

INTERIM REPORT
2020



Planetree
INTERNATIONAL
梧桐國際

梧桐國際發展有限公司
Planetree International Development Limited

(Incorporated in Bermuda with limited liability)

(Stock code : 00613)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

(as at 28 August 2020)

Executive directors

Dr. Leung Wing Cheung, William
(*Executive Chairman*)

Mr. Lam Hiu Lo

Mr. Liang Kang

Ms. Cheung Ka Yee

Ms. Wong Sheun Fun, Estella

Mr. Man Wai Chuen

Non-executive director

Mr. Kwong Kai Sing, Benny

Independent non-executive directors

Mr. Chan Sze Hung

Mr. Ha Kee Choy, Eugene

Mr. Zhang Shuang

Mr. Chung Kwok Pan

COMMITTEES

Audit Committee

Mr. Ha Kee Choy, Eugene (*Chairman*)

Mr. Chan Sze Hung

Mr. Chung Kwok Pan

Nomination Committee

Mr. Kwong Kai Sing, Benny (*Chairman*)

Mr. Ha Kee Choy, Eugene

Mr. Chung Kwok Pan

Remuneration Committee

Mr. Ha Kee Choy, Eugene (*Chairman*)

Ms. Cheung Ka Yee

Mr. Chung Kwok Pan

AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee

Ms. Yuen Yu Hung

COMPANY SECRETARY

Ms. Yuen Yu Hung

EXTERNAL AUDITORS

Mazars CPA Limited

PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited

The Hongkong and Shanghai Banking
Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

LEGAL ADVISERS

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM 11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8/F, China United Centre, 28 Marble Road, North Point,
Hong Kong

Tel: 3198 0238

Fax: 2520 6103

Email: investors@planetreeintl.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor North Cedar House, 41 Cedar Avenue

Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

WEBSITE

<http://www.planetreeintl.com>

HKEX STOCK CODE

00613

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

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

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

INTERIM DIVIDEND

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

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

BUSINESS REVIEW

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

(1) Financial services — operations under SFO licences

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(3) Tactical and strategic investment

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

(4) Property investment and leasing

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

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

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

FINANCIAL REVIEW

Revenue

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

Other comprehensive income

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

Net asset value

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

Capital structure

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

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

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

Exposure to fluctuation in exchange rates and related hedges

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

Gearing ratio

As at 30 June 2020, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was inapplicable as it became negative when cash and cash equivalents could entirely cover the total debt (31 December 2019: inapplicable). Net debt includes bank borrowings, other payables and accruals, net of cash and cash equivalents.

Contingent liabilities

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

Charge on Group assets

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

Significant investments

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

Name of investments	Number of shares held as at 30 June 2020	Percentage of shareholding as at 30 June 2020	Dividends received during six months ended 30 June 2020 HK\$'000	Realized gain/(loss) during six months ended 30 June 2020 HK\$'000	Unrealized gain/(loss) during six months ended 30 June 2020 HK\$'000	Investment cost HK\$'000	Market value as at 30 June 2020 HK\$'000	Approximate % to the Group's total assets as at 30 June 2020
China Dili Group ("Dili") (stock code: 1387)	87,000,000	1.52%	Nil	Nil	(69,600)	200,100	143,550	7.09%

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of accounts

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

Significant events since the end of the reporting period

Save as disclosed in the note 25 to the condensed consolidated financial statements, there were no other significant events affecting the Group since the end of the reporting period.

OPERATION REVIEW

Human resources practices

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

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

ADDITIONAL INFORMATION

Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the Period, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for deviation from code provisions A.2. For code provision A.2, the positions of "chairman" and "chief executive officer" have been left vacant by the Company since the change of composition of the Board on 30 April 2019. During the period under review, Dr. Leung Wing Cheung, William has been appointed as the executive chairman of the Board since 2 June 2020 and Ms. Cheung Ka Yee has served the role of chief executive officer of the Group.

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

Compliance with Model Code

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

Purchase, sale or redemption of listed securities of the Company

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

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2020, the interests or short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long position in the shares of the Company:

Name of Directors	Capacity	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company (Note 1)
Cheung Ka Yee	Beneficial owner	8,000,000 (Note 2)	0.86%
Kwong Kai Sing, Benny	Beneficial owner	8,000,000 (Note 2)	0.86%

Notes:

- Based on 933,527,675 Shares of the Company issued as at 30 June 2020.
- All underlying Shares are share options granted by the Company on 2 April 2020 under the share option scheme of the Company adopted on 21 May 2015 at the exercise price of HK\$1.08 per Share (adjusted after the share consolidation became effective on 12 May 2020).

