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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)

#### 2024 INTERIM RESULTS (UNAUDITED)

The board (the “**Board**”) of directors (the “**Directors**”) of Planetree International Development Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>Revenue</b>			
Fee and commission income		443	85
Asset management service income		1,180	1,860
Corporate advisory service income		7,219	5,686
Financial advisory service income		1,794	2,703
Interest income from margin clients and loan receivables		37,108	48,524
Dividend income from financial assets at fair value through profit or loss (“ <b>FVPL</b> ”)		–	335
Gross rental income		5,702	5,973
<b>Total revenue</b>	3	<b>53,446</b>	<b>65,166</b>
Other income and gains	3	184	43,005
Impairment loss on loan and interest receivables		(1,134)	(1,930)
Impairment loss on margin loan receivables		(15,636)	(907)
Reversal of impairment loss on trade receivables		–	229
Reversal of impairment loss on other receivables		4,098	–
Depreciation of property and equipment and rights-of-use assets		(6,349)	(6,334)
Administrative expenses		(24,446)	(29,643)
Other losses	4	(49,838)	(77,974)
Finance costs	5	(8,175)	(7,000)
Share of result of associates		(46,354)	(15,098)
<b>Loss before taxation</b>	6	<b>(94,204)</b>	<b>(30,486)</b>
Income tax expense	7	(87)	(632)
<b>Loss for the period</b>		<b>(94,291)</b>	<b>(31,118)</b>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive expense</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value change on equity investments measured at fair value through other comprehensive income (“ <b>Designated FVOCI</b> ”)	(66,336)	–
Share of other comprehensive expense of an associate	(918)	(24)
<b>Total other comprehensive expense for the period</b>	<u>(67,254)</u>	<u>(24)</u>
<b>Total comprehensive expense for the period</b>	<u>(161,545)</u>	<u>(31,142)</u>
<b>Loss for the period attributable to:</b>		
Owners of the Company	(91,050)	(30,690)
Non-controlling interests	(3,241)	(428)
	<u>(94,291)</u>	<u>(31,118)</u>
<b>Total comprehensive expense attributable to:</b>		
Owners of the Company	(158,304)	(30,714)
Non-controlling interests	(3,241)	(428)
	<u>(161,545)</u>	<u>(31,142)</u>
	<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	9	
Basic	<u>(9.63)</u>	<u>(3.25)</u>
Diluted	<u>(9.63)</u>	<u>(3.25)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property and equipment		36,481	31,865
Investment properties		495,800	505,700
Intangible assets		12,642	12,667
Goodwill		6,115	6,115
Investment in associates		271,839	319,111
Designated FVOCI		66,379	155,586
Financial assets at FVPL		60,341	83,400
Other receivables	10	824	964
Other assets		3,205	3,205
		<b>953,626</b>	1,118,613
<b>Current assets</b>			
Trade, loan and other receivables	10	964,279	952,352
Financial assets at FVPL		47,954	64,832
Income tax recoverable		7,673	6,258
Bank balances – trust and segregated accounts		3,573	3,856
Bank balances and cash		42,534	38,517
		<b>1,066,013</b>	1,065,815
<b>Current liabilities</b>			
Trade and other payables	11	21,101	21,984
Lease liabilities – current portion		4,881	3,275
Interest-bearing borrowings		233,304	239,720
Income tax payable		5,114	7,557
		<b>264,400</b>	272,536
<b>Net current assets</b>		<b>801,613</b>	793,279
<b>Total assets less current liabilities</b>		<b>1,755,239</b>	1,911,892

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Other payables	<i>11</i>	742	1,562
Lease liabilities – non-current portion		5,712	–
Deferred taxation		<u>3,235</u>	<u>3,235</u>
		<u>9,689</u>	<u>4,797</u>
<b>NET ASSETS</b>		<b><u>1,745,550</u></b>	<b><u>1,907,095</u></b>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	94,553	94,553
Reserves		<u>1,362,807</u>	<u>1,521,111</u>
Equity attributable to owners of the Company		<u>1,457,360</u>	1,615,664
Non-controlling interests		<u>288,190</u>	<u>291,431</u>
<b>TOTAL EQUITY</b>		<b><u>1,745,550</u></b>	<b><u>1,907,095</u></b>

Notes:

## 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2023, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2024 as described below.

