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Planetree International Development Limited

梧桐國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 613)

2023 ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Planetree International Development Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the corresponding year in 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Revenue			
Fee and commission income		494	435
Asset management service income		3,673	4,510
Corporate advisory service income		12,664	19,508
Financial advisory service income		7,613	9,785
Net loss on disposal of financial assets at fair value through profit or loss (“ FVPL ”)		(7,508)	(1,221)
Interest income from margin clients and loan receivables		84,134	112,927
Dividend income from financial assets at FVPL		335	7
Gross rental income		11,989	9,376
Total revenue	4	113,394	155,327

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Other income and gains	4	43,225	13,278
(Impairment loss) Reversal of impairment loss on loan and interest receivables		(321)	4,893
(Impairment loss) Reversal of impairment loss on margin loan receivables		(831)	7,786
Impairment loss on trade receivables		(669)	(231)
Impairment loss on other receivables		(4,187)	–
Depreciation of property and equipment and rights-of-use assets		(12,849)	(13,474)
Administrative expenses		(54,615)	(58,170)
Other losses	5	(208,329)	(6,613)
Finance costs	6	(15,691)	(8,580)
Share of result of associates		(22,080)	(87,786)
(Loss) Profit before taxation	7	(162,953)	6,430
Income tax expense	8	(13,587)	(7,962)
Loss for the year		<u>(176,540)</u>	<u>(1,532)</u>
Other comprehensive income (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Property revaluation reserve upon transfer from property and equipment to investment properties		–	11,111
Fair value change on equity investments measured at fair value through other comprehensive income (“ Designated FVOCI ”)		12,990	–
Share of other comprehensive income (loss) of an associate		408	(44)
Total other comprehensive income for the year		<u>13,398</u>	<u>11,067</u>
Total comprehensive (loss) income for the year		<u><u>(163,142)</u></u>	<u><u>9,535</u></u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to:			
– Owners of the Company		(140,145)	(17,172)
– Non-controlling interests		(36,395)	15,640
		<u>(176,540)</u>	<u>(1,532)</u>
Total comprehensive (loss) income attributable to:			
– Owners of the Company		(126,747)	(6,105)
– Non-controlling interests		(36,395)	15,640
		<u>(163,142)</u>	<u>9,535</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic	<i>10</i>	<u>(14.82)</u>	<u>(1.82)</u>
– Diluted		<u>(14.82)</u>	<u>(1.82)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property and equipment		31,865	43,117
Investment properties		505,700	513,800
Intangible assets		12,667	12,717
Goodwill		6,115	6,115
Investment in associates	<i>11</i>	319,111	161,707
Designated FVOCI	<i>12</i>	155,586	–
Financial assets at FVPL		83,400	17,080
Other receivables	<i>13</i>	964	1,286
Other assets		3,205	3,205
		1,118,613	759,027
Current assets			
Trade, loan and other receivables	<i>13</i>	952,352	1,274,942
Financial assets at FVPL		64,832	144,496
Income tax recoverable		6,258	1,899
Bank balances – trust and segregated accounts		3,856	3,070
Bank balances and cash		38,517	229,308
		1,065,815	1,653,715
Current liabilities			
Trade and other payables	<i>14</i>	21,984	22,158
Lease liabilities – current portion		3,275	7,632
Interest-bearing borrowings		239,720	252,555
Income tax payable		7,557	4,887
		272,536	287,232
Net current assets		793,279	1,366,483
Total assets less current liabilities		1,911,892	2,125,510
Non-current liabilities			
Other payables	<i>14</i>	1,562	1,562
Lease liabilities – non-current portion		–	3,275
Deferred taxation		3,235	436
		4,797	5,273
NET ASSETS		1,907,095	2,120,237
Capital and reserves			
Share capital		94,553	94,553
Reserves		1,521,111	1,647,229
Equity attributable to owners of the Company		1,615,664	1,741,782
Non-controlling interests		291,431	378,455
TOTAL EQUITY		1,907,095	2,120,237

NOTES:

1. GENERAL

Planetree International Development Limited (the “**Company**”) is a limited liability company incorporated in Bermuda as an exempted company and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate beneficial owner is Ms. Lo Ki Yan Karen.

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

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2022 except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

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

- (a) Financial services – operations licensed under the SFO, which engages in the provision of dealing in securities, dealing in futures contracts, advising on securities, advising on future contracts, advising on corporate finance, providing automated trading services, securities margin financing and asset management businesses with Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 licences granted under the SFO;
- (b) Credit and lending services – operations licensed under the MLO, which engages in the provision of money lending services for interest income with licences granted under the MLO;
- (c) Other financial services – engages in the provision of corporate advisory related services;

- (d) Property investment and leasing – engages in leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and
- (e) Tactical and strategic investment – engaged in trading and holding of debt and equity securities, which earns interest and dividend income from the relevant securities investments.

Segment revenue and results

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

For the year ended 31 December 2023

	Financial services – operations licensed under the SFO <i>HK\$'000</i>	Credit and lending services – operations licensed under the MLO <i>HK\$'000</i>	Other financial services <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue						
Fee and commission income	494	–	–	–	–	494
Asset management service income	3,673	–	–	–	–	3,673
Corporate advisory service income	–	–	12,664	–	–	12,664
Financial advisory service income	7,613	–	–	–	–	7,613
Net loss on disposal of financial assets at FVPL	–	–	–	–	(7,508)	(7,508)
Interest income from margin clients and loan receivables	53,190	30,944	–	–	–	84,134
Dividend income from financial assets at FVPL	–	–	–	–	335	335
Gross rental income	–	–	–	11,989	–	11,989
Total revenue	64,970	30,944	12,664	11,989	(7,173)	113,394
Other income and gains	565	42,056	44	4	524	43,193
Segment revenue	65,535	73,000	12,708	11,993	(6,649)	156,587
Segment profit (loss)	49,855	71,727	1,564	(10,670)	(232,240)	(119,764)
Unallocated other income and gains						32
Corporate and unallocated expenses, net						(43,221)
Loss before taxation						(162,953)
Income tax expense						(13,587)
Loss for the year						(176,540)

