

# 2023

## Interim Report



**Planetree**  
INTERNATIONAL  
梧桐國際

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

*(Incorporated in Bermuda with limited liability)*  
Stock code: 613

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive directors

Mr. Cheung Ting Kee  
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

### COMMITTEES

#### Audit Committee

Mr. Ma Ka Ki (*Chairman*)  
Mr. Chan Sze Hung  
Mr. Chung Kwok Pan

#### Nomination Committee

Mr. Chan Sze Hung (*Chairman*)  
Mr. Chung Kwok Pan  
Mr. Ma Ka Ki

#### Remuneration Committee

Mr. Ma Ka Ki (*Chairman*)  
Ms. Cheung Ka Yee  
Mr. Chung Kwok Pan

### AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee  
Mr. Chow Chi Wah, Vincent

### COMPANY SECRETARY

Mr. Chow Chi Wah, Vincent

### EXTERNAL AUDITORS

Mazars CPA Limited

### PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited

### LEGAL ADVISERS

Conyers Dill & Pearman

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8/F, China United Centre, 28 Marble Road,  
North Point, Hong Kong  
Tel: 3198 0238  
Fax: 2520 6103  
Email: [investors@planetreeintl.com](mailto:investors@planetreeintl.com)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North Cedar House,  
41 Cedar Avenue  
Hamilton HM 12, Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road, Hong Kong

### WEBSITE

<http://www.planetreeintl.com>

### STOCK CODE

613

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

During the first six months ended 30 June 2023 (the “**Period**”), the Group’s total revenue of approximately HK\$65.2 million and other income and gains of approximately HK\$43.0 million aggregated to approximately HK\$108.2 million, representing an increase of approximately HK\$29.6 million or 37.7% as compared to the corresponding period for the six months ended 30 June 2022 (the “**Previous Period**”). The Group recorded a consolidated loss after tax of approximately HK\$31.1 million (2022: profit of approximately HK\$9.5 million). After allocating the loss attributable to non-controlling interests of approximately HK\$0.4 million (2022: profit of approximately HK\$6.6 million), the loss attributable to shareholders of the Company for the Period was approximately HK\$30.7 million (2022: profit of approximately HK\$2.9 million). The decrease in the Group’s profitability for the Period, as compared to the Previous Period, is mainly attributable to the combined effects of: (i) the decrease in interest income from margin financing and credit and lending services by approximately HK\$6.8 million; (ii) the increase in fair value loss on financial assets at fair value through profit or loss by approximately HK\$63.0 million; and (iii) the increase in fair value loss on investment properties by HK\$7.3 million.

The aforementioned factors were partially offset by (i) bad debt recovery of HK\$42.0 million for the Period; and (ii) decrease in share of loss from associates by approximately HK\$17.8 million as compared to the Previous Period.

To better assess the profitability of the Group’s core businesses, the share of loss from the associates can be excluded to show the Group’s loss before tax for core businesses, which would be approximately HK\$15.4 million for the Period when compared to a profit before tax of approximately HK\$42.4 million for the Previous Period.

## INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2022 was paid during the six months ended 30 June 2023 (2022: Nil).

Apart from the aforesaid, the board of directors of the Company (the “**Board**”) has resolved not to declare any interim dividend for the Period (2022: Nil).

## BUSINESS REVIEW

During the Period under review, the economy of Hong Kong improved modestly arising from the full relaxation of anti-pandemic measures and boarder reopening, but the general business environment remained challenging and overall productivities remained low as compared to the pre-pandemic period. In the post-COVID era, the geopolitical risk, high inflation rate and high interest rate environment have affected the investors’ sentiment in financial markets. Besides, under the higher interest rate environment, corporates were conservative in business expansion despite the improving economy. All these factors have direct influence on the financial services business of the Group. Looking ahead, the inflationary pressure is expected to ease, the management of the Group will continue to review and adjust strategies on regular basis with prudent and balanced approach.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

**(1) Financial services — operations licensed under the Securities and Futures Ordinance (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 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 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 inevitably affected by the lackluster stock market performance. Such asset management service income dropped to approximately HK\$1.9 million during the Period (2022: approximately HK\$2.6 million). Margin loan interest income also dropped to approximately HK\$24.5 million during the Period (2022: approximately HK\$30.2 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 Period is slightly higher than the Previous Period.