Save as disclosed above, as of 30 June 2020, none of the Directors and chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 May 2015 (the "Share Option Scheme") which has a term of 10 years and will expire on 20 May 2025. The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees and to serve such other purposes as the Board may approve from time to time. Particulars and a summary of movements of share options granted, lapsed, cancelled or exercised under the Share Option Scheme during the period under review are set out in note 17 to the condensed consolidated financial statements.

OTHER INFORMATION

SHARE AWARD SCHEME

The Company adopted a share award scheme on 8 May 2020 (the “Share Award Scheme”) which has a term of 10 years and will expire on 8 May 2030. The purpose of the Scheme is to reward those selected grantees who have made or will make contributions to the Group, and to enhance the Group’s competitiveness in attracting talented human resources for the growth and development of the Group, particularly the financial services business. Particulars of awarded shares granted under the Share Award Scheme during the period under review are set out in note 18 to the condensed consolidated financial statements. During the period under review, no share award was granted under the Share Award Scheme to any directors of the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and Chief Executive’s Interests”, “Share Option Scheme” and “Share Award Scheme” above, at no time during the period under review was, the Company or any of its subsidiaries or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of Directors, or any of their associates, had any interests in or was granted any rights to subscribe for Shares, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, to the best knowledge of the Directors of the Company, the following person (other than a Director and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company:

Name	Note	Capacity and nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company (Note 1)
Ms. Lo Ki Yan Karen	2	Interest of controlled corporation Beneficial owner	628,263,640	67.30%
			5,271,800	0.56%
			<u>633,535,440</u>	<u>67.86%</u>
Future Capital Group Limited	2	Beneficial owner	<u>628,263,640</u>	<u>67.30%</u>

Note:

- (1) Based on 933,527,675 Shares of the Company issued as at 30 June 2020.
- (2) Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other person (other than a Director and the chief executive of the Company) who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS

During the period under review and up to the date of this report, there were changes in the composition of the Board as follows:

- Mr. Wong Hung Wai was appointed as an executive director with effect from 6 March 2020 and he resigned as an executive director with effect from 21 July 2020.
- Mr. Zhang Shuang has been appointed as an independent non-executive director with effect from 1 April 2020.
- Mr. Chung Kwok Pan has been appointed as an independent non-executive director, a member of the audit committee, the remuneration committee and nomination committee of the Company with effect from 1 April 2020. Mr. Chung has informed the Company that he has been appointed as an independent non-executive director of Esprit Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited with stock code: 00330) with effect from 29 July 2020, apart from his other directorships previously disclosed in the Company's announcement dated 1 April 2020.
- Mr. Kwong Kai Sing, Benny was appointed as the acting chairman, redesignated from an independent non-executive director to a non-executive director and ceased to be a member of the audit committee and the remuneration committee of the Company with effect from 1 April 2020. He ceased to be the acting chairman with effect from 2 June 2020.
- Ms. Tsang Wing Man ceased to be a member of the nomination committee of the Company with effect from 1 April 2020. She resigned as an executive director with effect from 1 June 2020. Ms. Tsang has remained as an employee of the Group and a director of certain subsidiaries within the Group.
- Mr. Man Wai Chuen has been appointed as an executive director with effect from 1 June 2020.
- Dr. Leung Wing Cheung, William has been appointed as an executive director and the executive chairman with effect from 2 June 2020.
- Ms. Wong Sheun Fun, Estella has been appointed as an executive director with effect from 1 July 2020.

Save for the above, there is no other change in Directors' information since the publication of the annual report of the Company for the year ended 31 December 2019, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

APPRECIATION

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

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

Hong Kong, 28 August 2020

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED
 中審眾環(香港)會計師事務所有限公司
 42nd Floor, Central Plaza
 18 Harbour Road, Wanchai, Hong Kong
 香港灣仔港灣道18號中環廣場42樓
 Tel 電話: (852) 2909 5555
 Fax 傳真: (852) 2810 0032
 Email 電郵: info@mazars.hk
 Website 網址: www.mazars.hk

To the board of directors of
Planetree International Development Limited
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 34, which comprises the condensed consolidated statement of financial position of Planetree International Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited
Certified Public Accountants
 Hong Kong, 28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Notes			
	Revenue	35,583	38,004
	Other income and gains	22,171	15,737
	Net gain on disposal of debt investments at amortised cost	99	—
	Reversal of impairment losses on loan and interest receivables	2,916	869
	Reversal of impairment losses on promissory note receivable	2,310	—
	Administrative expenses	(53,415)	(15,852)
	Other expenses	(77,960)	(4,800)
	Finance costs	(4,740)	(30)
	(Loss) Profit before taxation	(73,036)	33,928
	Income tax expense	(19)	(1,802)
	(Loss) Profit and total comprehensive (loss) income for the period	(73,055)	32,126
	(Loss) Profit for the period attributable to:		
	Owners of the Company	(74,284)	32,126
	Non-controlling interests	1,229	—
		(73,055)	32,126
	Total comprehensive (loss) income attributable to:		
	Owners of the Company	(74,284)	32,126
	Non-controlling interests	1,229	—
		(73,055)	32,126
		<i>HK cents</i>	<i>HK cents</i>
			(Adjusted)
	(Loss) Earnings per share		
	Basic	(7.98)	3.45
	Diluted	(7.98)	3.45