For the year ended 31 December 2022

	Financial services – operations licensed under the SFO <i>HK\$'000</i>	Credit and lending services – operations licensed under the MLO <i>HK\$'000</i>	Other financial services <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue						
Fee and commission income	435	–	–	–	–	435
Asset management service income	4,510	–	–	–	–	4,510
Corporate advisory service income	–	–	19,508	–	–	19,508
Financial advisory service income	9,785	–	–	–	–	9,785
Net loss on disposal of financial assets at FVPL	–	–	–	–	(1,221)	(1,221)
Interest income from margin clients and loan receivables	59,510	53,271	–	–	146	112,927
Dividend income from financial assets at FVPL	–	–	–	–	7	7
Gross rental income	–	–	–	9,376	–	9,376
Total revenue	<u>74,240</u>	<u>53,271</u>	<u>19,508</u>	<u>9,376</u>	<u>(1,068)</u>	<u>155,327</u>
Other income and gains	<u>800</u>	<u>564</u>	<u>342</u>	<u>2</u>	<u>6,941</u>	<u>8,649</u>
Segment revenue	<u><u>75,040</u></u>	<u><u>53,835</u></u>	<u><u>19,850</u></u>	<u><u>9,378</u></u>	<u><u>5,873</u></u>	<u><u>163,976</u></u>
Segment profit (loss)	<u><u>66,669</u></u>	<u><u>57,718</u></u>	<u><u>9,065</u></u>	<u><u>(6,213)</u></u>	<u><u>(84,311)</u></u>	<u>42,928</u>
Unallocated other income and gains						4,629
Corporate and unallocated expenses, net						<u>(41,127)</u>
Profit before taxation						6,430
Income tax expense						<u>(7,962)</u>
Loss for the year						<u><u>(1,532)</u></u>

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

Segment results represent the profit earned or loss incurred by each segment without allocation of the central corporate expenses. The chief operating decision makers consider share of result of associates as segment results under tactical and strategic investment segment.

Segment assets and liabilities

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

At 31 December 2023

	Financial services – operations licensed under the SFO <i>HK\$'000</i>	Credit and lending services – operations licensed under the MLO <i>HK\$'000</i>	Other financial services <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets	<u>842,312</u>	<u>141,194</u>	<u>14,712</u>	<u>507,699</u>	<u>623,299</u>	<u>55,212</u>	<u>2,184,428</u>
Liabilities	<u>(4,127)</u>	<u>(6,202)</u>	<u>(249)</u>	<u>(210,631)</u>	<u>(43,637)</u>	<u>(12,487)</u>	<u>(277,333)</u>

At 31 December 2022

	Financial services – operations licensed under the SFO <i>HK\$'000</i>	Credit and lending services – operations licensed under the MLO <i>HK\$'000</i>	Other financial services <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets	<u>672,272</u>	<u>750,008</u>	<u>32,094</u>	<u>518,498</u>	<u>338,773</u>	<u>101,097</u>	<u>2,412,742</u>
Liabilities	<u>(6,800)</u>	<u>(3,847)</u>	<u>(957)</u>	<u>(222,044)</u>	<u>(43,750)</u>	<u>(15,107)</u>	<u>(292,505)</u>

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

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

Other segment information

For the year ended 31 December 2023

	Financial services – operations licensed under the SFO HK\$'000	Credit and lending services – operations licensed under the MLO HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:							
Capital expenditure	(1,528)	-	(46)	-	-	(23)	(1,597)
Interest income included in other income and gains	266	-	-	4	1	41	312
Interest expenses	-	-	-	(12,424)	(2,912)	(355)	(15,691)
Impairment loss on loan and interest receivables	-	(321)	-	-	-	-	(321)
Impairment loss on margin loan receivables	(831)	-	-	-	-	-	(831)
Reversal of impairment loss (impairment loss) on trade receivables	229	-	(898)	-	-	-	(669)
Impairment loss on other receivables	(4,187)	-	-	-	-	-	(4,187)
Gain on deemed disposal of an associate	-	-	-	-	472	-	472
Net fair value loss on investment properties	-	-	-	(8,100)	-	-	(8,100)
Depreciation of property and equipment and right-of-use assets	(724)	-	(90)	(48)	-	(11,987)	(12,849)
Amortisation of intangible assets	(50)	-	-	-	-	-	(50)
Share of result of associates	-	-	-	-	(22,080)	-	(22,080)
Bad debts recovery	-	42,000	-	-	-	-	42,000
Net fair value loss on financial assets at FVPL	-	-	-	-	(200,229)	-	(200,229)

For the year ended 31 December 2022

	Financial services – operations licensed under the SFO HK\$'000	Credit and lending services – operations licensed under the MLO HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:							
Capital expenditure	(84)	–	–	–	–	(112)	(196)
Interest income included in other income and gains	37	–	–	–	–	13	50
Interest expenses	–	–	–	(6,607)	(1,787)	(186)	(8,580)
Reversal of impairment loss on loan and interest receivables	–	4,893	–	–	–	–	4,893
Reversal of impairment loss on margin loan receivables	7,786	–	–	–	–	–	7,786
Impairment loss on trade receivables	(231)	–	–	–	–	–	(231)
Loss on futures trading	–	–	–	–	(316)	–	(316)
Loss on deemed disposal of an associate	–	–	–	–	–	(397)	(397)
Net fair value loss on investment properties	–	–	–	(5,900)	–	–	(5,900)
Gain on disposal of a subsidiary	–	–	–	–	–	3,999	3,999
Depreciation of property and equipment and right-of-use assets	(630)	–	(99)	(425)	–	(12,320)	(13,474)
Amortisation of intangible assets	(50)	–	–	–	–	–	(50)
Share based payment expenses	–	–	–	–	–	(2,310)	(2,310)
Share of result of associates	–	–	–	–	(87,786)	–	(87,786)
Net fair value gain on financial assets at FVPL	–	–	–	–	6,941	–	6,941
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets) are located in Hong Kong.

Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding revenue from trades and holds debt and equity securities, for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A*	6,092	7,251
Customer B^	3,920	3,920
Customer C^^	3,300	4,910
Customer D**	2,496	2,691

* Attributable to credit and lending services – operations under MLO licences segment.

^ Attributable to property investment and leasing segment.

^^ Attributable to other financial services segment.

** Attributable to financial services – operations under SFO licences segment.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15			
Fee and commission income		494	435
Financial advisory service income		<u>7,613</u>	<u>9,785</u>
Revenue recognised at point in time		<u>8,107</u>	<u>10,220</u>
Asset management service income		3,673	4,510
Corporate advisory service income		<u>12,664</u>	<u>19,508</u>
Revenue recognised over time		<u>16,337</u>	<u>24,018</u>
		<u>24,444</u>	<u>34,238</u>
Revenue from other sources			
Net loss on disposal of financial assets at FVPL	<i>(a)</i>	<u>(7,508)</u>	<u>(1,221)</u>
Interest income from:			
– margin clients		53,190	59,510
– loan receivables		<u>30,944</u>	<u>53,417</u>
		<u>84,134</u>	<u>112,927</u>
Dividend income from financial assets at FVPL		<u>335</u>	<u>7</u>
Gross rental income		<u>11,989</u>	<u>9,376</u>
		<u>88,950</u>	<u>121,089</u>
Total revenue		<u><u>113,394</u></u>	<u><u>155,327</u></u>

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Other income and gains			
Interest income on:			
– bank deposits		248	38
– others		64	12
		<u>312</u>	<u>50</u>
Gain on disposal of a subsidiary		–	3,999
Gain on deemed disposal of an associate		472	–
Bad debts recovery	<i>(b)</i>	42,000	–
Government subsidies		–	560
Net exchange gain		–	340
Net fair value gain on financial assets at FVPL		–	6,941
Others		441	1,388
		<u>42,913</u>	<u>13,228</u>
Total other income and gains		<u>43,225</u>	<u>13,278</u>

Notes:

- (a) The amount represented the proceeds from the disposal of financial assets at FVPL of HK\$15,125,000 (2022: HK\$4,136,000) less relevant costs and carrying value of the investments sold of HK\$22,633,000 (2022: HK\$5,357,000).
- (b) Loss allowance of loan and interest receivables which was classified as under-performing and not-performing amounting to HK\$42,973,000 was fully written off during the year ended 31 December 2022. The borrower had repaid the loan of HK\$42,000,000 in aggregate during the year ended 31 December 2023, which resulted in bad debt recovery.

5. OTHER LOSSES

	2023 HK\$'000	2022 HK\$'000
Loss on deemed disposal of an associate	–	397
Loss on futures trading	–	316
Net fair value loss on financial assets at FVPL	200,229	–
Net fair value loss on investment properties	8,100	5,900
	<u>208,329</u>	<u>6,613</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on interest-bearing borrowings	14,350	7,615
Interest on margin account	986	779
Imputed interest on lease liabilities	355	186
	<u>15,691</u>	<u>8,580</u>

7. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	25,023	29,597
Retirement benefit scheme contributions	614	722
Share-based payment expenses – grant of share award to an employee	–	2,310
	<u>25,637</u>	<u>32,629</u>
Auditor's remuneration		
– Audit service	1,450	1,570
– Non-audit service	635	280
Amortisation of intangible assets		
– included in administrative expenses	50	50
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	1,846	1,828
Net exchange gain	–	(340)
	<u>1,846</u>	<u>1,828</u>

8. INCOME TAX EXPENSE

For the years ended 31 December 2023 and 2022, under the two-tiered profits tax rates regime, the profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
– Current year	10,051	8,345
– Under provision in prior year	<u>737</u>	<u>17</u>
	10,788	8,362
Deferred taxation		
Origination and reversal of temporary difference	<u>2,799</u>	<u>(400)</u>
Income tax expense	<u>13,587</u>	<u>7,962</u>

9. DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the years ended 31 December 2023 and 2022.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year.

For the years ended 31 December 2023 and 2022, diluted loss per share is the same as basic loss per share. The Company did not have any dilutive potential ordinary shares during the year ended 31 December 2023 and 2022.

The calculations of basic and diluted losses per share are based on:

Loss

	2023	2022
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company, for the purpose of basic loss per share	<u>(140,145)</u>	<u>(17,172)</u>
Loss for the year attributable to owners of the Company, for the purpose of diluted loss per share	<u>(140,145)</u>	<u>(17,172)</u>

Number of shares

	2023	2022
Issued ordinary shares at 1 January	945,527,675	942,527,675
Shares vested under the share award scheme	<u>—</u>	<u>1,906,849</u>
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share	<u>945,527,675</u>	<u>944,434,524</u>

11. INVESTMENT IN ASSOCIATES

	2023	2022
	HK\$'000	HK\$'000
Share of net assets	<u>319,111</u>	<u>161,707</u>

Details of the material associates at the end of the reporting period are as follows:

Name of associate	Principal place of business/ incorporation	Particular of issued share capital/ registered capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2023	2022	
Green River Associates Limited	Hong Kong/ Marshall Islands	255 shares of no par value	48%	33%	Investment holding
HEC Securities Company Limited	Hong Kong/ British Virgin Islands	154,380,000 shares of US\$1 each	33%	33%	Investment holding

12. DESIGNATED FVOCI

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities – listed		
Listed in Hong Kong	155,586	—

At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. The Group considers the accounting treatments under this classification provide more relevant information for those investments.