The Group’s revenue from the provision of corporate finance advisory services dropped to approximately HK\$2.7 million (2022: approximately HK\$3.8 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 during the Period.

As a result, the segment revenue of approximately HK\$29.6 million was 20.2% lower than the corresponding figure of approximately HK\$37.1 million for the Previous Period. The segment profit dropped from approximately HK\$37.6 million for the Previous Period to approximately HK\$18.6 million for the Period.

The Group was granted Type 7 licence (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 July 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). A “soft launch” has been targeted internally by September 2023, after which the pre-IPO matching system will be rolled out to the clients subsequently. With an aim to support the business development and widen the client base, the Group will also expand its 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 approved in principle. The management expects to obtain the official written approval from SFC in mid-November 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Credit and lending services — operations licensed under the Money Lenders Ordinance (the “MLO”)

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. In addition to the compliance with all rules and regulations imposed under the MLO, the Group has 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 and the 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 Period.

During the Period, the segment revenue from credit and lending services increased from approximately HK\$25.7 million in the Previous Period to approximately HK\$66.1 million. The increase is mainly attributable to the bad debt recovery amounted to HK\$42.0 million for the Period. A total principal amount and accrued interest of approximately HK\$507.3 million remain outstanding, of which the amount of loan receivables due from the largest borrower and the five largest borrowers in aggregate were approximately 16% and 39% 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\$507.3 million as at the end of the Period, the segment profit increased to approximately HK\$64.0 million for the Period when compared to the segment profit of approximately HK\$29.9 million for the Previous Period.

The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, impairment allowances of approximately HK\$2.5 million were provided on the outstanding loan receivables as at 30 June 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 Period, the segment revenue amounted to approximately HK\$5.7 million (2022: approximately HK\$8.3 million) and segment profit amounted to approximately HK\$0.8 million (2022: approximately HK\$3.0 million). The decrease in revenue for the Period was mainly due to the drop in the number of clients as the competition in the first half of 2023 was still intense.

### (4) Property investment and leasing

During the Period, the Group recorded segment revenue of approximately HK\$6.0 million (2022: approximately HK\$4.5 million) and the segment loss of approximately HK\$7.8 million (2022: profit of approximately HK\$2.3 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\$7.3 million for the Period. As at 30 June 2023, 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\$506.5 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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\$212.9 million for the Period (31 December 2022: approximately HK\$161.6 million). The Group recorded a segment revenue of approximately HK\$0.8 million (2022: negative revenue of approximately HK\$1.2 million). The segment loss was approximately HK\$81.5 million during the Period (2022: approximately HK\$43.0 million) which was mainly due to (i) share of loss of associates (which is principally engaged in holding listed equity investments) amounted to approximately HK\$15.1 million (2022: approximately HK\$32.9 million); (ii) net fair value loss on the financial assets at FVPL at approximately HK\$70.5 million (2022: approximately HK\$7.5 million).

### PROSPECT

The world is still facing many uncertainties and challenges in the post-COVID era. With relentless waves of attacks between Russia and Ukraine, the Russia Ukraine War shows no sign of ceasing and neither any concessions nor ceasefire agreements have been reached. Political tension remains high between the United States (the “U.S.”) and China. Inflation and interest rate remain high and the US Federal Reserve anticipated to further adjust its benchmark interest rates upward in the second half of 2023 which will further dampen the recovery pace of economy. The prospects remain highly uncertain driven by the adverse impact of high and escalating market interest rate environment on business development alongside the intricate influence of geopolitical factors. Corporate investments and individual consumption are expected to remain conservative in the near term given the interest rate outlook. The economic growth momentum in Hong Kong and Mainland China will continue to be constrained.

The economies of Hong Kong and Mainland China are anticipated to continue to improve on a slow but gradual post-pandemic recovery pace in the second half of 2023. 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 for the Period was approximately HK\$65.2 million, representing a decrease of approximately HK\$8.0 million from the Previous Period. The financial services income of the Group including those from other financial services aggregated to approximately HK\$34.8 million (2022: approximately HK\$44.9 million). The interest income from the Group’s money lending business decreased to approximately HK\$24.1 million (2022: approximately HK\$25.1 million). The rental income for the Period remained stable at approximately HK\$6.0 million (2022: approximately HK\$4.4 million). The revenue from tactical and strategic business for the Period increased to approximately HK\$0.3 million (2022: negative revenue of approximately HK\$1.2 million).

