
— to an associate	<i>(e)</i>	6,908	—
— HKSCC	<i>(b)</i>	1,316	—
Trade payables arising from the business of options broking	<i>(a)</i>	209	209
Trade payables arising from the business of dealing in futures contracts	<i>(c)</i>	1,299	1,320
Secured margin loans from securities broker	<i>(d)</i>	<u>10,985</u>	<u>10,514</u>
		<b><u>23,773</u></b>	<b><u>16,108</u></b>
<b>Other payables</b>			
Other payables and accrued charges		4,443	6,050
Rental deposits received		<u>1,562</u>	<u>1,562</u>
		<b><u>6,005</u></b>	<b><u>7,612</u></b>
<i>Less: Non-current portion</i>			
Other payables		<u>(1,562)</u>	<u>(1,562)</u>
Current portion		<b><u>28,216</u></b>	<b><u>22,158</u></b>

Notes:

- (a) Trade payables to cash, margin and option clients are repayable on demand. 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. The Group offsets certain trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) The settlement terms of trade payables arising from the financial services business with HKSCC are usually two days after trade date.
- (c) 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.
- (d) For secured margin loans provided by the securities broker to the Group, the loans are repayable on demand (except certain balance arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 9% to 15% per annum (31 December 2022: 9% to 15% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK\$50,611,000 as at 30 June 2023 (31 December 2022: HK\$117,158,000).
- (e) The amount due is unsecured, interest-free and has no fixed repayment term.

## 12. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>5,000,000,000</u>	<u>500,000</u>
	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2022	942,527,675	94,253
Shares vested under the share award scheme	<u>3,000,000</u>	<u>300</u>
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>945,527,675</u>	<u>94,553</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

During the first six months ended 30 June 2023 (the “**Period**”), the Group’s total revenue of approximately HK\$65.2 million and other income and gains of approximately HK\$43.0 million aggregated to approximately HK\$108.2 million, representing an increase of approximately HK\$29.6 million or 37.7% as compared to corresponding period for the six months ended 30 June 2022 (the “**Previous Period**”). The Group recorded a consolidated loss before tax of approximately HK\$30.5 million (2022: profit of approximately HK\$9.5 million). After allocating the loss attributable to non-controlling interests for approximately HK\$0.4 million (2022: profit of approximately HK\$6.6 million), the loss attributable to shareholders of the Company for the Period was approximately HK\$30.7 million (2022: profit of approximately HK\$2.9 million). The decrease in the Group’s profitability for the Period, as compared to the Previous Period, is mainly attributable to the combined effects of: (i) the decrease in interest income from margin client and loan receivables by approximately HK\$6.8 million; (ii) the increase in fair value loss on financial assets at fair value through profit or loss by approximately HK\$63.0 million; and (iii) the increase in fair value loss on investment properties by HK\$7.3 million.

The aforementioned factors were partially offset by (i) bad debt recovery of HK\$42.0 million for the Period; and (ii) decrease in share of loss from associates by approximately HK\$17.8 million as compared to the Previous Period.

To better assess the profitability of the Group’s core businesses, the share of loss from the associates can be excluded to show the Group’s loss before tax for core businesses, which would be approximately HK\$15.4 million for the Period when compared to a profit before tax of approximately HK\$42.4 million for the Previous Period.

### INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2022 was paid during the six months ended 30 June 2023 (2022: Nil).

Apart from the aforesaid, the Board has resolved not to declare any interim dividend for the Period (2022: Nil).



## **BUSINESS REVIEW**

During the Period under review, the economy of Hong Kong improved modestly arising from the full relaxation of anti-pandemic measures and boarder reopening, but the general operating environment remained challenging and overall productivities remained low as compared to the pre-pandemic period. In the post-COVID era, the geopolitical risk, high inflation rate and high interest rate environment have affected the investors' sentiment in financial markets. Besides, under the higher interest rate environment, corporates were conservative in business expansion despite the improved economy. Both of these factors have direct influence on the financial services business of the Group. Looking ahead, the inflationary pressure is expected to ease, the management of the Group will continue to review and adjust strategies on regular basis with prudent and balanced approach.

