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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 ISSUANCE OF NEW SHARES IN A SUBSIDIARY**

#### **THE SUBSCRIPTION**

On 9 March 2021 (after trading hours), Maxlord, an indirect wholly-owned subsidiary of the Company through PHL, and the Subscriber entered into the Subscription Agreement, pursuant to which, (i) Maxlord has agreed to allot and issue the Subscription Shares and the Subscriber has agreed to subscribe for the Subscription Shares, representing one-third (approximately 33.3%) of the issued share capital of Maxlord as enlarged by the issue of the Subscription Shares, at a Consideration of HK\$100,000,000; and (ii) upon Completion, the Subscriber shall be granted the Option to subscribe a further 10,000 Option Shares at the subscription price of HK\$100,000,000. The Option Shares together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares.

Completion has taken place simultaneously upon the signing of the Subscription Agreement on 9 March 2021, upon which, Maxlord is directly owned as to two-third (approximately 66.7%) by PHL and one-third (approximately 33.3%) by the Subscriber. Immediately after the Completion and given that the Option has yet been exercised as at the date of this announcement, Maxlord continues to be a subsidiary of the Company and the financial results of Maxlord continues to be consolidated into the financial results of the Group.

#### **THE SHAREHOLDERS' AGREEMENT**

Pursuant to the Subscription Agreement, upon Completion, Maxlord, the Subscriber and PHL have entered into the Shareholders' Agreement to regulate the respective rights and obligations of the shareholders of Maxlord and the conduct of the affairs (including but not limited to the ownership, management and operations) of Maxlord.

## **LISTING RULES IMPLICATIONS**

Upon Completion, the Company's shareholding (through PHL) in Maxlord decreased from 100% to two-third (approximately 66.7%). Further, under the Option, the Subscriber may become interested in 50% shareholding of Maxlord (inclusive of the Subscription Shares and the Option Shares) and the Company's shareholding (through PHL) in Maxlord may further decrease to 50%. As such, the Subscription constitutes a deemed disposal of the Company's equity interest in Maxlord under the Listing Rules. Immediately after the Completion and assuming the Option is not exercised, the Subscription shall constitute a deemed disposal of one-third (approximately 33.3%) of the Company's equity interest in Maxlord. Assuming the Option is exercised, the Subscription shall constitute a deemed disposal of 50% of the Company's equity interest in Maxlord. The exercise of the Option is not at the discretion of Maxlord. According to Rule 14.74(1) of the Listing Rules, on the grant of the Option, it will be classified as if the Option had been exercised. Since some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription (and assuming the Option is exercised) exceed 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) and comply with all other applicable requirements under the Listing Rules as and when appropriate upon exercise of the Option by the Subscriber.

## **THE SUBSCRIPTION**

The Board announces that on 9 March 2021 (after trading hours), Maxlord, an indirect wholly-owned subsidiary of the Company through PHL, and the Subscriber entered into the Subscription Agreement, pursuant to which, (i) Maxlord has agreed to allot and issue the Subscription Shares and the Subscriber has agreed to subscribe for the Subscription Shares, representing one-third (approximately 33.3%) of the issued share capital of Maxlord as enlarged by the issue of the Subscription Shares, at a Consideration of HK\$100,000,000; and (ii) upon Completion, the Subscriber shall be granted the Option to subscribe a further 10,000 Option Shares at the subscription price of HK\$100,000,000. The Option Shares together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out as follows:

### **Date**

9 March 2021 (after trading hours)

## **Parties**

- (i) Maxlord; and
- (ii) the Subscriber

The Subscriber is principally engaged in investment holding. The Subscriber is a company incorporated in Marshall Islands with limited liability and a wholly-owned subsidiary of PYI Corporation Limited (stock code: 498), a company listed on the Stock Exchange. PYI Corporation Limited is owned as to approximately 15.1% by Mr. Kwong Kai Sing, Benny (“**Mr. Kwong**”) as at the date of this announcement and hence Mr. Kwong is one of the ultimate beneficial owners of the Subscriber. Solely because of Mr. Kwong’s capacity of being a former non-executive director of the Company in the last twelve months, he is not a third party independent of the Company and its connected persons (the “**Matter**”).

The Subscriber is not an associate (as defined under the Listing Rules) of Mr. Kwong. As such, despite the Matter, the Subscriber is an Independent Third Party. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, save for the Matter, each of the Subscriber (being the other party to the Subscription Agreement) and its ultimate beneficial owner(s), is an Independent Third Party.