#### Other comprehensive income

The Group has other comprehensive loss of approximately HK\$24,000 for the Period (2022: Nil).

#### Net asset value

The unaudited consolidated net asset value of the Group as at 30 June 2023 was approximately HK\$2,089.1 million, representing a decrease of approximately HK\$31.1 million from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2023 was approximately HK\$2.21.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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\$127.3 million as at 30 June 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\$298.1 million as at 30 June 2023 (31 December 2022: approximately HK\$373.8 million). The liquidity of the Group was very strong with a current ratio of 5.4 as at 30 June 2023 (31 December 2022: 5.8). The Group had bank borrowings in the sum of approximately HK\$246.1 million as at 30 June 2023 (31 December 2022: approximately HK\$252.6 million). The Group did not have any available short-term revolving banking facilities as at 30 June 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 to the U.S. Dollars. The Group did not have any related hedging instruments.

## Gearing ratio

As at 30 June 2023, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 7.3% (31 December 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 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 2023 (31 December 2022: Nil).

## Charge on Group assets

As at 30 June 2023, the Group pledged its investment properties with carrying value of approximately HK\$452.9 million (31 December 2022: approximately HK\$459.3 million) as security for general banking facilities granted to the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 a long-term investment. Green River Marshall, engaged in securities investment, is a strategic partner of the Group in developing the tactical and strategic investment business. On 28 February 2023, Green River Marshall allotted additional shares to another investor for subscription of shares. The shareholdings by the Group was thus further diluted from 33% to 31.37% as at 30 June 2023. The carrying amount of investment in 31.37% equity interest in Green River Marshall amounted to approximately HK\$136.4 million was included in investment in associates in the balance sheet (31 December 2022: approximately HK\$153.9 million), which represented approximately 5.7% to the Group’s total assets. During the Period, the Group’s share of loss of Green River Marshall was approximately HK\$18.0 million (2022: approximately HK\$32.9 million), which was mainly a result of Green River Marshall’s fair value loss on its investments at FVPL. Given the recent downward trend in the local securities market, Green River Marshall’s business of securities investment may still face challenges in the second half of this year.

The following table sets forth the significant investment with a value of 5% or more of the Group’s total assets as at 30 June 2023:

Name of investee	Number of shares held as at 30 June 2023	Investment cost as at 30 June 2023 HK\$'000	Fair value as at 30 June 2023 HK\$'000	Realised	Unrealised	Approximate % to the Group’s total assets as at 30 June 2023	Approximate % of shareholding in investee as at 30 June 2023	Dividend income recognised during the period ended 30 June 2023 HK\$'000
				gain/(loss) recognised during the period ended 30 June 2023 HK\$'000	loss measured at FVTOCI (non-recycling) during the period ended 30 June 2023 HK\$'000			
Green River Marshall	80	250,604	136,355	-	-	5.7%	31.37%	-

Save as disclosed above and elsewhere in this report, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period (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 report.

## Connected Transaction

On 30 September 2022, Planetree Financial Group Limited (the “**Tenant**”), a wholly-owned subsidiary of the Company, enter into a tenancy agreement with Poly Logic Limited (the “**Landlord**”) in respect of the premises situated at 23rd Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong for a term of two years commencing from 1 November 2022 and expiring on 31 October 2024 (both days inclusive) at a monthly rental of HK\$335,610.

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 30 September 2022.

## Significant events since the end of the Period

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Review of accounts

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Company's auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial statements of the Group for the Period have also been reviewed by the audit committee of the Company. In addition, the audit committee 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 its directors (the "**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 37 work forces (inclusive of all the Directors) working for the Group as at 30 June 2023. 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 the 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 under the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board will continually review the Company's corporate governance framework to ensure best corporate governance practices. 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 the Model Code for Securities Transactions by Directors

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

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

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

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2023, none of the Directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares of the Company (the “**Shares**”), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

On 21 May 2015, a share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the Company, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant options to any officer, employee (full-time or part-time), director or proposed director of and business consultant, professional or other advisers to any member of the Eligible Group (as defined in the Share Option Scheme). For details of the Share Option Scheme, please refer to the circular dated 16 April 2015. From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Option Schemes and has complied with the new Chapter 17 accordingly (effective from 1 January 2023). As at the date of this interim report, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 93,352,767 Shares, representing approximately 9.9% of the issued share capital of the Company as at the date of this interim report.