During the year ended 31 December 2023, the net fair value gain on Designated FVOCI of HK\$12,990,000 (2022: HK\$nil) was recognised in other comprehensive income.

At the end of the reporting period, no investments exceeded 10% of the Group's total assets.

13. TRADE, LOAN AND OTHER RECEIVABLES

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables			
Trade receivables arising from the business of securities brokerage	<i>(a)</i>		
– margin clients	<i>(b)</i>	636,419	563,402
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	<i>(c)</i>	12	237
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	<i>(a)</i>	3,517	3,424
		<u>639,948</u>	<u>567,063</u>
Less: Loss allowance		(1,361)	(530)
		<u>638,587</u>	<u>566,533</u>
Trade receivables from provision of corporate advisory service		7,472	9,676
Trade receivables from provision of financial advisory service		3,790	2,892
Trade receivables from provision of assets management service			
– from independent third parties		140	177
– from an associate		85	99
		<u>11,487</u>	<u>12,844</u>
Less: Loss allowance	<i>(d)</i>	(1,045)	(376)
		<u>10,442</u>	<u>12,468</u>
Loan and interest receivables			
Loan and interest receivables from independent third parties	<i>(e)</i>	133,125	687,289
Less: Loss allowance		(896)	(575)
		<u>132,229</u>	<u>686,714</u>
Other receivables			
Prepayments		1,979	3,169
Deposits		1,726	1,727
Other receivables	<i>(f)</i>	170,514	5,178
Due from an associate	<i>(g)</i>	2,026	439
		<u>176,245</u>	<u>10,513</u>
Less: Loss allowance		(4,187)	–
		<u>172,058</u>	<u>10,513</u>
		<u>953,316</u>	<u>1,276,228</u>
Less: Non-current portion Other receivables		(964)	(1,286)
Current portion		<u>952,352</u>	<u>1,274,942</u>

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 of the Group. The Group offsets certain trade receivables and trade payables when the Group has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 20% (2022: 8% to 20%) per annum for the year ended 31 December 2023. The loans are secured by pledged listed securities with a total fair value of approximately HK\$1,143,914,000 (2022: approximately HK\$1,945,249,000). The Group is permitted to sell or repledge the listed securities if the customers default on the payment when requested by the Group. Included in trade receivables from margin clients of HK\$79,629,000 at 31 December 2023 was amount due from an associate (2022: nil).

As at 31 December 2023, allowance for impairment loss of HK\$1,361,000 (2022: approximately HK\$530,000) is recognised for the trade receivables from margin clients.

- (c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.
- (d) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.

As at 31 December 2023, allowance for impairment loss of HK\$1,045,000 (2022: approximately HK\$376,000) is recognised for the trade receivables from provision of corporate advisory service, financial advisory service and asset management service.

Ageing analysis of trade receivables from the provision of corporate advisory service, financial advisory service and asset management service other than due from an associate (net of loss allowance) prepared based on invoice date is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 1 month	949	2,584
1 to 3 months	9,408	9,785
	<hr/>	<hr/>
At the end of the reporting period	10,357	12,369
	<hr/> <hr/>	<hr/> <hr/>

- (e) Loan and interest receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

Details of the personal and corporate loan receivables for the year ended 31 December 2023 and 31 December 2022 respectively was disclosed as below:

		2023								
Category	Unsecured/ Secured	Principal amount in range	Interest rate in range	Duration (months)	Number of loans	Collateral	Gross	Impaired	Net	
							amount <i>HK\$'000</i>	amount <i>HK\$'000</i>	amount <i>HK\$'000</i>	
Personal	Secured	HK\$30,000,000	7.50%	24	1	Unlisted equity securities	34,983	173	34,810	
	Unsecured	HK\$16,000,000 to HK\$18,500,000	8% to 10%	8 to 27	4	N/A	71,559	670	70,889	
Corporate	Unsecured	HK\$3,382,005 to HK\$15,000,000	10%	8 to 12	3	N/A	26,583	53	26,530	
					<u>8</u>		<u>133,125</u>	<u>896</u>	<u>132,229</u>	
		2022								
Category	Unsecured/ Secured	Principal amount in range	Interest rate in range	Duration (months)	Number of loans	Collateral	Gross	Impaired	Net	
							amount <i>HK\$'000</i>	amount <i>HK\$'000</i>	amount <i>HK\$'000</i>	
Personal	Secured	HK\$90,000,000	7.50%	12	1	Unlisted equity securities	90,555	99	90,456	
	Unsecured	HK\$9,509,642 to HK\$85,000,000	5% to 10%	6 to 12	17	N/A	391,080	406	390,674	
	Unsecured	HK\$19,500,000	36%	1	1	N/A	20,077	21	20,056	
Corporate	Secured	HK\$15,000,000	10%	18	1	Property in Hong Kong	15,058	4	15,054	
	Unsecured	HK\$5,000,000 to HK\$75,000,000	4% to 8%	7 to 12	5	N/A	170,519	45	170,474	
					<u>25</u>		<u>687,289</u>	<u>575</u>	<u>686,714</u>	

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 job position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 31 December 2023, allowance for impairment loss of HK\$896,000 (2022: HK\$575,000) is recognised for the loan receivables.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not yet past due	132,229	686,714
1 – 90 days past due	—	—
	<u>132,229</u>	<u>686,714</u>

(f) Included in the other receivables are other loan receivables of HK\$164,000,000 from an independent third party. The amounts of other loan receivables were secured by pledged listed securities with a total fair value of approximately HK\$159,813,000 (2022: nil), interest-free and repayable on demand.