## **The Subscription**

Pursuant to the Subscription Agreement, Maxlord has agreed to allot and issue, and the Subscriber has agreed to subscribe for the Subscription Shares, representing one-third (approximately 33.3%) of the issued share capital of Maxlord as enlarged by the issue of the Subscription Shares. The Subscription Shares shall rank *pari passu* among themselves and with all the shares of Maxlord in issue on the date of allotment.

## **Consideration**

The Subscription Price is HK\$10,000 per Subscription Share and the Consideration is HK\$100,000,000. The Consideration has been settled by the Subscriber in cash upon Completion.

The Consideration was arrived at based on normal commercial terms after arm’s length negotiations between Maxlord and the Subscriber with reference to (i) the Reference NAV Per Share (as defined below); and (ii) 10,000 Subscription Shares to be issued such that the Subscriber will be interested in one-third (approximately 33.3%) of the enlarged shareholding of the Target Company immediately after the Completion.

Immediately prior to the Completion, PHL has made cash contribution to Maxlord to subscribe for 10,000 shares of Maxlord (the “**PHL Cash Contribution**”).

Immediately after the PHL Cash Contribution but prior to the Completion, (i) assets of Maxlord comprised of all cash; (ii) Maxlord recorded net assets of HK\$200 million (without taken into account the Consideration to be paid by the Subscriber); (iii) there were 20,000 issued shares of Maxlord and all of them were held by PHL; and (iv) net asset value per share of Maxlord was HK\$10,000 (the “**Reference NAV Per Share**”).

Immediately after the Completion, the net assets value of Maxlord increased to HK\$300 million (the “**Enlarged NAV**”) and it is owned as to two-third (approximately 66.7%) by PHL and as to one-third (approximately 33.3%) by the Subscriber.

In view of the following, namely (i) the Subscription Price of HK\$10,000 per Subscription Share is equivalent to the Reference NAV Per Share; and (ii) the Consideration represents one-third (approximately 33.3%) of the Enlarged NAV, the aforesaid ratio is equivalent to the Subscriber’s shareholding in Maxlord after the Completion, the Directors consider that the Consideration is fair and reasonable.

### **Completion**

Completion has taken place simultaneously upon the signing of the Subscription Agreement on 9 March 2021, upon which, Maxlord is directly owned as to two-third (approximately 66.7%) by PHL and one-third (approximately 33.3%) by the Subscriber. Immediately after the Completion and given that the Option has yet been exercised as at the date of this announcement, Maxlord continues to be a subsidiary of the Company and the financial results of Maxlord continues to be consolidated into the financial results of the Group.

### **The Option**

Upon the Completion, the Subscriber has been granted the Option pursuant to the Subscription Agreement. The Option is exercisable at any time after the date of grant up to (and inclusive of) 31 December 2021 (the “**Option Period**”) to subscribe a further 10,000 Option Shares (which the Option Shares together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares) at the subscription price of HK\$100,000,000. In such event when the Company’s equity interest in Maxlord decreasing to 50%, Maxlord will then change from a subsidiary to a joint venture of the Company and the Group’s share of profit in Maxlord will be reflected in the financial results of the Group accordingly.

The Subscriber may, but is not obliged to, exercise the Option at any time during the Option Period.

### **THE SHAREHOLDERS’ AGREEMENT**

Pursuant to the Subscription Agreement, upon Completion, Maxlord, the Subscriber and PHL have entered into the Shareholders’ Agreement to regulate the respective rights and obligations of the shareholders of Maxlord and the conduct of the affairs (including but not limited to the ownership, management and operations) of Maxlord.

The material terms of the Shareholders' Agreement are summarised below:

### **Date**

9 March 2021 (after trading hours)

### **Parties**

(i) Maxlord;

(ii) the Subscriber; and

(iii) PHL

(collectively, the "**Parties of the Shareholders' Agreement**")

### **Principal business**

Maxlord shall continue to engage in money lending business.

### **Board composition**

Each shareholder of Maxlord shall be entitled to nominate such proportion of the directors of Maxlord as most closely reflects that shareholder's shareholding in Maxlord and to remove from office and replace any person so nominated.

The board of directors of Maxlord (the "**Member Board**") shall initially comprise three directors and shall not comprise more than ten directors, except with the approval of all the shareholders of Maxlord. For the initial composition of the Member Board with 3 directors, PHL shall be entitled to nominate two directors to the Member Board while the Subscriber shall nominate one director to the Member Board. The first chairman of the Member Board shall be nominated by PHL.