During the Period, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme and there were no share options with respect to the Share Option Scheme and any other option schemes of the Company outstanding at the beginning and at the end of the period under review. The grant of share options under the Share Option Scheme and any other option schemes of the Company will be in compliance with Chapter 17 of the Listing Rules.

### SHARE AWARD SCHEME

The Company adopted a share award scheme on 8 May 2020 (the “**Share Award Scheme**”) which has a term of 10 years and will expire on 8 May 2030.

From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Scheme and has complied with the new Chapter 17 accordingly (effective from 1 January 2023).

#### The specific objectives of the Share Award Scheme are:

- (i) to recognise the contributions by the selected grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, particularly in respect of its existing financial services business; and
- (ii) to enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the growth and development of the Group, particularly in respect of its principal business in financial services.

## OTHER INFORMATION

The maximum number of awarded shares that may be issued pursuant to the Share Award Scheme would be 10% of the issued share capital of the Company at the date of adoption of the Share Award Scheme (the “**Share Award Scheme Mandate Limit**”), being 93,052,767 shares of the Company. Subject to the Share Award Scheme Mandate Limit, the maximum number of awarded shares that may be granted in any financial year would be 3% of the issued shares of the Company (the “**Annual Limit**”). The Annual Limit is the maximum number of awarded shares which can be issued from the date of general meeting of the Company approving the Annual Limit to the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (c) the revocation or variation of the approval by members of the Company in general meeting. The Annual Limit may be refreshed by Shareholders so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the awarded shares which may be granted to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

At the beginning of the Period, the maximum number of awarded shares that may be granted under the Share Award Scheme were 28,365,830, representing 3% of the total issued shares of the Company on that date. The Annual Limit had not been refreshed by the Company at the annual general meeting held on 28 June 2023, thus no awarded share is available for grant under the Share Award Scheme at the end of the Period. The Company may not grant awarded share until the refreshment of the Annual Limit is approved by the shareholders of the Company at a general meeting. No service provider sublimit was set under the Share Award Scheme.

During the Period, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Period. The grant of share awards under the Share Award Scheme will be in compliance with Chapter 17 of the Listing Rules.

Details of Share Award Scheme are set out in note 18 of the Notes to the Condensed Consolidated Financial Statements.

### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## OTHER INFORMATION

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the following persons (other than a Director and the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange:

Long positions in the Shares:

Name	Note	Capacity and Nature of Interest	Number of Ordinary Shares Held	Approximate percentage of total number of issued share capital of the Company (Note 1)
Ms. Lo Ki Yan Karen	2	Interest of controlled corporation Beneficial Owner	628,263,640	66.45%
			5,271,800	0.56%
			<u>633,535,440</u>	<u>67.01%</u>
Future Capital Group Limited	2	Beneficial Owner	<u>628,263,640</u>	<u>66.45%</u>

Notes:

(1) Based on 945,527,675 Shares in issue as at 30 June 2023.

(2) Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 30 June 2023, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying Shares that were recorded in the register required to be kept by the Company under section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

### CHANGES IN INFORMATION OF DIRECTORS

There is no change in information of the Directors since publication of the annual report of the Company for the year ended 31 December 2022, which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

### 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**  
**Mr. Cheung Ting Kee**  
*Acting Chairman*

Hong Kong, 31 August 2023

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

# mazars

**MAZARS CPA LIMITED**

中審眾環(香港)會計師事務所有限公司

42nd Floor, Central Plaza

18 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道18號中環廣場42樓

Tel 電話: (852) 2909 5555

Fax 傳真: (852) 2810 0032

Email 電郵: info@mazars.hk

Website 網址: www.mazars.hk

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 14 to 36, which comprises the condensed consolidated statement of financial position of Planetree International Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