### Adoption of new/revised HKFRSs

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

## 2. SEGMENT INFORMATION

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

The Group’s reportable operating segments are as follows:

- (a) Financial services – operations licensed under Securities and Futures Ordinance (the “**SFO**”), which engages in the provision of dealing in securities, dealing in futures contracts, advising on securities, advising on futures contracts, advising on corporate finance, providing automated trading services, securities margin financing services and asset management services with Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 licences respectively granted under the SFO;

- (b) Credit and lending services – operations licensed under Money Lenders Ordinance (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 – engages in trading and holding of debt and equity securities, which earns interest and dividend income from the relevant securities investments.

### Segment revenue and results

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

#### *For the six months ended 30 June 2024 (Unaudited)*

	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	38,975	1,550	7,219	5,702	–	53,446
Other income and gains	92	75	10	1	1	179
Segment revenue	<u>39,067</u>	<u>1,625</u>	<u>7,229</u>	<u>5,703</u>	<u>1</u>	<u>53,625</u>
Segment profit (loss)	<u>22,630</u>	<u>435</u>	<u>1,967</u>	<u>(11,572)</u>	<u>(88,152)</u>	(74,692)
Unallocated other income and gains						5
Corporate and unallocated expenses, net						<u>(19,517)</u>
Loss before taxation						(94,204)
Taxation						<u>(87)</u>
Loss for the period						<u><u>(94,291)</u></u>

*For the six months ended 30 June 2023 (Unaudited)*

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

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 result represents 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 result under tactical and strategic investment segment.

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

### 3. REVENUE, OTHER INCOME AND GAINS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers within HKFRS15</b>		
Fee and commission income	443	85
Financial advisory service income	1,794	2,703
	<u>2,237</u>	<u>2,788</u>
Revenue recognised at point in time		
Asset management service income	1,180	1,860
Corporate advisory service income	7,219	5,686
	<u>8,399</u>	<u>7,546</u>
Revenue recognised over time		
	<u>10,636</u>	<u>10,334</u>
<b>Revenue from other sources</b>		
Interest income from:		
– margin clients	35,558	24,471
– loan receivables	1,550	24,053
	<u>37,108</u>	<u>48,524</u>
Dividend income from financial assets at FVPL	–	335
Gross rental income	5,702	5,973
	<u>42,810</u>	<u>54,832</u>
<b>Total revenue</b>	<b><u>53,446</u></b>	<b><u>65,166</u></b>
<b>Other income and gains</b>		
Interest income on:		
– bank deposits	55	138
– clearing house	36	25
	<u>91</u>	<u>163</u>
Gain on deemed disposal of an associate	–	472
Bad debts recovery ( <i>Note</i> )	–	42,000
Others	93	370
	<u>93</u>	<u>42,842</u>
<b>Total other income and gains</b>	<b><u>184</u></b>	<b><u>43,005</u></b>
<b>Total revenue, other income and gains</b>	<b><u>53,630</u></b>	<b><u>108,171</u></b>



*Note:*

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

#### 4. OTHER LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on futures trading	–	138
Net exchange loss	1	2
Net fair value loss on financial assets at FVPL	39,937	70,534
Net fair value loss on investment properties	9,900	7,300
	<u>49,838</u>	<u>77,974</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	7,303	6,304
Interest on margin account	525	478
Imputed interest on lease liabilities	347	218
	<u>8,175</u>	<u>7,000</u>

## 6. LOSS BEFORE TAXATION

This is stated after charging:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	11,931	13,585
Retirement benefit scheme contributions	271	334
	<u>12,202</u>	<u>13,919</u>
Amortisation of intangible assets – included in administrative expenses	25	25
	<u>25</u>	<u>25</u>

## 7. INCOME TAX EXPENSE

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

For the six months ended 30 June 2024 and 2023, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	87	632
	<u>87</u>	<u>632</u>

## 8. DIVIDEND

The board of directors of the Company does not recommend payment of an interim dividend for the six months ended 30 June 2024 (*six months ended 30 June 2023: Nil*).