The principal activities of the Group are classified into the following business segments:

### **(1) Financial services — operations under SFO licences**

The Group has been engaging in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the SFO for years. It has further stepped into the businesses for the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 6, Type 7 and Type 8 licenses under the SFO.

The Group's asset management service income (especially the contribution from performance fee income based on the appreciation in the value of clients' net assets) was inevitably affected by the lackluster stock market performance. Such asset management service income dropped to approximately HK\$1.9 million during the Period (2022: approximately HK\$2.6 million). Margin loan interest income also dropped to approximately HK\$24.5 million during the Period (2022: approximately HK\$30.2 million). The decrease in margin loan interest income is mainly due to the margin loan rate was lowered from 10% to 8% on 15 August 2022 even though the average monthly margin loan amount for the Period is slightly higher than the Previous Period.

The Group has engaged in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO. The Group's revenue from such services dropped to approximately HK\$2.7 million (2022: approximately HK\$3.8 million). The decrease in revenue for the Period was mainly due to the drop in number of clients as the financial services market still in a slow recovery pace.

As a result, the segment revenue of approximately HK\$29.6 million was 20.2% lower than the corresponding figure of approximately HK\$37.1 million for the Previous Period. The segment profit dropped from approximately HK\$37.6 million for the Previous Period to approximately HK\$18.6 million for the Period.

The Group was granted Type 7 license (providing automated trading services) regulated activity under the SFO on 8 June 2022. The Group intends to roll out a pre-IPO platform, which will allow its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The development of the pre-IPO matching system was completed in July 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (HKEx). A “soft launch” has been targeted internally by September 2023, after which the pre-IPO matching system will be rolled out to the clients subsequently. With an aim to support the business development and grow the client base, the Group will also to expand offering services online. In order to further expand the scope of this segment, in the mid of February 2023, the Group applied for the licences to carry on Type 4 (advising on securities) & Type 5 (advising on futures contracts) regulated activities under the SFO. The applications had been accepted by the Securities and Futures Commission (the “SFC”) and approved in principle. The management is expected to obtain the official written approval from SFC in the mid of November 2023.

The Group, through its subsidiaries, is licensed by the SFC to engage in a full suite of regulated activities under the SFO, including Type 1, Type 2, Type 6, Type 7, Type 8 and Type 9 regulated activities. The Board expected that a more comprehensive profile of licenses under the SFO will create a synergy effect favourable to the Group’s development of the integrated financial services business.

## **(2) Credit and lending services — operations under MLO licences**

The Group conducts its money lending business with two money lenders licences held by the Group under the MLO. The Group’s clientele primarily consists of niche customers including corporations and high net-worth individuals. These clients mostly have been acquired through business referrals and introductions from the Company’s senior management, business partners or clients. Besides in compliance with all rules and regulations imposed under the MLO, the Group has also formulated internal money lending policy to guide its two money lending subsidiaries in conducting the money lending operations. The loan terms would be arrived at after considering a combination of factors including prevalent market interest rates, the financial strength of the borrower, the collaterals offered as past credit history of the borrower with the Group and adjusted, if necessary, by arms-length negotiations with the borrower. The related internal control procedures are strictly complied with during the Period.

During the Period, segment revenue from credit and lending services increased from approximately HK\$25.7 million in the Previous Period to approximately HK\$66.1 million. The increase is mainly attributable to the bad debt recovery amounted to HK\$42.0 million for the Period. A total principal amount and accrued interest of approximately HK\$507.3 million remain outstanding, of which the amount of loans receivable due from the largest borrower and the five largest borrowers in aggregate were approximately 16% and 39% thereof respectively. Although the decrease in the gross balance of loan and interest receivables from approximately HK\$687.3 million as at 31 December 2022 to approximately HK\$507.3 million as at the end of the Period, the segment profit increased to approximately HK\$64.0 million during the Period when compared to the segment profit of approximately HK\$29.9 million during the Previous Period.