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

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

**Mazars CPA Limited**

Certified Public Accountants

Hong Kong, 31 August 2023

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>			
Fee and commission income		85	84
Asset management service income		1,860	2,586
Corporate advisory service income		5,686	8,195
Financial advisory service income		2,703	3,785
Net loss on disposal of financial assets at fair value through profit or loss ("FVPL")		–	(1,221)
Interest income from margin clients and loan receivables		48,524	55,307
Dividend income from financial assets at FVPL		335	7
Gross rental income		5,973	4,448
<b>Total revenue</b>	4	<b>65,166</b>	73,191
Other income and gains	4	43,005	5,338
(Impairment loss) Reversal of impairment loss on loan and interest receivables		(1,930)	4,519
(Impairment loss) Reversal of impairment loss on margin loan receivables		(907)	7,044
Reversal of impairment loss (Impairment loss) on trade receivables		229	(231)
Depreciation of property and equipment and rights-of-use assets		(6,334)	(6,858)
Administrative expenses		(29,643)	(29,583)
Other losses	5	(77,974)	(8,280)
Finance costs	6	(7,000)	(2,776)
Share of result of associates		(15,098)	(32,852)
<b>(Loss) Profit before taxation</b>	7	<b>(30,486)</b>	9,512
Income tax expense	8	(632)	(8)
<b>(Loss) Profit for the period</b>		<b>(31,118)</b>	9,504
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Share of other comprehensive loss of an associate		(24)	–
<b>Total other comprehensive loss for the period</b>		<b>(24)</b>	–
<b>Total comprehensive (loss) income for the period</b>		<b>(31,142)</b>	9,504
<b>(Loss) Profit for the period attributable to:</b>			
Owners of the Company		(30,690)	2,937
Non-controlling interests		(428)	6,567
		<b>(31,118)</b>	9,504

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

For the six months ended 30 June 2023

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
Notes		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Total comprehensive (loss) income attributable to:</b>			
	Owners of the Company	(30,714)	2,937
	Non-controlling interests	(428)	6,567
		<u>(31,142)</u>	<u>9,504</u>
		<b>HK cents</b>	HK cents
<b>(Loss) Earnings per share</b>			
	Basic	(3.25)	0.31
	Diluted	(3.25)	0.31



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	11	36,806	43,117
Investment properties		506,500	513,800
Intangible assets		12,692	12,717
Goodwill		6,115	6,115
Investment in associates	12	245,661	161,707
Financial assets at FVPL	14	42,080	17,080
Other receivables	13	1,103	1,286
Other assets		3,205	3,205
		<u>854,162</u>	<u>759,027</u>
<b>Current assets</b>			
Trade, loan and other receivables	13	1,213,563	1,274,942
Financial assets at FVPL	14	170,825	144,496
Income tax recoverable		3,275	1,899
Bank balances – trust and segregated accounts		7,863	3,070
Bank balances and cash		127,300	229,308
		<u>1,522,826</u>	<u>1,653,715</u>
<b>Current liabilities</b>			
Trade and other payables	15	28,216	22,158
Lease liabilities – current portion		5,473	7,632
Interest-bearing borrowings	16	246,138	252,555
Income tax payable		4,409	4,887
		<u>284,236</u>	<u>287,232</u>
<b>Net current assets</b>		<u>1,238,590</u>	<u>1,366,483</u>
<b>Total assets less current liabilities</b>		<u>2,092,752</u>	<u>2,125,510</u>
<b>Non-current liabilities</b>			
Other payables	15	1,562	1,562
Lease liabilities – non-current portion		1,659	3,275
Deferred taxation		436	436
		<u>3,657</u>	<u>5,273</u>
<b>NET ASSETS</b>		<u>2,089,095</u>	<u>2,120,237</u>
<b>Capital and reserves</b>			
Share capital	17	94,553	94,553
Reserves		1,616,515	1,647,229
Equity attributable to owners of the Company		1,711,068	1,741,782
Non-controlling interests		378,027	378,455
<b>TOTAL EQUITY</b>		<u>2,089,095</u>	<u>2,120,237</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company									
	Reserves							Total	Non-controlling interests	Total
	Share capital	Share premium	Contribution surplus	Property revaluation reserve	Investment revaluation reserve (non-recycling)	Retained earnings	Total reserves			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023 (Audited)	94,553	918,950	44,641	11,111	(44)	672,571	1,647,229	1,741,782	378,455	2,120,237
Loss and total comprehensive loss for the period	-	-	-	-	-	(30,690)	(30,690)	(30,690)	(428)	(31,118)
Other comprehensive loss										
<i>Items that will not be reclassified to profit or loss</i>										
Share of other comprehensive loss of an associate	-	-	-	-	(24)	-	(24)	(24)	-	(24)
Total other comprehensive loss for the period	-	-	-	-	(24)	-	(24)	(24)	-	(24)
Total comprehensive loss for the period	-	-	-	-	(24)	(30,690)	(30,714)	(30,714)	(428)	(31,142)
At 30 June 2023 (Unaudited)	94,553	918,950	44,641	11,111	(68)	641,881	1,616,515	1,711,068	378,027	2,089,095