## 9. LOSS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<b><u>(91,050)</u></b>	<b><u>(30,690)</u></b>
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>No. of shares</i></b>	<b><i>No. of shares</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares in issue during the period, for the purpose of basic and diluted loss per share	<b><u>945,527,675</u></b>	<b><u>945,527,675</u></b>

Diluted loss per share is the same as the basic loss per share for the six months ended 30 June 2024 and 2023 because there was no potential dilutive ordinary share outstanding.

## 10. TRADE, LOAN AND OTHER RECEIVABLES

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Trade receivables</b>			
Trade receivables arising from the business			
of securities brokerage	<i>(a)</i>		
– margin clients	<i>(b)</i>	<b>653,227</b>	636,419
– Hong Kong Securities Clearing Company Limited		<b>20,517</b>	12
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	<i>(a)</i>	<b>3,533</b>	3,517
		<b>677,277</b>	639,948
<i>Less:</i> Loss allowance		<b>(16,997)</b>	(1,361)
		<b>660,280</b>	638,587
Trade receivables from provision of corporate advisory service		<b>8,507</b>	7,472
Trade receivables from provision of financial advisory service		<b>291</b>	3,790
Trade receivables from provision of assets management service			
– from independent third parties		<b>575</b>	140
– from an associate		<b>52</b>	85
	<i>(c)</i>	<b>9,425</b>	11,487
<i>Less:</i> Loss allowance		<b>(1,045)</b>	(1,045)
		<b>8,380</b>	10,442
<b>Loan and interest receivables</b>			
Loan and interest receivables from independent third parties		<b>121,079</b>	133,125
<i>Less:</i> Loss allowance		<b>(2,030)</b>	(896)
	<i>(d)</i>	<b>119,049</b>	132,229

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Other receivables</b>			
Prepayments		<b>1,580</b>	1,979
Deposits		<b>1,740</b>	1,726
Other receivables	<i>(f)</i>	<b>172,135</b>	170,514
Due from an associate	<i>(e)</i>	<b>2,028</b>	2,026
		<b>177,483</b>	176,245
<i>Less: Loss allowance</i>		<b>(89)</b>	(4,187)
		<b>177,394</b>	172,058
		<b>965,103</b>	953,316
<i>Less: Non-current portion</i>			
Other receivables		<b>(824)</b>	(964)
Current portion		<b>964,279</b>	952,352

*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 brokerage business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 20% (31 December 2023: 8% to 20%) per annum as at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$734,870,000 (31 December 2023: approximately HK\$1,143,914,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. Included in trade receivables from margin clients of HK\$70,402,000 at 30 June 2024 was amount due from an associate (31 December 2023: HK\$76,629,000)
- As at 30 June 2024, the Group has concentration of credit risk as 24% and 91% (31 December 2023: 28% and 96%) of total margin loans are due from the Group's largest margin client and the five largest margin clients respectively, within the financial services business.
- (c) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.

As at 30 June 2024, allowance for impairment loss of HK\$1,045,000 (31 December 2023: HK\$1,045,000) 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:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Less than 1 month	<b>4,270</b>	949
1 to 3 months	<b>4,058</b>	9,408
At the end of the reporting period	<b><u>8,328</u></b>	<b><u>10,357</u></b>

- (d) Loan 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 as at 30 June 2024 and 31 December 2023 respectively are as follows:

		30 June 2024							
Category	Unsecured/ Secured	Principal amount in range	Interest rate in range	Contractual		Collateral	Gross amount HK\$'000	Impaired amount HK\$'000	Net amount HK\$'000
				loan period (months)	Number of loans				
Personal	Secured	HK\$3,382,005 to HK\$13,000,000	7.50% to 10%	6 to 12	3	Unlisted equity securities and a property in Hong Kong	29,730	397	29,333
	Unsecured	HK\$13,000,000 to HK\$17,000,000	0% to 10%	6 to 12	5	N/A	76,344	1,629	74,715
Corporate	Unsecured	HK\$15,000,000	1%*	12	1	N/A	15,005	4	15,001
					<u>9</u>		<u>121,079</u>	<u>2,030</u>	<u>119,049</u>

\* 1% being the handling fee income for a loan receivable of HK\$15,000,000

31 December 2023									
Category	Unsecured/ Secured	Principal amount in range	Interest rate in range	Contractual loan period (months)	Number of loans	Collateral	Gross amount <i>HK\$'000</i>	Impaired amount <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
	Unsecured	HK\$16,000,000 to HK\$18,500,000	8% to 10%	6 to 12	4	N/A	71,559	670	70,889
Corporate	Unsecured	HK\$3,382,005 to HK\$15,000,000	10%	6 to 12	3	N/A	26,583	53	26,530
					8		133,125	896	132,229
					8		133,125	896	132,229

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 30 June 2024, allowance for impairment loss of approximately HK\$2,030,000 (31 December 2023: HK\$896,000) has been recognised for the loan receivables.