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

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables			
Trade payables arising from the business			
of securities brokerage	<i>(a)</i>		
– cash clients		546	663
– margin clients		1,264	3,402
Trade payables arising from the business of			
options broking	<i>(a)</i>	209	209
Trade payables arising from the business of			
dealing in futures contract	<i>(b)</i>	1,482	1,320
Secured margin loans from securities brokers	<i>(c)</i>	<u>11,493</u>	<u>10,514</u>
		<u>14,994</u>	<u>16,108</u>
Other payables			
Other payables and accrued charges			
Rental deposits received		<u>1,562</u>	<u>1,562</u>
		8,552	7,612
Less: non-current portion		<u>(1,562)</u>	<u>(1,562)</u>
Current portion		<u>6,990</u>	<u>6,050</u>
Total current portion		<u>21,984</u>	<u>22,158</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 securities brokerage 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 securities brokerage business. The Group offsets certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) 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) For secured margin loans provided by the securities broker to the Group, the loans are repayable on demand (except certain balance arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 9% to 15% per annum (2022: 9% to 15% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK\$38,533,000 as at 31 December 2023 (2022: approximately HK\$117,158,000) which was included in the financial assets at FVPL.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

During the year under review, the Group's total revenue of HK\$113.4 million and other income and gains of HK\$43.2 million aggregated to HK\$156.6 million, representing a reduction of HK\$12.0 million or 7.1% as compared to last year. The Group recorded a consolidated loss after tax of HK\$176.5 million (2022: loss of HK\$1.5 million). After allocating the loss attributable to non-controlling interests of HK\$36.4 million, the loss attributable to shareholders of the Company for the year ended 31 December 2023 (the "Year") was HK\$140.1 million (2022: loss of HK\$17.2 million).

The increase in loss of the Group when compared to the previous year is mainly attributable to the combined effects of: (i) the increase in fair value loss on financial assets at fair value through profit or loss by approximately HK\$200.2 million; and (ii) the decrease in corporate advisory service income and margin loan interest income by approximately HK\$6.8 million and HK\$6.3 million respectively; and (iii) the decrease in loan receivables interest income by approximately HK\$22.5 million. The aforementioned factors were partially offset by (i) the increase in recovery of bad debt by approximately HK\$42.0 million; and (ii) decrease in share of loss from associates by approximately HK\$65.7 million recorded in the Year. To better assess the performance of the Group's core businesses, the share of loss from the associate can be excluded to show the Group's loss before tax for core businesses, which would be HK\$140.9 million for the Year when compared to HK\$94.2 million profit before tax for the previous year.

The basic and diluted loss per share for the Year were HK14.82 cents and HK14.82 cents respectively, whereas the basic and diluted loss per share of HK1.82 cents and HK1.82 cents respectively were recorded for the last corresponding year (the "Previous Year").

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil). No interim dividend was declared for the financial years of 2023 and 2022.

BUSINESS REVIEW

In 2023, the recovery from the COVID-19 pandemic brought about a strong rebound in the global economy. The growth of which gradually slowed down mainly due to the persistent geopolitical conflicts in Ukraine and Middle East, the high interest rate environment and tightened monetary policy to curb inflation. Besides, in China, the economy has been gradually recovering from the pandemic at a slow and unbalanced pace during the year.

Looking forward, it is anticipated that the global economic environment will continue to be challenging. While global inflation rates and interest rates are projected to show moderate falls in 2024, the ongoing and widening geopolitical tensions as well as the slowdown in the Mainland China economy could prolong the difficult financial conditions and lead to weak momentum of economic growth.

Nevertheless, the Group has been striving to use all of its resources on hand flexibly to cope with the difficulties. Extra prudence is needed in these unprecedented times and the post-pandemic period.

The Group's revenue decreased 27.0% over that of 2022 to approximately HK\$113.4 million. Net loss attributable to owners of the Company was up 716.1% to approximately HK\$140.1 million.

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

(1) Financial services – operations under SFO licences

The Group has been engaging in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the SFO for years. It has further stepped into the businesses for the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 6, Type 7 and Type 8 licenses under the SFO. The Group's asset management service income (especially the contribution from performance fee income based on the appreciation in the value of clients' net assets) was inevitably affected by the sluggish stock market performance. Such asset management service income dropped to approximately HK\$3.7 million during the Year (2022: approximately HK\$4.5 million). Margin loan interest income also dropped to approximately HK\$53.2 million during the Year (2022: approximately HK\$59.5 million). The decrease in margin loan interest income is mainly due to the margin loan rate was lowered from 10% to 8% on 15 August 2022 even though the average monthly margin loan amount for the Year is slightly higher than the Previous Year. The Group has engaged in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO. The Group's revenue from such services dropped to approximately HK\$7.6 million (2022: approximately HK\$9.8 million). The decrease in revenue for the Year was mainly due to the drop in number of clients as the financial services market still in a slow recovery pace.

As a result, the segment revenue of approximately HK\$65.5 million was 12.7% lower than the corresponding figure of approximately HK\$75.0 million for the Previous Year. The segment profit dropped from approximately HK\$66.7 million for the Previous Year to approximately HK\$49.9 million for the Year. The Group was granted Type 7 license (providing automated trading services) regulated activity under the SFO on 8 June 2022. The Group intends to roll out a pre-IPO platform, which will allow its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The development of the pre-IPO matching system was completed in August 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (HKEx). A “soft launch” has been done in early October 2023, after which the pre-IPO matching system was rolled out to the clients subsequently. With an aim to support the business development and grow the client base, the Group will also expand offering services online. In order to further expand the scope of this segment, in the mid of February 2023, the Group applied for the licences to carry on Type 4 (advising on securities) & Type 5 (advising on futures contracts) regulated activities under the SFO. The applications had been accepted by the Securities and Futures Commission (the “SFC”) and official written approval was obtained from SFC on 27 September 2023. The Group, through its subsidiaries, is licensed by the SFC to engage in a full suite of regulated activities under the SFO, including Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 regulated activities. The Board expected that a more comprehensive profile of licenses under the SFO will create a synergy effect favourable to the Group’s development of the integrated financial services business.