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Reserves						Total HK\$'000			
	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Share award reserve HK\$'000 (Note 18)	Retained earnings HK\$'000	Total reserves HK\$'000				
At 1 January 2022 (Audited)	94,253	916,940	44,641	-	689,743	1,651,324	1,745,577	190,507	1,936,084	
Profit and total comprehensive income for the period	-	-	-	-	2,937	2,937	2,937	6,567	9,504	
<b>Transactions with owners:</b>										
<i>Contribution and distribution</i>										
Recognition of equity-settled share-based payments	-	-	-	2,310	-	2,310	2,310	-	2,310	
Share vested under the share award scheme	300	2,010	-	(2,310)	-	(300)	-	-	-	
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	(2,692)	(2,692)	
Changes in non-controlling interests arising from a right issue (Note)	-	-	-	-	-	-	-	125,000	125,000	
	300	2,010	-	-	-	2,010	2,310	122,308	124,618	
<i>Change in ownership interests</i>										
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	50,000	50,000	
	-	-	-	-	-	-	-	50,000	50,000	
At 30 June 2022 (Unaudited)	94,553	918,950	44,641	-	692,680	1,656,271	1,750,824	369,382	2,120,206	

## Note:

On 8 February 2022, Maxlord Enterprise Limited (“**Maxlord**”), a subsidiary in which the Group owns 66.67% equity interest, issued 30,000 right shares to the existing shareholders on the basis of one right share for every one ordinary share at HK\$12,500 per right share. The sum of fund raised from the right issue before expenses was HK\$375,000,000, which would strengthen the cash position and facilitate business growth of Maxlord. The right issue was completed on 24 February 2022 and no change in the Group’s shareholding in Maxlord.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(22,695)</b>	<b>(362,869)</b>
<b>INVESTING ACTIVITIES</b>			
Dividend received		335	7
Interest received		35,776	45,914
Purchases of property and equipment		(23)	(92)
Injection of fund to an associate	12	(98,604)	–
Net cash inflow arising from disposal of a subsidiary		–	4,000
Net cash inflow arising from partial disposal of a subsidiary		–	50,000
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(62,516)</b>	<b>99,829</b>
<b>FINANCING ACTIVITIES</b>			
Net cash inflow arising from right issue of a subsidiary		–	125,000
Repayment of interest-bearing borrowings		(6,417)	(6,417)
Principal portion of lease payments		(3,775)	(1,914)
Interest paid		(6,605)	(2,430)
Dividend paid to non-controlling interests of a non-wholly owned subsidiary		–	(2,692)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(16,797)</b>	<b>111,547</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(102,008)</b>	<b>(151,493)</b>
<b>Cash and cash equivalents at beginning of the reporting period</b>		<b>229,308</b>	<b>431,073</b>
<b>Cash and cash equivalents at end of the reporting period, represented by cash and bank balances</b>		<b>127,300</b>	<b>279,580</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. CORPORATE AND GROUP INFORMATION

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**Interim Financial Statements**”) are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022. 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 2022, 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 2023 as described below.