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property and equipment	11	217,949	181,210
Investment properties		313,200	457,700
Intangible assets		11,500	6,500
Debt investments at amortised cost		24,217	39,737
Financial assets at fair value through profit or loss ("FVPL")	13	7,865	—
Loan and other receivables	12	1,284	174,764
Other assets		3,230	3,230
		<u>579,245</u>	<u>863,141</u>
Current assets			
Trade, loan and other receivables	12	733,380	395,042
Financial assets at FVPL	13	386,234	505,618
Bank balances — trust and segregated accounts		5,328	44,402
Bank balances and cash		321,706	232,254
		<u>1,446,648</u>	<u>1,177,316</u>
Current liabilities			
Trade and other payables	14	11,681	63,237
Lease liabilities — current portion		1,770	2,084
Interest-bearing borrowings	15	278,925	186,875
Income tax payable		49	59
		<u>292,425</u>	<u>252,255</u>
Net current assets		<u>1,154,223</u>	<u>925,061</u>
Total assets less current liabilities		<u>1,733,468</u>	<u>1,788,202</u>
Non-current liabilities			
Other payables	14	1,690	1,944
Lease liabilities — non-current portion		—	716
Deferred taxation		4,249	8,854
		<u>5,939</u>	<u>11,514</u>
NET ASSETS		<u>1,727,529</u>	<u>1,776,688</u>
Capital and reserves			
Share capital	16	93,353	93,053
Reserves		1,521,842	1,570,159
Equity attributable to owners of the Company		<u>1,615,195</u>	<u>1,663,212</u>
Non-controlling interests		112,334	113,476
TOTAL EQUITY		<u>1,727,529</u>	<u>1,776,688</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company										
	Reserves							Total reserves	Total	Non-controlling interests	Total
	Share capital	Share premium	Contribution surplus	Asset revaluation reserve	Share option reserve	Share award reserve	Retained earnings				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2020 (Audited)	93,053	907,280	44,641	49,211	—	—	569,027	1,570,159	1,663,212	113,476	1,776,688
Loss and total comprehensive (loss) income for the period	—	—	—	—	—	—	(74,284)	(74,284)	(74,284)	1,229	(73,055)
Transactions with owners:											
<i>Contribution and distribution</i>											
Recognition of equity-settled share-based payments	—	—	—	—	21,586	2,310	—	23,896	23,896	—	23,896
Shares vested under the share award scheme	300	2,010	—	—	—	(2,310)	—	(300)	—	—	—
	300	2,010	—	—	21,586	—	—	23,596	23,896	—	23,896
<i>Change in ownership interests</i>											
Transfer of reserve upon disposal of subsidiaries	—	—	—	(49,211)	—	—	49,211	—	—	—	—
Changes in ownership interests in subsidiaries that do not result in a loss of control (Note 21)	—	—	—	—	—	—	2,371	2,371	2,371	(2,371)	—
	—	—	—	(49,211)	—	—	51,582	2,371	2,371	(2,371)	—
At 30 June 2020 (Unaudited)	93,353	909,290	44,641	—	21,586	—	546,325	1,521,842	1,615,195	112,334	1,727,529

	Attributable to owners of the Company										
	Reserves							Total reserves	Total	Non-controlling interests	Total
	Share capital	Share premium	Contribution surplus	Asset revaluation reserve	Retained earnings	Total reserves	Total				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2019 (Audited)	93,053	907,280	44,641	49,211	538,194	1,539,326	1,632,379	—	1,632,379		
Profit and total comprehensive income for the period	—	—	—	—	32,126	32,126	32,126	—	32,126		
At 30 June 2019 (Unaudited)	93,053	907,280	44,641	49,211	570,320	1,571,452	1,664,505	—	1,664,505		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Notes			
	NET CASH USED IN OPERATING ACTIVITIES	(197,153)	(76,918)
	INVESTING ACTIVITIES		
	Deposits paid for acquisition of subsidiaries	—	(50,000)
	Proceeds from disposal of debt investments at amortised cost	7,956	—
	Purchase of intangible assets	(5,000)	—
	Purchases of property and equipment	(42,585)	(85)
	Net cash inflow arising from disposal of subsidiaries	75,684	745
20	Net cash outflow arising from acquisition of a subsidiary	(423)	—
19	Other cash flows arising from investing activities	42,060	980
	NET CASH FROM (USED IN) INVESTING ACTIVITIES	77,692	(48,360)
	FINANCING ACTIVITIES		
	New interest-bearing borrowings raised	216,800	—
	Repayment of interest-bearing borrowings	(2,750)	—
	Principal portion of lease payments	(761)	(330)
	Interest paid	(4,376)	(30)
	Dividend paid	—	(121)
	NET CASH FROM (USED IN) FINANCING ACTIVITIES	208,913	(481)
	Net increase (decrease) in cash and cash equivalents	89,452	(125,759)
	Cash and cash equivalents at beginning of the reporting period	232,254	168,883
	Cash and cash equivalents at end of the reporting period, represented by cash and bank balances	321,706	43,124

