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Planetree International Development Limited

梧桐國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00613)

DISCLOSEABLE TRANSACTION IN RELATION TO SHARES BUYBACKS BY A NON-WHOLLY OWNED SUBSIDIARY

SHARES BUYBACKS

On 4 August 2020 (after trading hours), Planetree Capital (formerly known as Liberty Capital Limited), an indirect non-wholly owned subsidiary of the Company entered into two separate Agreements with each of First Avenue and Galaxy Vantage for the repurchase of a total of 800 shares in Planetree Capital at an aggregate consideration of HK\$93,600,000. Pursuant to the First Avenue Agreement, Planetree Capital conditionally agreed to repurchase and First Avenue conditionally agreed to accept the repurchase of 440 shares in Planetree Capital at a consideration of HK\$51,480,000 which will be satisfied by way of cash by Planetree Capital upon Completion. Pursuant to the Galaxy Vantage Agreement, Planetree Capital conditionally agreed to repurchase and Galaxy Vantage conditionally agreed to accept the repurchase of 360 shares in Planetree Capital at a consideration of HK\$42,120,000 which will be satisfied by way of cash by Planetree Capital upon Completion.

LISTING RULES IMPLICATIONS

As the Capital Injection, Previous Shares Buybacks and the Shares Buybacks can be considered to form a series of acquisitions of interest in Planetree Capital which are conducted within the past 12-month period, the Shares Buybacks are required to be aggregated with the Capital Injection and Previous Shares Buybacks for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules).

As some of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Shares Buybacks, when aggregated with the Capital Injection and Previous Shares Buybacks, are more than 5% but all applicable ratios are less than 25%, the Shares Buybacks constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to (i) the announcements of Planetree International Development Limited (the “**Company**”) dated 22 January 2020 and 14 February 2020 in relation to the Capital Injection; and (ii) the announcement of the Company dated 12 March 2020 in relation to three shares buybacks (the “**Previous Shares Buybacks**”) conducted by Planetree Capital (formerly known as Liberty Capital Limited), in which a total of 1,000 shares in Planetree Capital were repurchased at an aggregate consideration of HK\$127,200,000.

THE AGREEMENTS

On 4 August 2020 (after trading hours), Planetree Capital, an indirect non-wholly owned subsidiary of the Company entered into two separate Agreements with each of First Avenue and Galaxy Vantage for the repurchase of a total of 800 shares in Planetree Capital at an aggregate consideration of HK\$93,600,000 (the “**Shares Buybacks**”). Pursuant to the First Avenue Agreement, Planetree Capital conditionally agreed to repurchase and First Avenue conditionally agreed to accept the repurchase of 440 shares in Planetree Capital at a consideration of HK\$51,480,000 which will be satisfied by way of cash by Planetree Capital upon Completion. Pursuant to the Galaxy Vantage Agreement, Planetree Capital conditionally agreed to repurchase and Galaxy Vantage conditionally agreed to accept the repurchase of 360 shares in Planetree Capital at a consideration of HK\$42,120,000 which will be satisfied by way of cash by Planetree Capital upon Completion.

Date

4 August 2020 (after trading hours)

Parties

- (1) Planetree Capital, a company incorporated in the Cayman Islands with limited liability and an indirect non-wholly owned subsidiary of the Company immediately before completion of the Shares Buybacks, as the buyer of shares in Planetree Capital to be repurchased under the Shares Buybacks;

(2) Accepting Parties:

- (a) First Avenue, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. First Avenue directly holds 440 shares in Planetree Capital, representing approximately 9.8% shareholding in Planetree Capital immediately before completion of the Shares Buybacks. As at the date of this announcement, the ultimate holding company of First Avenue is Oshidori International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange with stock code: 622; and
- (b) Galaxy Vantage, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. Galaxy Vantage directly holds 360 shares in Planetree Capital, representing 8.0% shareholding in Planetree Capital immediately before completion of the Shares Buybacks. As at the date of this announcement, the ultimate holding company of Galaxy Vantage is China Touyun Tech Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange with stock code: 1332.

The Agreements are not inter-conditional upon each other.

It is noted that Mr. Ha Kee Choy, Eugene, an independent non-executive director of the Company, is also an independent non-executive director of China Touyun Tech Group Limited. Mr. Ha abstained from voting at the board meeting of the Company on approving the Galaxy Vantage Agreement. Saved as disclosed above, to the best knowledge, information and belief of the Board and after making all reasonable enquiries, each of the Accepting Parties and their ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

An aggregate of 800 shares in Planetree Capital, representing approximately 17.8% of the issued share capital of Planetree Capital as at the date of this announcement, will be repurchased by Planetree Capital for cancellation, subject to the terms and conditions of the Agreements.