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

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

During the Year, segment revenue from credit and lending services increased from approximately HK\$53.8 million in the Previous Year to approximately HK\$73.0 million. The increase is due to the bad debt recovery amounted to HK\$42.0 million during the Year. Total principal amount and accrued interest of approximately HK\$133.1 million remain outstanding, of which the amount of loans receivable due from the largest borrower and the five largest borrowers in aggregate were approximately 26% and 80% thereof respectively. Although the decrease in the gross balance of loan and interest receivables from approximately HK\$687.3 million as at 31 December 2022 to approximately HK\$133.1 million as at the end of the Year, the segment profit increased to approximately HK\$71.7 million during the Year when compared to the segment profit of approximately HK\$57.7 million during the Previous Year. The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, the allowances for impairment loss of approximately HK\$0.9 million were provided on the outstanding loans receivable as at 31 December 2023 (31 December 2022: approximately HK\$0.6 million).

(3) Other financial services

To diversify the Group's financial services, the Group has also carried on the business of providing corporate advisory related services in Hong Kong since October 2020. For the Year, the segment revenue amounted to approximately HK\$12.7 million (2022: approximately HK\$19.9 million) and segment profit amounted to approximately HK\$1.6 million (2022: approximately HK\$9.1 million). The decrease in revenue for the Year was mainly due to the drop in the number of clients as the competition in 2023 was still intense.

(4) Property investment and leasing

During the Year, segment revenue of approximately HK\$12.0 million (2022: approximately HK\$9.4 million) and segment loss of approximately HK\$10.7 million (2022: loss of approximately HK\$6.2 million). The increase in segment revenue was mainly due to the Group's reallocation of previously own-used property for leasing to a third-party tenant from November 2022. The increase in segment loss was mainly due to the increase in fair value loss on investment properties of HK\$8.1 million for the Year. As at 31 December 2023, the Group held four commercial properties in Hong Kong for leasing to independent third-party tenants for rental income with a total fair value at HK\$505.7 million.

(5) Tactical and strategic investment

The amount of resources allocated by the Group to this segment (in the form of financial assets at FVPL) was approximately HK\$148.2 million at the end of the year (31 December 2022: approximately HK\$161.6 million). The Group recorded a negative segment revenue of approximately HK\$6.6 million (2022: segment revenue of approximately HK\$5.9 million). The segment loss was approximately HK\$232.2 million for the Year (2022: approximately HK\$84.3 million) mainly due to (i) share of loss of associates (which is principally engaged in holding listed equity investments) amounted to approximately HK\$22.1 million (2022: approximately HK\$87.8 million); (ii) net fair value loss on the financial assets at FVPL at approximately HK\$200.2 million (2022: net fair value gain at approximately HK\$6.9 million) and the fair value loss on the financial assets at FVPL mainly attributable to the net fair value loss on a number of Hong Kong listed securities of the amount of approximately HK\$187.6 million and two unlisted securities of the amount of approximately HK\$12.3 million; and (iii) net fair value gains on Designated FVOCI at approximately HK\$13.0 million (2022: Nil).

OUTLOOK AND STRATEGY

The world economy continues to face with challenges of inflation and slow growth prospects. Ongoing military confrontation in East Europe and Middle East regions, and the continued tensions over between China and USA have introduced greater uncertainty for global business environment. Despite these turbulences and challenges, the management will remain cautious and continue to adopt a proactive and prudent approach to expand its business portfolio.

The Group has been engaging in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the SFO for years. It has further stepped into the businesses for the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 6, Type 7 and Type 8 licenses under the SFO. As previous mentioned, the Group was granted Type 7 license (providing automated trading services) regulated activity under the SFO on 8 June 2022. The Group intends to roll out a pre-IPO platform (named “Etreemart”), which will allow its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The development of the pre-IPO matching system was completed in August 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (HKEx). A “soft launch” has been completed in early October 2023, after which the pre-IPO matching system was rolled out to the clients subsequently. Due to the sluggish Hong Kong stock market and weak investor sentiment, the number of IPO was minimal for the year 2023. With an aim to support the business development and grow the client base, the Group will also to expand offering services online. In order to further expand the scope of this segment, in the mid of February 2023, the Group applied for the licences to carry on Type 4 (advising on

securities) & Type 5 (advising on futures contracts) regulated activities under the SFO. The applications had been accepted by the Securities and Futures Commission (the “SFC”) and official written approval was obtained from SFC on 27 September 2023. The Group, through its subsidiaries, is licensed by the SFC to engage in a full suite of regulated activities under the SFO, including Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 regulated activities. The Board expected that a more comprehensive profile of licenses under the SFO will create a synergy effect favourable to the Group’s development of the integrated financial services business. An imminent end to global interest rate hikes is expected, as indicated by the median projection of the federal funds rate at 4.6% and 3.6% by the end of 2024 and 2025 as disclosed in the latest “Summary of Economic Projections” released by the Federal Reserve of the United States of America in December 2023, as compared to the current effective federal funds rate at 5.33%. With the market anticipation on potential interest rate cuts, the Board is optimistic about the improvement on the investor sentiment and the long-term prospect of the Hong Kong stock market.

Economic recovery was stalling and consumer confidence was severely affected with the negative wealth effect from a steeper drop in property market. The market downturn driven by property market slump may be structural and it may not be able to turn around in the near future. The office market will, in view of the high vacancy rates and new supply of office spaces, continue to be challenging. On a more positive note, it is predicted that investment activities may gradually improve later in 2024 and in 2025, when mortgage rates are expected to be gradually lowered.

The Group’s property investment and leasing business was not severely affected under the above-mentioned market conditions in the Year. The Group anticipates that post-pandemic investors will continue to redistribute their capital towards the property market as a more defensive investment strategy amid the persistent pandemic. The Group is confident that property investment is a prudent choice which will help the Group to generate a stable and secure revenue as the property market continues to recover and leasing demand strengthen in future.

The Group strives to achieve excellent results and performance through the Group’s tactical and strategical investments segment on a long-term basis. To create value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group will identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources’ requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to the existing holdings from time to time.