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

	<b>30 June 2024 <i>HK\$'000</i> (Unaudited)</b>	31 December 2023 <i>HK\$'000</i> (Audited)
Not yet past due	<b>119,049</b>	132,229

As at 30 June 2024, the Group has concentration of credit risk as 15% and 67% (31 December 2023: 26% and 80%) of total loan receivables are due from the Group's largest borrower and the five largest borrowers respectively.

- (e) The amount due is unsecured, interest-free and has no fixed repayment term.
- (f) Included in the other receivables are other loan receivables of HK\$164,000,000 (31 December 2023: 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\$136,823,000 (31 December 2023: HK\$159,813,000), interest-free and repayable on demand.

## 11. TRADE AND OTHER PAYABLES

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Trade payables</b>			
Trade payables arising from the business of securities brokerage	<i>(a)</i>		
– cash clients		327	546
– margin clients		759	1,264
Trade payables arising from the business of options broking	<i>(a)</i>	209	209
Trade payables arising from the business of dealing in futures contracts	<i>(b)</i>	1,758	1,482
Secured margin loans from securities broker	<i>(c)</i>	12,019	11,493
		<u>15,072</u>	<u>14,994</u>
<b>Other payables</b>			
Other payables and accrued charges		4,979	6,990
Rental deposits received		1,792	1,562
		<u>6,771</u>	<u>8,552</u>
<i>Less: Non-current portion</i>			
Other payables		(742)	(1,562)
		<u>6,029</u>	<u>6,990</u>
Total current portion		<u><u>21,101</u></u>	<u><u>21,984</u></u>



*Notes:*

- (a) Trade payables to cash, margin and option clients are repayable on demand. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offsets certain trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) 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 (31 December 2023: 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\$26,847,000 as at 30 June 2024 (31 December 2023: HK\$38,533,000).

## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$0.1 each		
Authorised:		
<b>At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024</b>	<b>5,000,000,000</b>	<b>500,000</b>
	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Issued and fully paid:		
<b>At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024</b>	<b>945,527,675</b>	<b>94,553</b>

## MANAGEMENT DISCUSSION AND ANALYSIS RESULTS

During the first six months ended 30 June 2024 (the “**Period**”), the Group’s total revenue of approximately HK\$53.4 million and other income and gains of approximately HK\$0.2 million aggregated to approximately HK\$53.6 million, representing a decrease of approximately HK\$54.5 million or 50.4% as compared to corresponding period for the six months ended 30 June 2023 (the “**Previous Period**”). The Group recorded a consolidated loss before tax of approximately HK\$94.2 million (2023: approximately HK\$30.5 million). After allocating the loss attributable to non-controlling interests for approximately HK\$3.2 million (2023: approximately HK\$0.4 million), the loss attributable to shareholders of the Company for the Period was approximately HK\$91.1 million (2023: approximately HK\$30.7 million).

The Board considers that the loss for the Period is mainly attributable to the combined effects of:

- (i) the net unrealised fair value loss on financial assets at fair value through profit of loss of approximately HK\$39.9 million; and
- (ii) the share of loss from associates of approximately HK\$46.4 million.

Apart from the consolidated loss before tax for the Period in the amount of approximately HK\$94.2 million mentioned above, the Group also recorded other comprehensive expense of approximately HK\$67.3 million for the Period (2023: HK\$24,000) mainly due to the fair value change on equity investments measured at fair value through other comprehensive income recognised during the Period in the amount of approximately HK\$66.3 million (2023: Nil).

## INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2023 was paid during the six months ended 30 June 2024 (2023: Nil).

Apart from the aforesaid, the Board has resolved not to declare any interim dividend for the Period (2023: Nil).