Immediately before completion of the Shares Buybacks, the total number of shares of Planetree Capital in issue is 4,500. Following completion of the Shares Buybacks and cancellation of the shares repurchased thereunder, the total number of shares of Planetree Capital in issue will be reduced to 3,700.

Consideration

The aggregate consideration of the Shares Buybacks of HK\$93,600,000 will be satisfied by way of cash by Planetree Capital to the Accepting Parties respectively in the following manner upon Completion:

- (i) as to HK\$51,480,000 payable to First Avenue; and
- (ii) as to HK\$42,120,000 payable to Galaxy Vantage.

The Consideration will be satisfied by the Group's internal resources.

The Consideration is equivalent to an average price of HK\$117,000 per share to be repurchased by Planetree Capital. The Consideration was agreed between Planetree Capital and the Accepting Parties respectively with reference to the latest unaudited consolidated net asset value per share of Planetree Capital, the financial performance of Planetree Capital and the prevailing market sentiments.

Conditions precedent

Completion of each of the Agreements shall be conditional upon:

- (i) all necessary consents, authorisations, approval, licence, permission, order (or, as the case may be, relevant waiver or exemption) in connection with the Agreements and the transactions contemplated thereby having been obtained by the respective parties to the Agreements; and
- (ii) the representations, warranties and undertakings provided by the Parties set out in the Agreements remaining true, accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Agreements and Completion.

None of the above conditions precedent is waivable. In the event any of the above conditions are not being fulfilled within three months after signing the Agreements, or such later date as the Parties may agree, the Agreements shall become void and of no further effect and, save in respect of any antecedent breaches, all liabilities and obligations of the Parties shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Parties which shall have accrued prior to such termination.

Completion

Completion of each of the First Avenue Agreement and the Galaxy Vantage Agreement shall take place on the Completion Date after all the conditions of each of the Agreements have been fulfilled separately or such date as the Parties may agree in writing.

As at the date of this announcement, Planetree Capital is owned as to approximately 82.2% by Planetree Cayman Limited (a direct wholly-owned subsidiary of the Company), as to approximately 9.8% by First Avenue and as to 8.0% by Galaxy Vantage. Upon Completion, Planetree Capital will become an indirect wholly-owned subsidiary of the Company and the financial results of Planetree Capital Group will continue to be consolidated into the consolidated financial statements of the Company and the non-controlling interest in Planetree Capital Group will cease.

INFORMATION OF PLANETREE CAPITAL

Planetree Capital is an investment holding company incorporated in the Cayman Islands and an indirect non-wholly owned subsidiary of the Company but it is not a “connected subsidiary” as defined in Chapter 14A of the Listing Rules. The Planetree Capital Group is principally engaged in the business of investment holding, property investment, providing financial services with licences to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”, Chapter 571 of the laws of Hong Kong). Planetree Capital Group is in the process of applying for licences to carry out Type 7 regulated activity (providing automated trading services) and Type 8 regulated activity (securities margin financing).

Set out below is the financial information of Planetree Capital Group for the two years ended 31 December 2018 and 2019 respectively:

	For the year ended	
	31 December	
	2018	2019
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	(10,836)	(19,297)
Loss after tax	(10,836)	(19,074)

The unaudited consolidated net asset value of Planetree Capital Group as at 30 June 2020 was approximately HK\$608.2 million, representing approximately HK\$135,155 per share of Planetree Capital.

REASONS FOR AND BENEFITS OF THE SHARES BUYBACKS

The Company is an investment holding company and the principal activities of the Group are:

- (i) financial services – brokerage and related services covering the provision of dealing in securities, dealing in futures contracts and asset management services through Planetree Capital Group with Type 1, Type 2 and Type 9 licences granted under the SFO to carry on such kind of regulated business activities;

- (ii) financial services – loan financing:
 - (a) securities margin financing business through Planetree Capital Group with Type 1 licence granted under the SFO to carry on dealing in securities; and
 - (b) money lending business with money lender licences held by the Group under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong);
- (iii) treasury management and investment; and
- (iv) property investment and leasing.