### **Selling restrictions**

Each shareholder of Maxlord agrees that it will not pledge or otherwise encumber any of the shares of Maxlord or transfer all or part of the shares of Maxlord except with the prior written consent of the other shareholders of Maxlord.

If any shareholder of Maxlord proposes to sell or otherwise deal with or dispose of any shares or other equity interest of Maxlord (the "**Offered Shares**") to any third party, then the other shareholder of Maxlord shall have a right of first refusal to purchase such Offered Shares in accordance with the Shareholders' Agreement.

## **Dividend Policy**

To the extent permitted by law and having regard to the capital expenditure and working capital requirements of Maxlord, the profit after taxation of Maxlord shall be shared by way of dividends among the shareholders of Maxlord in proportion to their respective shareholdings in Maxlord except for the first three financial years as stated below.

Pursuant to the Shareholders' Agreement, Maxlord shall during the first three financial years commencing from the date of the Shareholders' Agreement distribute dividends to all the shareholders of Maxlord in the guaranteed amount at the rate of 4% per annum of such shareholder's initial investment costs in Maxlord as follows:

PHL's investment costs .....	HK\$200,000,000
The Subscriber's investment costs .....	HK\$100,000,000

All distribution of dividends made by Maxlord to the shareholders of Maxlord shall only be made within 2 months after the audited financial statements of Maxlord are available for the relevant financial year.

## **Financing**

Notwithstanding any provisions to the contrary in the Shareholders' Agreement, save and except for exercising the Option, the Parties of the Shareholders' Agreement mutually agree that no shareholder of Maxlord shall be called upon to provide any funding or financial assistance (whether by way of injection of capital or loans or otherwise) to Maxlord on or before 31 December 2021 unless all shareholders of Maxlord agree otherwise in writing. The shareholders of Maxlord agree that commencing from 1 January 2022, Maxlord may raise further capital from any of the shareholders of Maxlord by way of capital injection or loans or otherwise subject to the ordinary resolution of the shareholders of Maxlord.

## **INFORMATION OF PHL**

PHL is a company incorporated in the Marshall Islands with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

## **INFORMATION OF MAXLORD**

Maxlord is a limited liability company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company though PHL immediately prior to the Completion. Maxlord holds a valid money lending licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of credit and lending services.

## Financial Information of Maxlord

Set out below is the summary financial information of Maxlord for the two years ended 31 December 2020:

	<b>For the year ended 31 December 2020 (Unaudited) HK\$'000</b>	<b>For the year ended 31 December 2019 (Audited) HK\$'000</b>
Profit before taxation	5,231	8,932
Profit after taxation	5,231	8,932

Accordingly to the unaudited financial information of Maxlord, the unaudited net asset value of Maxlord as at 28 February 2021 was approximately HK\$84.8 million.

### FINANCIAL EFFECT OF THE SUBSCRIPTION AND USE OF PROCEEDS

Upon Completion, the Company's shareholding (through PHL) in Maxlord decreased from 100% to two-third (approximately 66.7%). Maxlord continues to be a subsidiary of the Company and the financial results of Maxlord continues to be consolidated into the financial results of the Group. Given that the Subscription does not result in a change of control, it will not recognise any gain or loss in the Company's income statement.

The amount of net proceeds of the Subscription received by the Company is HK\$100 million (ignoring transaction costs and expenses which are insignificant) and will be used for the development of the credit and lending services business of Maxlord and for expanding its loan portfolio and broadening its client base.

### REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As at the date of this announcement, the principal activities of the Group are classified into the following segments:

- (a) Financial services — operations under SFO licences segment, which engages in the provision of dealing in securities, margin financing services, dealing in futures contracts, advising on corporate finance and asset management services with Type 1, Type 2, Type 6 and Type 9 licences granted under the SFO;
- (b) Credit and lending services — operations under MLO licences segment, which generates interest income from money lending activities with licences granted under the MLO;



- (c) Other financial services segment, which engages in the provision of corporate advisory related services specializing in bankruptcy, corporate recovery and insolvency services;
- (d) Tactical and strategic investment segment, which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments; and
- (e) Property investment and leasing segment, which consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential.