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. CORPORATE AND GROUP INFORMATION

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the interim report.

The Company and its subsidiaries (together the “**Group**”) principally engage in (i) financial services with operations under the Securities and Futures Ordinance (“**SFO**”) licences, (ii) credit and lending services with operations under Money Lenders Ordinance (the “**MLO**”) licences, (iii) tactical and strategic investment, and (iv) property investment and leasing.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Adoption of new/revised HKFRSs

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. SEGMENT INFORMATION

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

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

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

- Financial services — operations under SFO licences segment engaged in the provision of dealing in securities, margin financing services, dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the SFO;
- Credit and lending services — operations under MLO licences segment which generates interest income from money lending activities with licences granted under the MLO;
- Tactical and strategic investment segment which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments; and
- Property investment and leasing segment consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential.

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

Segment revenue and results

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

For the six months ended 30 June 2020 (Unaudited)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

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

Segment revenue includes revenue from tactical and strategic investment, property investment and leasing, credit and lending services – operations under MLO licences and financial services – operations under SFO licences. In addition, the chief operating decision makers also consider certain other income and gains as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income and gains, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

At 30 June 2020 (Unaudited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Tactical and strategic investment HK\$'000	Property investment and leasing HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets	586,718	314,842	604,236	315,100	204,997	2,025,893
Liabilities	(8,625)	(86)	(2,674)	(2,759)	(284,220)	(298,364)

At 31 December 2019 (Audited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Tactical and strategic investment HK\$'000	Property investment and leasing HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets	482,120	87,122	719,245	459,020	292,950	2,040,457
Liabilities	(58,974)	(386)	(5,715)	(7,415)	(191,279)	(263,769)

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain intangible assets, certain other receivables and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, lease liabilities, interest-bearing borrowings, certain income tax payable and certain deferred taxation.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

4. REVENUE, OTHER INCOME AND GAINS

		Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	Note		
Fee and commission income	(a)	451	—
Net gain on disposal of financial assets at FVPL	(b)	—	9,356
Interest income from:			
— margin clients		20,797	—
— loan receivables		7,860	7,476
— debt investments at amortised cost		1,363	6,922
		<u>30,020</u>	<u>14,398</u>
Dividend income from:			
— financial assets at FVPL		439	8,143
Gross rental income		4,673	6,107
		<u>35,583</u>	<u>38,004</u>
Other income and gains			
Interest income on:			
— bank deposits		278	219
— other receivable from ex-shareholder of a subsidiary		48	—
— promissory note receivable	12(f)	4,379	—
		<u>4,705</u>	<u>219</u>
Gain on disposal of subsidiaries	20	10,393	385
Gain on disposal of property and equipment		—	120
Gain on partial settlement of promissory note receivable	12(f)	4,751	—
Government employment subsidy		312	—
Net fair value gains on financial assets at FVPL		—	14,478
Other commission rebate		843	—
Others		1,167	535
		<u>17,466</u>	<u>15,518</u>
		<u>22,171</u>	<u>15,737</u>
Total revenue, other income and gains		<u>57,754</u>	<u>53,741</u>

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. OTHER EXPENSES

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

6. FINANCE COSTS

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

7. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	2,373	77
Depreciation of right-of-use assets	3,063	344
Lease payments in respect of rented premises	—	316
Share-based compensation expenses	23,896	—
	<u>29,332</u>	<u>737</u>

8. 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 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%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

8. INCOME TAX EXPENSE (continued)

For the six months ended 30 June 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

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

9. DIVIDENDS

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

10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss) Profit for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>(74,284)</u>	<u>32,126</u>

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, the Group had acquired property and equipment of approximately HK\$42,585,000 (six months ended 30 June 2019: acquired of approximately HK\$85,000).