Simultaneously, the Group continues to implement conservative and stringent cost control policies in order to maintain sufficient working capital and alleviate the financial pressure on the operational expenses by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

Under the aforesaid challenging operating environment, the Group will stay vigilant of the uncertainties and challenges ahead and strive to maximize returns and value to our shareholders. The Group will continue to render comprehensive services to our clients and to maintain client confidence and loyalty.

FINANCIAL REVIEW

Revenue

The overall revenue of the Group was approximately HK\$113.4 million for the Year, representing a decrease of approximately HK\$41.9 million or 27.0% from the Previous Year. Financial services income including those from other financial services aggregated to approximately HK\$77.6 million (2022: approximately HK\$93.7 million). Interest income from the Group's money lending business decreased to approximately HK\$30.9 million (2022: approximately HK\$53.4 million). Rental income remained stable at approximately HK\$12.0 million (2022: approximately HK\$9.4 million). The revenue from tactical and strategic business recorded a negative revenue of approximately of HK\$7.2 million (2022: negative revenue of approximately HK\$1.1 million).

Other comprehensive income

The Group has other comprehensive income of approximately HK\$13.4 million for the Year (2022: approximately HK\$11.1 million).

Net Asset Value

As at 31 December 2023, the consolidated net asset value of the Group was approximately HK\$1,907.1 million (2022: approximately HK\$2,120.2 million). The consolidated net asset value per share of the Group was approximately HK\$2.02 (2022: approximately HK\$2.24). The Group's total assets and total liabilities were approximately HK\$2,184.4 million (2022: approximately HK\$2,412.7 million) and approximately HK\$277.3 million (2022: approximately HK\$292.5 million) respectively.

Capital Structure

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

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

Liquidity and Financial Resources

The Group's cash and cash equivalents (excluding trust and segregated accounts), being mainly denominated in Hong Kong dollars, was approximately HK\$38.5 million as at 31 December 2023 (31 December 2022: approximately HK\$229.3 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were approximately HK\$103.3 million as at 31 December 2023 (31 December 2022: approximately HK\$373.8 million). The liquidity of the Group was remained strong with a current ratio of 3.9 as at 31 December 2023 (31 December 2022: 5.8). The Group had bank borrowings in the sum of approximately HK\$239.7 million as at 31 December 2023 (31 December 2022: approximately HK\$252.6 million). The Group did not have any available short-term revolving banking facilities as at 31 December 2023 (31 December 2022: Nil).

Capital commitments

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 31 December 2023 (31 December 2022: Nil).

Exposure to Fluctuation in Exchange Rates and Related Hedges

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

Gearing Ratio

As at 31 December 2023, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was 13.0% (2022: 1.7%). The increase in gearing ratio was mainly attributable to the reduced cash and cash equivalents as a result of utilization of the Group's financial resources to finance the operation of businesses. Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2023 (2022: Nil).

Charges on Group Assets

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

Repurchase of shares of a subsidiary

On 21 December 2023, Planetree Financial Group Limited (the “**Planetree Financial Group**”, the “**Purchaser**”), a company incorporated in Hong Kong with limited liability and as indirect wholly owned subsidiary of the Company and Polymate Investments Limited (the “**Vendor**”, a company incorporated in the British Virgin Islands), entered into a sales and purchase agreement (the “**Planetree S & P Agreement**”). Pursuant to the Planetree S & P Agreement, Planetree Financial Group agreed to repurchase from the Vendor approximately 5.32% of the share capital of Planetree Securities Limited (the “**Planetree Securities**”, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company) at the consideration of HK\$50.0 million payable in cash by its internal resources.

The integrated financial services business has been one of the principal core businesses of the Group. The Company has been devoting extensive resources for Planetree Securities to develop its businesses, especially the new pre-IPO platform allowing its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The pre-IPO matching system has rolled out to the clients in early October 2023. The Group intends to expand its offering services online and leverage the synergistic benefits derived from its comprehensive range of regulated activities under the SFO, with an aim to facilitate the growth of the integrated financial services business and broaden the client base of the Group.

Given the business potential of Planetree Securities and its synergistic benefits to the Group, the Company believes that the repurchase represents an opportunity for the Group to unify its ownership over Planetree Securities and enhance operational efficiency. By acquiring the remaining non-controlling interests of Planetree Securities, the Group can fully capitalize on the business prospects of Planetree Securities with the pre-IPO platform.

Planetree Securities is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities. Immediately prior to the entering into of the Planetree S & P Agreement, Planetree Securities was owned as to approximately 94.68% by the Purchaser and approximately 5.32% by the Vendor respectively.

Upon completion, all the issued shares of Planetree Securities are owned by Planetree Financial Group and Planetree Securities has become an indirect wholly-owned subsidiary of the Company. The repurchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, detailed information regarding the repurchase of shares was disclosed in the Company’s announcement dated 21 December 2023.

Significant Investments

An investment with carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group. The Group treated the equity interest in Green River Associates Limited (“**Green River**”) incorporated in Marshall Islands as a long-term investment since late 2020 which is in line with the principal businesses of the Group. Green River engaged in securities investment and holds investment portfolio in both listed and unlisted securities across different industry sectors including financial services, natural resources, logistics and property. Green River is a strategic partner of the Group in developing the tactical and strategic investment business.

On 28 February 2023, Green River allotted additional shares to another investor for subscription of shares. The shareholdings by the Group was thus further diluted from 33% to 31.37%.

In order to take the advantage of the general downturn of the stock market in Hong Kong with an expectation for a growth in portfolio value of Green River in future, on 28 December 2023, Planetree International Limited, a company incorporated in Republic of Marshall Islands and a wholly-owned subsidiary of the Company (the “**Planetree International**” or the “**Purchaser**”) and Mr. Au-Yeung Kai Wah (the “**Vendor**”) entered into a sales and purchase agreement (the “**Green River S & P Agreement**”). Pursuant to the Green River S & P Agreement, Planetree International agreed to purchase from the Vendor approximately 16.47% of the share capital of Green River at the consideration of HK\$80.0 million settled with internal resources of the Company.