The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, approximately HK\$2.5 million impairment allowances were provided on the outstanding loans receivable as at 30 June 2023 (31 December 2022: approximately HK\$0.6 million).

### **(3) Other financial services**

To diversify the Group's financial services, the Group has also carried on the business of providing corporate advisory related services in Hong Kong since October 2020. For the Period, the segment revenue amounted to approximately HK\$5.7 million (2022: approximately HK\$8.3 million) and segment profit amounted to approximately HK\$0.8 million (2022: approximately HK\$3.0 million). The decrease in revenue for the Period was mainly due to the drop in the number of clients as the competition in the first half of 2023 was still intense.

### **(4) Property investment and leasing**

During the Period, segment revenue of approximately HK\$6.0 million (2022: approximately HK\$4.5 million) and segment loss of approximately HK\$7.8 million (2022: profit of approximately HK\$2.3 million). The increase in segment revenue was mainly due to the Group's reallocation of previously own-used property for leasing to a third-party tenant from November 2022. The increase in segment loss was mainly due to the increase in fair value loss on investment properties of HK\$7.3 million for the Period. As at 30 June 2023, the Group held 4 commercial properties in Hong Kong for leasing to independent third-party tenants for rental income with a total fair value at HK\$506.5 million.

## **(5) Tactical and strategic investment**

The amount of resources allocated by the Group to this segment (in the form of financial assets at FVPL) was approximately HK\$212.9 million at the Period (31 December 2022: approximately HK\$161.6 million). The Group recorded a segment revenue of approximately HK\$0.8 million (2022: negative revenue of approximately HK\$1.2 million). The segment loss was approximately HK\$81.5 million during the Period (2022: approximately HK\$43.0 million) mainly due to (i) share of loss of associates (which is principally engaged in holding listed equity investments) amounted to approximately HK\$15.1 million (2022: approximately HK\$32.9 million); (ii) net fair value loss on the financial assets at FVPL at approximately HK\$70.5 million (2022: approximately HK\$7.5 million).

## **PROSPECT**

The world is still faced with many uncertainties and challenges in the post-COVID era. The Russia Ukraine War has no sign of ceasing nor any concessions or ceasefire agreements has been reached and there are always new round of attacks between Russia and Ukraine. Political tension remains high between US and China. Inflation and interest rate remain high and the US Federal Reserve is anticipated to further adjust its benchmark interest rates upward in the second half of 2023 which will further dampen the recovery pace of economy. The prospects remain highly uncertain driven by the adverse impact of high and escalating market interest rate environment on business development and the development of geopolitical factors. Corporate investments and individual consumption are expected to remain conservative in the near term in view of the interest rate outlook. The economic growth momentum in Hong Kong and Mainland China will continue to be constrained.

The economics of Hong Kong and Mainland China are anticipated to continue to improve on a slow but gradual post-pandemic recovery path in the second half of 2023. Under the aforesaid challenging operating environment, the Group will stay vigilant of the uncertainties and challenges ahead and strive to maximize returns and value to our shareholders. The Group will continue to render comprehensive services to our clients and to maintain client confidence and loyalty.

## **FINANCIAL REVIEW**

### **Revenue**

The overall revenue of the Group for the Period was approximately HK\$65.2 million, representing a decrease of approximately HK\$8.0 million from the Previous Period. Financial services income including those from other financial services aggregated to approximately HK\$34.8 million (2022: approximately HK\$44.9 million). Interest income from the Group's money lending business decreased to approximately HK\$24.1 million (2022: approximately HK\$25.1 million). Rental income of the Period remained stable at approximately HK\$6.0 million (2022: approximately HK\$4.4 million). Revenue from tactical and strategic business increased to approximately HK\$0.3 million (2022: negative revenue of approximately HK\$1.2 million).

## **Other comprehensive income**

The Group has other comprehensive loss of approximately HK\$24,000 for the Period (2022: Nil).