12. TRADE, LOAN AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables		
Trade receivables arising from the business of financial services — operations under SFO licences		
— cash clients	8	4
— margin clients	334,910	247,719
— Hong Kong Securities Clearing Company Limited (“HKSCC”)	—	3
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	2,005	5,554
	<u>336,923</u>	<u>253,280</u>
Rental receivables	<u>—</u>	<u>320</u>
Loan and interest receivables		
Loan and interest receivables from independent third parties	314,266	94,917
Less: Loss allowance	(4,879)	(7,795)
	<u>309,387</u>	<u>87,122</u>
Other receivables		
Deposits with securities brokers	77	77
Other receivable from ex-shareholder of a subsidiary	—	51,803
Promissory note receivable	84,849	173,409
Prepayments	722	1,587
Deposits	1,352	1,378
Other receivables	1,354	830
	<u>88,354</u>	<u>229,084</u>
	<u>734,664</u>	<u>569,806</u>
Less: Non-current portion		
Loan and interest receivables	—	(995)
Other receivables	(1,284)	(173,769)
	<u>(1,284)</u>	<u>(174,764)</u>
Current portion	<u>733,380</u>	<u>395,042</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. TRADE, LOAN AND OTHER RECEIVABLES (continued)

Notes:

- (a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 12% to 24% (31 December 2019: 12% to 24%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,897,179,000 (31 December 2019: HK\$1,669,597,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

As at 30 June 2020, the Group has concentration of credit risk as 32% and 96% (31 December 2019: 35% and 100%) of total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively, within the financial services business.

- (c) The settlement terms of trade receivables arising from the financial services business with HKSCC are usually two days after trade date.
- (d) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

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

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 30 June 2020, allowance for impairment loss of approximately HK\$4,879,000 (31 December 2019: HK\$7,795,000) is recognised for the loan receivables.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. TRADE, LOAN AND OTHER RECEIVABLES (continued)

Notes: (continued)

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

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

13. FINANCIAL ASSETS AT FVPL

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Perpetual senior notes — listed overseas	7,865	—
Equity securities — listed in Hong Kong	<u>386,234</u>	<u>505,618</u>
	<u>394,099</u>	<u>505,618</u>
Analysed as:		
Current	<u>386,234</u>	505,618
Non-current	<u>7,865</u>	—
	<u>394,099</u>	<u>505,618</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables		
Trade payables arising from the business of financial services — operations under SFO licences		
— cash clients	1,631	1,669
— margin clients	2,523	8,451
— HKSCC	300	40,420
Trade payables arising from the business of options broking	209	212
Trade payables arising from the business of dealing in futures contracts	<u>2,619</u>	<u>6,824</u>
	<u>7,282</u>	<u>57,576</u>
Other payables		
Other payables and accrued charges	4,399	4,111
Rental deposits received	<u>1,690</u>	<u>3,494</u>
	<u>6,089</u>	<u>7,605</u>
	<u>13,371</u>	<u>65,181</u>
Less: Non-current portion		
Other payables	<u>(1,690)</u>	<u>(1,944)</u>
Current portion	<u><u>11,681</u></u>	<u><u>63,237</u></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\$5,328,000 (31 December 2019: HK\$44,402,000) in respect of the trust and segregated bank balances received and held for clients in the course of dealing in regulated activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. INTEREST-BEARING BORROWINGS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Secured bank loans repayable on demand	278,925	186,875

The ranges of interest rates on the Group's interest-bearing borrowings are as follows:

	30 June 2020	31 December 2019
Interest rates		
1 month HIBOR*	Plus 1.5% to 1.7% per annum	Plus 1.7% per annum

* *Hong Kong Interbank Offer Rate*

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans were denominated in Hong Kong dollars and secured by the Group's investment properties and right-of-use assets – land and buildings with carrying value of approximately HK\$313,200,000 and HK\$169,090,000 (31 December 2019: HK\$313,200,000 and Nil) and corporate guarantee of HK\$282,300,000 (31 December 2019: HK\$187,500,000) was provided by the Company.

The maturity terms of the bank loans based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within one year	9,800	7,500
In the second year	12,050	7,500
In the third to fifth years inclusive	257,075	171,875
	278,925	186,875

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 (31 December 2019: HK\$0.01) each		
Authorised:		
At 1 January 2019, 31 December 2019 and 1 January 2020	50,000,000,000	500,000
Share consolidation	(45,000,000,000)	—
At 30 June 2020	5,000,000,000	500,000

	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	9,305,276,756	93,053
Share consolidation	(8,374,749,081)	—
Shares vested under the share award scheme	3,000,000	300
At 30 June 2020	933,527,675	93,353

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.

17. SHARE OPTION SCHEME

On 21 May 2015, the Company adopted a share option scheme (the “Share Option Scheme”). The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the employees and to serve such other purposes as the directors may approve from time to time.

Employees (including directors) of the Group are included in the eligible participants under the Share Option Scheme. Under the Share Option Scheme approved by the shareholders of the Company at the annual general meeting by way of an ordinary resolution, the Company is entitled to issue a maximum of 930,527,675 shares (before share consolidation effective from 12 May 2020) upon exercise of the share options to be granted, representing 10% of the Company's issued share capital as at the date of the annual general meeting held on 21 May 2015. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall end, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Share Option Scheme. The Share Option Scheme remains in force until 20 May 2025.