## BUSINESS REVIEW

The Hong Kong economy exhibited moderate growth in the first half of 2024, but the business environment grew increasingly uncertain amid heightened geopolitical tensions, escalating trade conflicts, and an unclear trajectory for US interest rates. These challenging macroeconomic conditions had a direct adverse impact on the Group’s financial performance during the Period.

The volatile global environment and high interest rate climate exerted significant pressure on the Group's core business lines, resulting in a decline in revenue and profitability compared to the Previous Period. Against this backdrop, the Group's interim results fell short of expectations. Despite the Group's diversified business model and disciplined cost management efforts, the impact of the volatile macroeconomic conditions could not be fully mitigated.

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

**(1) Financial services – operations licensed under the SFO**

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 respectively granted under the Securities and Futures Ordinance (the "SFO") for years. It has further stepped into the businesses for advising on securities, advising on futures contracts, the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 4, Type 5, Type 6, Type 7 and Type 8 licences 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 continuously and inevitably affected by the lackluster stock market performance. Such asset management service income dropped to approximately HK\$1.2 million during the Period (2023: approximately HK\$1.9 million). Margin loan interest income increased to approximately HK\$35.6 million during the Period (2023: approximately HK\$24.5 million). The increase in margin loan interest income is mainly due to the average monthly margin loan amount for the Period was higher than the Previous Period.

The Group has engaged in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO. The Group's revenue from such services dropped to approximately HK\$1.8 million (2023: approximately HK\$2.7 million). The decrease in revenue for the Period was mainly due to the drop in number of clients as the financial services market was still in a slow recovery pace.

As a result, the segment revenue of approximately HK\$39.1 million was 32.0% higher than the corresponding figure of approximately HK\$29.6 million for the Previous Period. Accordingly, the segment profit increased from approximately HK\$18.6 million for the Previous Period to approximately HK\$22.6 million for the Period.

The Group, through its subsidiaries, is licensed by the Securities and Futures Commission (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 licences under the SFO will create a synergy effect favourable to the Group’s development of the integrated financial services business.

To further expand this segment, in June 2024, the Group applied for a licence to conduct Type 3 (leveraged foreign exchange trading) regulated activities under the SFO. In July 2024, the SFC accepted the Group’s application and is currently reviewing it. The management expects to receive official written approval from the SFC in Q2 2025.

## **(2) Credit and lending services – operations licensed under the MLO**

The Group conducts its money lending business with two money lenders licences held by the Group under the Money Lenders Ordinance (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 were strictly complied with during the Period.

During the Period, segment revenue from credit and lending services declined sharply, falling from approximately HK\$66.1 million in the Previous Period to approximately HK\$1.6 million. The decrease was primarily due to a one-time bad debt recovery of HK\$42.0 million in the Previous Period, and less loans granted during the Period. As at 30 June 2024, total principal amount and accrued interest stood at approximately HK\$119.0 million with loans receivable due from the largest borrower and the five largest borrowers in aggregate accounting for approximately 15% and 67% of this total, respectively. Additionally, the balance of loan and interest receivables decreased from approximately HK\$504.8 million as at 30 June 2023 to around HK\$119.0 million by the end of the Period. As a result, the segment profit fell to approximately HK\$0.4 million during the Period from HK\$64.0 million in the Previous Period.

The ongoing macroeconomic challenges have affected some of our clients. In response to their needs, we have provided temporary relieving measures to certain clients. Our focus remains on building long-term, sustainable relationship while maintaining the health of our loan portfolio. We are actively engaging with clients to develop flexible and tailored solutions.

The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, approximately HK\$2.0 million impairment allowances were provided on the outstanding loans receivable as at 30 June 2024 (31 December 2023: approximately HK\$0.9 million).

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

To diversify the Group's financial services, the Group has also carried on the business of providing corporate advisory related services in Hong Kong since October 2020. For the Period, the segment revenue amounted to approximately HK\$7.2 million (2023: approximately HK\$5.7 million) and segment profit amounted to approximately HK\$2.0 million (2023: approximately HK\$0.8 million). During the Period, there were more clients experiencing financial pressure and challenges due to the growing competition, business disruptions and global market uncertainties in their own business. This has fueled the increase in revenue in this segment during the first six months of 2024.