As disclosed in the interim report of the Company for the six months ended 30 June 2020, segment profit of the credit and lending services demonstrated over 25% growth for the six months ended 30 June 2020 as compared with corresponding period in 2019 and recorded gross balance of loan and interest receivables of approximately HK\$314.3 million as at 30 June 2020. It has been the business strategy of the Group to pursue attractive investment and business opportunities which will have strategic investment value and is in line with the Group's corporate mission and goals.

The Directors consider that strong cash flow and financial capability are fundamental factors for the credit and lending services to operate successfully. Quick turnover and the immediate availability of funding in the money lending business requires the availability of a significant amount of cash and liquidity for the development of the credit and lending services. As such, the Board considers that the entering into of the Subscription Agreement to be an efficient and additional source of capital for the Group to enhance the business scale for pursuing further development of its the credit and lending services and to improve liquidity of Maxlord and the Group as a whole. In addition, the Option will motivate the contribution of the Subscriber to increase the value of Maxlord and further strengthen the Subscriber's bonding with Maxlord. Upon exercise of the Option, it will generate additional cash resources to Maxlord for further business expansion and for the benefits of the shareholders' of Maxlord as a whole.

While the Company has another indirect wholly-owned subsidiary (namely, Planetree Finance Limited) to carry on credit and lending services, the Board considers that a separate line of credit and lending services carried on by Maxlord with the Subscriber (which is a member of another listed group of companies) as one of its shareholders may create additional benefits to the Group, such as:

- (i) enabling the Group to benefit from the expanding customers network and clientele that may be referred by the Subscriber to Maxlord;
- (ii) share and exchange of business information and management expertise between the parties;
- (iii) referring potential business opportunities to each other; and
- (iv) if considered appropriate, joint participation in loan transaction for risk allocation and profit sharing through Maxlord.

The Board is of the view that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.



## IMPLICATIONS UNDER THE LISTING RULES

Upon Completion, the Company's shareholding (through PHL) in Maxlord decreased from 100% to two-third (approximately 66.7%). Further, under the Option, the Subscriber may become interested in 50% shareholding of Maxlord (inclusive of the Subscription Shares and the Option Shares) and the Company's shareholding (through PHL) in Maxlord may further decrease to 50%. As such, the Subscription constitutes a deemed disposal of the Company's equity interest in Maxlord under the Listing Rules. Immediately after the Completion and assuming the Option is not exercised, the Subscription shall constitute a deemed disposal of one-third (approximately 33.3%) of the Company's equity interest in Maxlord. Assuming the Option is exercised, the Subscription shall constitute a deemed disposal of 50% of the Company's equity interest in Maxlord. The exercise of the Option is not at the discretion of Maxlord. According to Rule 14.74(1) of the Listing Rules, on the grant of the Option, it will be classified as if the Option had been exercised. Since some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription (and assuming the Option is exercised) exceed 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) and comply with all other applicable requirements under the Listing Rules as and when appropriate upon exercise of the Option by the Subscriber.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Company”	Planetree International Development Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 00613)
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Subscription, being HK\$100,000,000
“Director(s)”	director(s) of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Maxlord”	Maxlord Enterprises Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company through PHL
“MLO”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
“Option”	the option granted to the Subscriber by Maxlord upon Completion pursuant to the Subscription Agreement pursuant to which the Subscriber may exercise the option to subscribe a further of 10,000 Option Shares at the subscription price of HK\$100,000,000 on or before 31 December 2021
“Option Share(s)”	10,000 ordinary share(s) of Maxlord to be allotted and issued by Maxlord to the Subscriber upon exercise of the Option
“PHL”	Planetree Holdings Limited, a company incorporated in the Marshall Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement entered into among the Maxlord, the Subscriber and PHL upon Completion in connection with the conduct of the affairs of Maxlord
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Blue River Corporation Limited, a company incorporated in Marshall Islands
“Subscription”	the subscription of one-third (approximately 33.3%) of the enlarged issued share capital of Maxlord by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 March 2021 entered into between Maxlord and the Subscriber in relation to the Subscription as well as the grant of the Option
“Subscription Price”	HK\$10,000 per Subscription Share
“Subscription Shares”	the 10,000 ordinary share(s) of Maxlord to be allotted and issued by Maxlord to the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

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

Hong Kong, 9 March 2021

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

*Executive Directors:*

Dr. Leung Wing Cheung, William  
*(Executive Chairman)*  
Mr. Lam Hiu Lo  
Mr. Liang Kang  
Ms. Cheung Ka Yee  
Mr. Man Wai Chuen

*Independent Non-executive Directors:*

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