On 2 April 2020, the Company granted a sum of 380,000,000 share options to certain eligible persons of the Group at an exercise price of HK\$0.108 per share. The closing price of the shares in the Company immediately before the date of grant was HK\$0.105 per share (before share consolidation effective from 12 May 2020). These share options were vested immediately on the grantees on 2 April 2020. The validity period of the share options is 10 years from the date of grant (i.e. 2 April 2020 to 1 April 2030). Owing to the share consolidation with effect from 12 May 2020, the exercise price and the number of existing shares to be issued upon exercise of the outstanding share options have been adjusted as HK\$1.08 per share and 38,000,000 share options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. SHARE OPTION SCHEME (continued)

On 14 May 2020, the Company further granted 9,000,000 share options to an eligible person of the Group at an exercise price of HK\$0.908 per share. The closing price of the shares in the Company immediately before the date of grant was HK\$0.85 per share. Among the aforesaid 9,000,000 share options, 3,000,000 share options were vested on 14 May 2020, 3,000,000 share options will be vested on 14 May 2021 and the remaining 3,000,000 share options will be vested on 14 May 2022. The validity period of the share options is from the respective vesting dates to 13 May 2030.

During the period ended 30 June 2020, the Group recognised approximately HK\$21,586,000 (six months ended 30 June 2019: Nil), with reference to the fair value of the share options determined at the date of grant using the binomial model, as the equity-settled share-based payment expenses, with the corresponding amounts being credited to share option reserve.

No share options were exercised during the six months ended 30 June 2020. The following table discloses details of the Company's share options held by eligible persons and movement in such holdings during the six months ended 30 June 2020:

Category of grantees	Date of grant	Exercise price per share (HK\$)	Number of share options						Exercise price per shares after share consolidation (HK\$)	
			Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period	Share consolidation (every 10 shares into 1 share)	Outstanding as at 30 June 2020		Vested and exercisable at 30 June 2020
Directors										
Ms. Cheung Ka Yee	2 April 2020	0.108	—	80,000,000	—	—	(72,000,000)	8,000,000	8,000,000	1.080
Mr. Kwong Kai Sing, Benny	2 April 2020	0.108	—	80,000,000	—	—	(72,000,000)	8,000,000	8,000,000	1.080
Ex-director, re-classified as employee										
Ms. Tsang Wing Man	2 April 2020	0.108	—	80,000,000	—	—	(72,000,000)	8,000,000	8,000,000	1.080
Consultants*										
(Total no.: 2)	2 April 2020	0.108	—	140,000,000	—	—	(126,000,000)	14,000,000	14,000,000	1.080
Employee*										
(Total no.: 1)	14 May 2020	0.908	—	9,000,000	—	—	—	9,000,000	3,000,000	0.908
			—	389,000,000	—	—	(342,000,000)	47,000,000	41,000,000	

* None of the two consultants and the employee is a director, chief executive or substantial shareholder or their respective associates.

The Group recognised an expense of approximately HK\$21,586,000 (six months ended 30 June 2019: Nil) for the six months ended 30 June 2020 in relation to the share options granted by the Company under the share option scheme. The accounting policy adopted by the Company for equity-settled share-based transactions for the six months ended 30 June 2020 is same as the one disclosed in the Company's 2019 annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. SHARE AWARD SCHEME

On 8 May 2020, the Board approved the adoption of a share award scheme (the “Share Award Scheme”) under which shares of the Company (the “Awarded Shares”) may be awarded to selected employees in accordance with the provisions of the Share Award Scheme and the nominal value of the shares awarded under the Share Award Scheme shall not exceed 10% of the issued share capital of the Company from time to time, with an annual limit equal to 3% of the Company’s issued share capital as at the adoption date, i.e. 8 May 2020, as the maximum number of Awarded Shares which can be issued under the Share Award Scheme from the adoption date up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting subject to refreshment annually.

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme will be valid and effective for a term of 10 years starting from 8 May 2020.

When a selected grantee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Company shall transfer the relevant Awarded Shares to that employee at no cost. The selected grantee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

On 14 May 2020, the Company granted 9,000,000 Awarded Shares to an employee of the Group who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates. Among the aforesaid 9,000,000 Awarded Shares, 3,000,000 Awarded Shares were vested on 14 May 2020, 3,000,000 Awarded Shares will be vested on 14 May 2021 and the remaining 3,000,000 Awarded Shares will be vested on 14 May 2022. Details of movements of the Awarded Shares during the six months ended 30 June 2020 are set out below:

Category of grantee	Date of grant	Average fair value per Awarded Share	Number of Awarded Shares				Unvested balance as at 30 June 2020	Vesting dates
			Outstanding as at 1 January 2020	Granted during the period	Vested during the period	Lapsed/Cancelled during the period		
Employee (Total no.: 1)	14 May 2020	HK\$0.77	—	9,000,000	(3,000,000)	—	3,000,000	14 May 2021 14 May 2022
			—	9,000,000	(3,000,000)	—	6,000,000	

The estimated fair value of the Awarded Shares on the grant date is determined by reference to the closing market price of the Company’s shares at HK\$0.77 on the grant date.