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

During the Period, segment revenue of approximately HK\$5.7 million (2023: approximately HK\$6.0 million) and segment loss of approximately HK\$11.6 million (2023: approximately HK\$7.8 million). The slight reduction in segment revenue was mainly due to the financial difficulty of a tenant. The increase in segment loss was mainly due to the increase in loan interest outlay by HK\$1.0 million, and the increase in fair value loss on investment properties by HK\$2.6 million as compared to the Previous Period. As at 30 June 2024, the Group held 4 commercial properties in Hong Kong for leasing to independent third-party tenants for rental income with a total fair value at HK\$495.8 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\$108.3 million at the Period (31 December 2023: approximately HK\$148.2 million). The Group had revenue of about HK\$1,000 from this segment for the Period (2023: approximately HK\$0.8 million). The segment loss was approximately HK\$88.2 million during the Period (2023: approximately HK\$81.5 million) mainly due to (i) share of loss of associates (which is principally engaged in holding listed equity investments) amounted to approximately HK\$46.4 million (2023: approximately HK\$15.1 million); and (ii) net fair value loss on the financial assets at FVPL at approximately HK\$39.9 million (2023: approximately HK\$70.5 million).

## **PROSPECT**

Despite the challenging macroeconomic environment in the first half of 2024, we remain cautiously optimistic about the Group's long-term growth prospects. Hong Kong's economy is expected to continue on a moderate growth trajectory, which should support asset investment activities in the city.

However, the global landscape is likely to remain volatile, with ongoing geopolitical tensions and trade conflicts posing continued risks. Recent indications suggest the Federal Reserve may implement a rate cut as soon as September 2024, which could provide some relief. We will closely monitor these developments and adapt our strategies accordingly.

Our focus is on strengthening our competitive edge in key business segments and diversifying our revenue streams. We will also continue to manage costs vigilantly and optimise resource allocation to maintain profitability. Leveraging our diversified business portfolio and financial discipline, we will explore new growth opportunities, both organically and through strategic investments, to deliver sustainable value for our shareholders.

Looking ahead, the Group will remain vigilant to the evolving landscape and proactively adapt its strategies to strengthen its market position and drive sustainable growth. Despite the near-term uncertainties, the Group is confident in the long-term resilience of the Hong Kong economy and is committed to weathering the current storm and emerging stronger.

## **FINANCIAL REVIEW**

### **Revenue**

The overall revenue of the Group for the Period was approximately HK\$53.4 million, representing a decrease of approximately HK\$11.7 million from the Previous Period. Financial services income including those from other financial services aggregated to approximately HK\$46.2 million (2023: approximately HK\$34.8 million). Interest income from the Group's money lending business decreased to approximately HK\$1.6 million (2023: approximately HK\$24.1 million). Rental income of the Period slightly reduced to approximately HK\$5.7 million (2023: approximately HK\$6.0 million). There was no revenue from tactical and strategic business for the Period (2023: approximately HK\$0.3 million) as there was no dividend received from the financial assets held by the Group).

## **Other comprehensive expense**

The Group has other comprehensive expense of approximately HK\$67.3 million for the Period (2023: HK\$24,000), mainly due to the fair value change on equity investments measured at fair value through other comprehensive income recognised during the Period.

## **Net asset value**

The unaudited consolidated net asset value of the Group as at 30 June 2024 was approximately HK\$1,745.6 million, representing a decrease of approximately HK\$161.5 million from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2024 was approximately HK\$1.85.

## **Capital structure**

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

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

## **Liquidity and financial resources**

The Group's cash and cash equivalents (excluding trust and segregated accounts), being mainly denominated in Hong Kong dollars, was approximately HK\$42.5 million as at 30 June 2024 (31 December 2023: approximately HK\$38.5 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were approximately HK\$90.5 million as at 30 June 2024 (31 December 2023: approximately HK\$103.3 million). The liquidity of the Group was very strong with a current ratio of 4.0 as at 30 June 2024 (31 December 2023: 3.9). The Group had bank borrowings in the sum of approximately HK\$233.3 million as at 30 June 2024 (31 December 2023: approximately HK\$239.7 million). The Group did not have any available short-term revolving banking facilities as at 30 June 2024 (31 December 2023: Nil).

## **Exposure to fluctuation in exchange rates and related hedges**

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

## **Gearing ratio**

As at 30 June 2024, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was 13.6% (31 December 2023: 13.0%). The slight increase in gearing ratio was mainly attributable to the reduction in the Shareholders' equity. Net debt was calculated as interest-bearing borrowings plus other payables and accruals, net of cash and cash equivalents.