Upon Completion, the Planetree International is the single largest shareholder of the Green River holding approximately 47.84% of the total issued share capital of the Green River and Green River remains as an associate of the Company. The purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details information regarding the Acquisition of Shares was disclosed in the Company’s announcement dated 28 December 2023.

The carrying amount of investment in 47.84% equity interest in Green River amounted to approximately HK\$214.3 million was included in investment in associates in the balance sheet (31 December 2022: approximately HK\$153.9 million), which represented approximately 9.8% to the Group’s total assets. During the Year, the Group’s share of loss of Green River was approximately HK\$20.5 million (2022: approximately HK\$87.6 million), which was mainly a result of Green River fair value loss on its investments at FVPL. Given the recent downward trend in the local securities market, Green River business of securities investment may still face challenges in the coming year.

The following table further set forth the significant investment with a value of 5% or more of the Group's total assets as at 31 December 2023:

Name of investee	Number of shares held as at 31 December 2023	Investment cost as at 31 December 2023 <i>HK\$'000</i>	Fair value as at 31 December 2023 <i>HK\$'000</i>	Gain on	Unrealised	Approximate	Dividend	
				deemed disposal recognised during the year ended 31 December 2023 <i>HK\$'000</i>	gain/(loss) recognised during the year ended 31 December 2023 <i>HK\$'000</i>	% to the shareholding in investee as at 31 December 2023	income recognised during the period ended 31 December 2023 <i>HK\$'000</i>	
Green River	122	330,604	214,319	472	–	9.8%	47.8%	–

Save as disclosed above and elsewhere in this announcement, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the reporting period under review (2022: Nil). There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this annual results announcement.

As at 31 December 2023, the Group held a diversified portfolio of financial assets at FVPL (comprising equity investments in 7 listed companies in Hong Kong) with a total carrying value of HK\$64.8 million (2022: approximately HK\$144.5 million). Each of the equity investments in the said portfolio accounted for less than 5% of the Group's total assets as at 31 December 2023 and therefore was not considered as a significant investment held by the Group.

SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

Connected Transaction

On 19 January 2024, Planetree Management Limited (the “**Tenant**”), a wholly-owned subsidiary of the Company, enter into a tenancy agreement with Good Develop Limited (the “**Landlord**”) in respect of the premises situated at 8th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026 (both days inclusive) at a monthly rental of HK\$330,000.

As at the date of this report, the substantial shareholder of the Company namely Ms. LO Ki Yan Karen (“**Ms. LO**”) indirectly held 82.19% equity interest in Landlord. Therefore, the Landlord was an associate of Ms. LO and a connected person of the Company. Details of the above-mentioned connected transaction are set out in the announcement of the Company dated 19 January 2024.

Appointment of directors and re-designation of Acting Chairman as Managing Director

On 1 February 2024, Dr. Chuang, Henry Yueheng was appointed as a Non-executive Director and the Chairman of the Company. At the same time, Mr. Cheung Ting Kee was re-designated from the Acting Chairman to the Managing Director of the Company. Detailed information regarding the appointment and re-designation was disclosed in the Company's announcement dated 31 January 2024.

On 1 March 2024, Mr. Xing Shaonan was appointed as an Executive Director and the Vice Chairman of the Company. Detailed information regarding the appointment was disclosed in the Company's announcement dated 29 February 2024.

OTHER INFORMATION

Corporate Governance

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code under Appendix C1 Part 2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2023. The Board will continually review the Company's corporate governance framework to ensure best corporate governance practices.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors and the relevant employees of the Group. Following specific enquiry by the Company, each Director confirmed that throughout the year ended 31 December 2023, they have complied with the required standards set out in the Model Code.

Environmental, Social and Governance (“ESG”) Performance

The Board is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of the business operations and investment of the Company. The Company’s strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Group. The Company strives to promote awareness on environmental protection and optimises efficient use of energy in daily operation by encouraging employees to recycle office suppliers, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities’ interest. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Group will be set out in 2023 Annual Report which are prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules, and will be available on the website of the Company (www.planetreeintl.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk) in due course.

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 levels 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 43 work forces (inclusive of all the directors of the Company) working for the Group as at 31 December 2023. The Group also provides other staff benefits including mandatory provident fund, 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.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company’s auditors, Mazars CPA Limited (“**Mazars**”) to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by Mazars in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on this announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the accounting principles and standards adopted by the Group, the risk management and internal control systems and financial reporting matters of the Group. In addition, the consolidated financial statements of the Group for the year ended 31 December 2023 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2023.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2023 annual general meeting (“**AGM**”) of the Company is scheduled to be held on Wednesday, 19 June 2024. The notice of AGM will be published on the Company’s website (www.planetreeintl.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course. For determining the qualification as members of the Company to attend and vote at the AGM, the Company’s register of members will be closed from Friday, 14 June 2024 to Wednesday, 19 June 2024, both dates inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

PUBLICATION OF 2023 ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Company (www.planetreeintl.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2023 Annual Report will be dispatched to the Shareholders and made available on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Year.

By order of the Board
Planetree International Development Limited
Cheung Ting Kee
Managing Director

Hong Kong, 27 March 2024

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

Executive Directors:

Mr. Xing Shaonan (*Vice Chairman*)

Mr. Cheung Ting Kee
(*Managing Director*)

Ms. Cheung Ka Yee

Mr. Lam Hiu Lo

Independent Non-Executive Directors:

Mr. Chan Sze Hung

Mr. Chung Kwok Pan

Mr. Ma Ka Ki

Mr. Zhang Shuang

Non-Executive Director:

Dr. Chuang, Henry Yueheng (*Chairman*)