The Group recognised share award expenses of HK\$2,310,000 during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil) in respect of 3,000,000 shares were vested during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

19. ACQUISITION OF A SUBSIDIARY

In April 2020, Planetree Holdings Limited, a wholly-owned subsidiary of the Company, acquired 100% equity interest of Gain All Investments Limited (“**Gain All**”), at a cash consideration of HK\$443,000 from an independent third party (the “**Vendor**”). Under the deed of assignment, the Vendor has also assigned and transferred a loan due from Gain All amounting to approximately HK\$261,000 to the Group. The principal activity of Gain All is investment holding. The acquisition was completed in April 2020. Upon completion of the transaction, Gain All had become a wholly-owned subsidiary of the Company.

In the opinion of the directors, this acquisition did not constitute business combination as defined in HKFRS 3 (Revised) “Business Combinations”. Therefore, the acquisition has been accounted for as acquisition of assets during the six months ended 30 June 2020.

The following summarises the consideration paid and the amounts of the assets acquired at the date of acquisition:

	Gain All HK\$'000
Consideration	
Cash	443
	<u>443</u>
Recognised amounts of identifiable assets acquired	
Deposits	423
Bank balances and cash	20
	<u>443</u>
Total identifiable net assets	<u>443</u>
Net cash outflow of acquisition of subsidiaries	
Consideration paid in cash	(443)
Bank balances and cash	20
	<u>(423)</u>
Net outflow of cash and cash equivalents	<u>(423)</u>

The subsidiary made no significant contribution to the revenue and results of the Group for the six months ended 30 June 2020 after acquisition. The revenue and results of the subsidiary was also insignificant if the above acquisition had taken place at the beginning of the reporting period.

20. DISPOSAL OF SUBSIDIARIES

In January 2020, Yugang International (B.V.I.) Limited (“**Yugang BVI**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a third party to dispose of its entire equity interest in Ferrex Holdings Limited (“**Ferrex**”), which is incorporated in the British Virgin Islands, at a total consideration of HK\$55,711,600. The principal activities of Ferrex and its subsidiary (the “**Ferrex Group**”) at the time of disposal is investment holding and trading of equity securities. The disposal was completed in January 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

20. DISPOSAL OF SUBSIDIARIES (continued)

In May 2020, Yugang BVI further entered into a sale and purchase agreement with a third party to dispose of its entire equity interest in Joywell Holdings Limited (“**Joywell**”), which is incorporated in the British Virgin Islands, at a total consideration of HK\$20,000,000. The principal activities of Joywell and its subsidiaries (the “**Joywell Group**”) at the time of disposal are investment holding and property leasing. Details of the disposal of Joywell have been disclosed in the Company’s announcement dated 11 May 2020 and 13 May 2020 respectively. The disposal was completed in May 2020.

	Ferrex Group HK\$'000	Joywell Group HK\$'000	Total HK\$'000
Net assets disposed of			
Property and equipment	—	141	141
Investment properties	—	136,400	136,400
Trade and other receivables	—	433	433
Financial assets at FVPL	57,354	—	57,354
Bank balances and cash	28	—	28
Other payables	(106)	(2,316)	(2,422)
Interest-bearing borrowings	(2,000)	(120,000)	(122,000)
Income tax payable	—	(10)	(10)
Deferred taxation	(2,819)	(1,786)	(4,605)
	<u>52,457</u>	<u>12,862</u>	<u>65,319</u>
Net assets upon disposal			
Gain on disposal (note 4)	3,255	7,138	10,393
	<u>55,712</u>	<u>20,000</u>	<u>75,712</u>
Consideration	55,712	20,000	75,712
	<u>55,712</u>	<u>20,000</u>	<u>75,712</u>
Net cash inflow on disposal			
Cash consideration received	55,712	20,000	75,712
Less: bank balances and cash disposed of	(28)	—	(28)
	<u>55,684</u>	<u>20,000</u>	<u>75,684</u>

21. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

On 22 January 2020, Planetree Cayman Limited (“**Planetree Cayman**”), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Planetree (Cayman) Capital Limited (“**Planetree Capital**”, formerly known as Liberty Capital Limited), a non-wholly owned subsidiary of the Company which incorporated in the Cayman Islands, to subscribe 1,700 subscription shares at the subscription price of HK\$134,000 per share (the “**Subscription**”). The aggregate consideration for the Subscription was HK\$227,800,000 (excluding transaction costs). The Subscription was completed on the same date.