## **Net asset value**

The unaudited consolidated net asset value of the Group as at 30 June 2023 was approximately HK\$2,089.1 million, representing a decrease of approximately HK\$31.1 million from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2023 was approximately HK\$2.21.

## **Capital structure**

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 approximately HK\$127.3 million as at 30 June 2023 (31 December 2022: approximately HK\$229.3 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were approximately HK\$298.1 million as at 30 June 2023 (31 December 2022: approximately HK\$373.8 million). The liquidity of the Group was very strong with a current ratio of 5.4 as at 30 June 2023 (31 December 2022: 5.8). The Group had bank borrowings in the sum of approximately HK\$246.1 million as at 30 June 2023 (31 December 2022: approximately HK\$252.6 million). The Group did not have any available short-term revolving banking facilities as at 30 June 2023 (31 December 2022: 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 2023, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 7.3% (31 December 2022: 1.7%). The increase in gearing ratio was mainly attributable to the reduced cash and cash equivalents as a result of utilization of the Group's financial resources to finance the operation of businesses. Net debt was calculated as interest-bearing 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 2023 (31 December 2022: Nil).

## **Charge on Group assets**

As at 30 June 2023, the Group pledged its investment properties with carrying value of approximately HK\$452.9 million (31 December 2022: approximately HK\$459.3 million) as security for general banking facilities granted to the Group.

## **Significant investments**

An investment with carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group. The Group treated the equity interest in Green River Associates Limited ("**Green River Marshall**") incorporated in Marshall Islands as a long-term investment. Green River Marshall engaged in securities investment, is a strategic partner of the Group in developing the tactical and strategic investment business. On 28 February 2023, Green River Marshall allotted additional shares to another investor for subscription of shares. The shareholdings by the Group was thus further diluted from 33% to 31.37% as at 30 June 2023. The carrying amount of investment in 31.37% equity interest in Green River Marshall amounted to approximately HK\$136.4 million was included in investment in associates in the balance sheet (31 December 2022: approximately HK\$153.9 million), which represented approximately 5.7% to the Group's total assets. During the Period, the Group's share of loss of Green River Marshall was approximately HK\$18.0 million (2022: approximately HK\$32.9 million), which was mainly a result of Green River Marshall's fair value loss on its investments at FVPL. 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. As at 30 June 2023, the significant investment of the Group is as follows:

The following table further set forth the significant investment with a value of 5% or more of the Group's total assets as at 30 June 2023:

Name of investee	Number of shares held as at 30 June 2023	Investment cost as at 30 June 2023 <i>HK\$'000</i>	Fair value as at 30 June 2023 <i>HK\$'000</i>	Unrealised loss		Approximate % to the Group's total assets as at 30 June 2023	Approximate % of shareholding in investee as at 30 June 2023	Dividend income recognised during the period ended 30 June 2023 <i>HK\$'000</i>
				Realised gain/(loss) recognised during the period ended 30 June 2023 <i>HK\$'000</i>	measured at FVTOCI (non-recycling) during the period ended 30 June 2023 <i>HK\$'000</i>			
Green River Marshall	80	250,604	136,355	–	–	5.7%	31.37%	–

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 (2022: 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 interim results announcement.

### Significant events since the end of the Period

There were no significant events affecting the Group since the end of the 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 37 work forces (inclusive of all the Directors) working for the Group as at 30 June 2023. 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 has 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.

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](http://www.planetreeintl.com)) and the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 interim report will be dispatched to shareholders of the Company and published on the above websites in September 2023.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity 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**  
**Cheung Ting Kee**  
*Acting Chairman and Executive Director*

Hong Kong, 31 August 2023

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

*Executive Directors:*

Mr. Cheung Ting Kee  
*(Acting Chairman)*  
Ms. Cheung Ka Yee  
Mr. Lam Hiu Lo

*Independent Non-Executive Directors:*

Mr. Chan Sze Hung  
Mr. Chung Kwok Pan  
Mr. Ma Ka Ki  
Mr. Zhang Shuang