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

## **Charge on Group assets**

As at 30 June 2024, the Group pledged its investment properties with carrying value of approximately HK\$443.0 million (31 December 2023: approximately HK\$452.9 million) as security for general banking facilities granted to the Group.

## **Significant investments**

An investment with carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group. The Group treated the equity interest in Green River Associates Limited (“**Green River Marshall**”) incorporated in Marshall Islands as an investment in associate. Green River Marshall primarily engages in securities investment, is a strategic partner of the Group in developing the tactical and strategic investment business. The Group holds approximately 47.8% of the total issued share capital of Green River Marshall. As at 30 June 2024, the carrying amount of investment in Green River Marshall amounted to approximately HK\$170.1 million, which represented approximately 8.4% to the Group's total assets. During the Period, the Group's share of loss of Green River Marshall was approximately HK\$43.3 million (2023: approximately HK\$18.0 million), which was mainly a result of Green River Marshall's fair value loss on its financial assets.

The Group treated the equity investment in HEC Securities Company Limited (“**HEC Securities**”) incorporated in British Virgin Islands as an investment in associate. HEC Securities primarily engages in holding investments in credit financing and securities investment business. The Group holds approximately 33.0% of the total issued share capital of HEC Securities. As at 30 June 2024, the carrying amount of investment in HEC Securities amounted to approximately HK\$101.7 million, which represented approximately 5.0% to the Group's total assets. During the Period, the Group's share of loss of HEC Securities was approximately HK\$3.1 million (2023: share of profit of approximately HK\$2.9 million), which was mainly a result of HEC Securities' realised loss on its financial assets.



As the local macroeconomic environment is still uncertain, we take a cautious stance in our investments in Green River Marshall and HEC Securities in the second half of the year. However, these investments were strategically structured for long-term value creation rather than short-term market alignment. They focus on various return sources, providing stability and diversification, even if their performance may not always mirror short-term public market fluctuations. We will continue to closely monitor these strategic investments and are prepared to make tactical adjustments as needed.

The following table further set forth the significant investments with a value of 5% or more of the Group's total assets as at 30 June 2024:

Name of investee	Number of shares held as at 30 June 2024	Investment cost as at 30 June 2024 <i>HK\$'000</i>	Fair value as at 30 June 2024 <i>HK\$'000</i>	Realised gain/(loss) recognised during the period ended 30 June 2024 <i>HK\$'000</i>	Unrealised loss recognised during the period ended 30 June 2024 <i>HK\$'000</i>	Approximate % to the Group's total assets as at 30 June 2024	Approximate % of shareholding in investee as at 30 June 2024	Dividend income recognised during the period ended 30 June 2024 <i>HK\$'000</i>
Green River								
Marshall	122	330,603	170,100	-	43,300	8.4	47.8	-
HEC Securities	50,945,400	98,604	101,739	-	3,054	5.0	33.0	-

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 (2023: Nil). There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this interim results announcement.

### Significant events since the end of the Period

There were no significant events affecting the Group since the end of the Period.

### Review of accounts

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

## **OPERATION REVIEW**

### **Human resources practices**

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

There were 38 work forces (inclusive of all the Directors) working for the Group as at 30 June 2024. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

## **ADDITIONAL INFORMATION**

### **Compliance with Corporate Governance Code**

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the Period, the Company has complied with all code provisions of Corporate Governance Code as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

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

### **Compliance with Model Code**

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

## **Purchase, sale or redemption of listed securities of the Company**

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

## **Publication of interim results announcement and interim report**

This results announcement is published on the website of the Company ([www.planetreeintl.com](http://www.planetreeintl.com)) and the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2024 interim report will be dispatched to shareholders of the Company and published on the above websites in September 2024.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to extend our gratitude and sincere appreciation to management and all staff for their diligence and dedication to the Company throughout the Period.

By order of the Board  
**Planetree International Development Limited**  
**Mack Andrew Kar Lung**  
*Managing Director*

Hong Kong, 29 August 2024

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

*Executive Directors:*

Mr. Cheung Ting Kee (*Vice Chairman*)  
Dr. Mack Andrew Kar Lung  
*(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*)