Upon completion of the Subscription, the Company’s voting rights in Planetree Capital, through Planetree Cayman, increased from 71.43% to 82.22% on 22 January 2020. The results and financial position of Planetree Capital and its subsidiaries (“**Planetree Capital Group**”) are included in the Group’s condensed consolidated financial statements, after accounting for the non-controlling interests of Planetree Capital, to the extent of 82.22% ordinary equity interests in Planetree Capital Group attributable to the equity holders of the Company according to the proportion of ordinary shares of Planetree Capital indirectly held by the Company.

Accordingly, the decrease in carrying amount of the non-controlling interests in the Planetree Capital Group of approximately HK\$2,371,000 was recognised directly in equity of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

22. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the Interim Financial Statements, the Group does not have any significant related party transactions and balances for both periods except for the remuneration to the key management personnel.

The key management personnel are the directors of the Company. During the six months ended 30 June 2020, the emoluments of key management personnel were HK\$3,577,000 (six months ended 30 June 2019: HK\$3,417,000).

23. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Interim Financial Statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2020 (Unaudited)	31 December 2019 (Audited)		
Investments in listed equity securities classified as financial assets at FVPL	Listed equity securities in: — Hong Kong HK\$386,234,000	Listed equity securities in: — Hong Kong HK\$505,618,000	Level 1	Quoted bid prices in an active market
Investments in perpetual senior notes classified as financial assets at FVPL	Perpetual senior notes in: — Overseas HK\$7,865,000	N/A	Level 2	Quoted prices from brokers

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements in both years. The details of the financial assets at FVPL are set out in note 13 to the condensed consolidated financial statements.

(b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

24. COMMITMENT

On 14 May 2020, Planetree Treasury Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with JRDA Limited (“**JRDA**”), an independent third party, to acquire the entire interest in Akron Corporate Finance Limited (“**Akron**”) at a total consideration of HK\$6,000,000, which shall be satisfied by allotting and issuing the shares of the Company to JRDA at HK\$1.00 per consideration share (the “**Akron Acquisition**”). The principal activity of Akron is advising on corporate finance (Type 6).

Upon completion of the Akron Acquisition, Akron will become a wholly owned subsidiary of the Company and the assets, liabilities and results of Akron will be consolidated into the financial statements of the Group. The Akron Acquisition is subject to approval by the Securities and Futures Commission of Hong Kong. Up to the date of this report, the Akron Acquisition has not been completed.

25. EVENTS AFTER THE REPORTING PERIOD

The Group had the following subsequent events:

(a) *Grant of share options*

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

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

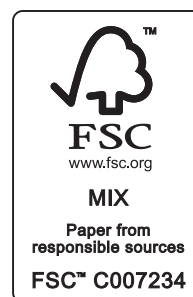
On 13 July 2020, Top Insight Holdings Limited (“**Top Insight**”), a non-wholly owned subsidiary of the Company, and Planetree (BVI) Capital Limited, a non-wholly owned subsidiary of the Company holding Top Insight, entered into a conditional subscription agreement with Multi Kingdom Investment Limited (“**Multi Kingdom**”), an independent third party, to subscribe 350 shares of Top Insight (the “**Top Insight Disposal**”), representing approximately 35% of the enlarged share capital of Top Insight, at consideration of HK\$67,300,000, which shall be settled in kind by Multi Kingdom by transferring the entire issued share capital of Jumbo Hall International Limited (“**Jumbo Hall**”) to Top Insight. The principal assets of Top Insight and its subsidiaries (“**Top Insight Group**”) and Jumbo Hall are property holding.

Following the completion of the Top Insight Disposal subsequently in July 2020, the Group’s effective equity interest in Top Insight was diluted from 82.22% to 53.44%, with Jumbo Hall had become a non-wholly owned subsidiary of the Company and the assets, liabilities and results of Jumbo Hall will be consolidated into the financial statements of the Group.

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

On 4 August 2020, Planetree Capital entered into two agreements to repurchase 800 ordinary shares from two minority shareholders at an aggregate cash consideration of HK\$93,600,000. The ordinary shares were cancelled immediately after repurchased (“**Planetree Capital Repurchase**”) in August 2020.

Upon completion of the Planetree Capital Repurchase, Planetree Capital became a wholly-owned subsidiary of the Company. The Group derecognised the non-controlling interest in Planetree Capital at the date of completion and recognised directly in retained earnings attributable to owners of the Company for the difference between (1) the amount by which the non-controlling interests are adjusted and (2) the cash consideration payable.



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