As disclosed in the annual report of the Company for the year ended 31 December 2019, the Company intends to focus on developing its financial services business. The Company also intends to leverage on the expertise of Planetree Capital Group in the securities market and its clientele to enhance the Group's own treasury management activities and proprietary trading of securities investments as well as to expand the Group's loan financing (inclusive of margin loan financing) business. Planetree Capital Group's applications for Type 7 licence (for provision of automated trading services) and Type 8 licence (for securities margin financing) under the SFO are expected to be completed later this year and will thereby complement the Group's financial services business. The Board is of the view that the Shares Buybacks will consolidate the Company's control in Planetree Capital for better allocation of the Group's internal resources to support Planetree Capital Group's business development, which is in line with the business strategies of the Group.

The Board also considers that the consolidation of control in Planetree Capital can avoid the need to reach consensus with the non-controlling shareholders on the development of Planetree Capital Group's business. To this end, the Group through Planetree Capital has conducted lengthy negotiation on the terms of the Shares Buybacks with the Accepting Parties since June 2020. During the negotiations, in order to retain more cash resources, the Group has explored the option of a non-cash settlement method by way of offering new shares in the Company to be issued to the Acceptable Parties but eventually the number of consideration shares were not agreed between all the parties concerned. Moreover, the Group takes time to convince the Accepting Parties to accept the buy-back price at HK\$117,000, representing approximately 13.4% discount to the unaudited net asset value per share in Planetree Capital at approximately HK\$135,155 as at 30 June 2020, after offering settlement by cash and reviewing the current macroeconomic environment.

After considering the above factors, the Directors consider that the terms of the Agreements are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Capital Injection, Previous Shares Buybacks and the Shares Buybacks can be considered to form a series of acquisitions of interest in Planetree Capital which are conducted within the past 12-month period, the Shares Buybacks are required to be aggregated with the Capital Injection and Previous Shares Buybacks for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules). As some of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Shares Buybacks, when aggregated with the Capital Injection and Previous Shares Buybacks, are more than 5% but all applicable ratios are less than 25%, the Shares Buybacks constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Accepting Party(ies)”	First Avenue and Galaxy Vantage, or any of them
“Agreement(s)”	the First Avenue Agreement and the Galaxy Vantage Agreement, or any of them
“Board”	the board of Directors
“business day”	a day on which banks are generally open for business in Hong Kong, except a public holiday, Sunday and a Saturday or a day on which a tropical cyclone warning signal no.8 or above or a “black” rainstorm warning signal is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Capital Injection”	the subscription of 1,700 new shares in Planetree Capital by Planetree Cayman Limited pursuant to the subscription agreement dated 22 January 2020, details of which are set out in the announcements of the Company dated 22 January 2020 and 14 February 2020
“Company”	Planetree International Development Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange with stock code: 00613
“Completion”	completion of each of the Agreements
“Completion Date”	within 3 business days after the date of fulfillment of all the conditions set out in each of the Agreements separately
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Agreements, being HK\$93,600,000
“Director(s)”	director(s) of the Company
“First Avenue”	First Avenue Limited, a company incorporated in the British Virgin Islands with limited liability and directly holds 440 shares in Planetree Capital, representing approximately 9.8% shareholding in Planetree Capital immediately before Completion

“First Avenue Agreement”	the sale and purchase agreement dated 4 August 2020 entered into between Planetree Capital and First Avenue in respect of the repurchase of 440 shares in Planetree Capital
“Galaxy Vantage”	Galaxy Vantage Limited, a company incorporated in the British Virgin Islands with limited liability and directly holds 360 shares in Planetree Capital, representing 8.0% shareholding in Planetree Capital immediately before Completion
“Galaxy Vantage Agreement”	the sale and purchase agreement dated 4 August 2020 entered into between Planetree Capital and Galaxy Vantage in respect of the repurchase of 360 shares in Planetree Capital
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties of the Agreement(s) and “Party” means any of them
“Planetree Capital”	Planetree (Cayman) Capital Limited (formerly known as Liberty Capital Limited), a company incorporated in the Cayman Islands with limited liability and an indirect non-wholly owned subsidiary of the Company immediately before completion of the Shares Buybacks
“Planetree Capital Group”	Planetree Capital and its subsidiaries
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 4 August 2020

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

Executive Directors:

Dr. Leung Wing Cheung, William

(Executive Chairman)

Mr. Lam Hiu Lo

Mr. Liang Kang

Ms. Cheung Ka Yee

Ms. Wong Sheun Fun, Estella

Mr. Man Wai Chuen

Non-Executive Director:

Mr. Kwong Kai Sing, Benny

Independent Non-Executive Directors:

Mr. Chan Sze Hung

Mr. Ha Kee Choy, Eugene

Mr. Zhang Shuang

Mr. Chung Kwok Pan