### Adoption of new/revised HKFRSs

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. 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 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 corporate finance, automated trading services, securities margin financing services and asset management services with Type 1, Type 2, 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 – engages in trading and holding of debt and equity securities, which earns interest and dividend income from the relevant securities investments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results

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

For the six months ended 30 June 2023 (Unaudited)

	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	Consolidated HK\$'000
<b>Revenue</b>						
Fee and commission income	85	–	–	–	–	85
Assets management service income	1,860	–	–	–	–	1,860
Corporate advisory service income	–	–	5,686	–	–	5,686
Financial advisory service income	2,703	–	–	–	–	2,703
Dividend income from financial assets at FVPL	–	–	–	–	335	335
Interest income from margin clients and loan receivables	24,471	24,053	–	–	–	48,524
Gross rental income	–	–	–	5,973	–	5,973
Total 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						<u>(30,486)</u>
Taxation						<u>(632)</u>
Loss for the period						<u><u>(31,118)</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT INFORMATION (continued) Segment revenue and results (continued) For the six months ended 30 June 2022 (Unaudited)

	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	Consolidated HK\$'000
<b>Revenue</b>						
Fee and commission income	84	–	–	–	–	84
Assets management service income	2,586	–	–	–	–	2,586
Corporate advisory service income	–	–	8,195	–	–	8,195
Financial advisory service income	3,785	–	–	–	–	3,785
Dividend income from financial assets at FVPL	–	–	–	–	7	7
Net loss on disposal of financial assets at FVPL	–	–	–	–	(1,221)	(1,221)
Interest income from margin clients and loan receivables	30,212	25,095	–	–	–	55,307
Gross rental income	–	–	–	4,448	–	4,448
Total revenue	36,667	25,095	8,195	4,448	(1,214)	73,191
Other income and gains	459	563	105	100	–	1,227
Segment revenue	<u>37,126</u>	<u>25,658</u>	<u>8,300</u>	<u>4,548</u>	<u>(1,214)</u>	<u>74,418</u>
Segment profit (loss)	<u>37,571</u>	<u>29,907</u>	<u>3,025</u>	<u>2,281</u>	<u>(43,011)</u>	<u>29,773</u>
Unallocated other income and gains						4,111
Corporate and unallocated expenses, net						<u>(24,372)</u>
Profit before tax						9,512
Taxation						<u>(8)</u>
Profit for the period						<u><u>9,504</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

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. On the other hand, the chief operating decision makers consider share of result of associates as segment result 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 30 June 2023 (Unaudited)

	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
Assets	<u>763,934</u>	<u>544,476</u>	<u>31,749</u>	<u>509,332</u>	<u>462,705</u>	<u>64,792</u>	<u>2,376,988</u>
Liabilities	<u>(13,785)</u>	<u>(3,634)</u>	<u>(366)</u>	<u>(216,192)</u>	<u>(43,817)</u>	<u>(10,099)</u>	<u>(287,893)</u>

#### At 31 December 2022 (Audited)

	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
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>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT INFORMATION *(continued)*

### Segment assets and liabilities *(continued)*

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.

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.

## 4. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers within HKFRS15</b>		
Fee and commission income	85	84
Financial advisory service income	2,703	3,785
Revenue recognised at point in time	2,788	3,869
Asset management service income	1,860	2,586
Corporate advisory service income	5,686	8,195
Revenue recognised over time	7,546	10,781
	10,334	14,650
<b>Revenue from other sources</b>		
Net loss on disposal of financial assets at FVPL	–	(1,221)
Interest income from:		
– margin clients	24,471	30,212
– loan receivables	24,053	25,095
	48,524	55,307
Dividend income from financial assets at FVPL	335	7
Gross rental income	5,973	4,448
	54,832	58,541
<b>Total revenue</b>	<b>65,166</b>	<b>73,191</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Other income and gains</b>		
Interest income on:		
– bank deposits	138	1
– clearing house	25	–
	<u>163</u>	<u>1</u>
Gain on disposal of a subsidiary	–	3,999
Gain on deemed disposal of an associate	472	–
Government employment subsidy	–	224
Bad debts recovery (Note)	42,000	–
Others	370	1,114
	<u>42,842</u>	<u>5,337</u>
<b>Total other income and gains</b>	<u>43,005</u>	<u>5,338</u>
<b>Total revenue, other income and gains</b>	<u>108,171</u>	<u>78,529</u>

Note:

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 six months ended 30 June 2023, which resulted in bad debt recovery.

## 5. OTHER LOSSES

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss on deemed disposal of an associate	–	398
Loss on future trading	138	390
Net exchange loss	2	2
Net fair value loss on financial assets at FVPL	70,534	7,490
Net fair value loss on investment properties	7,300	–
	<u>77,974</u>	<u>8,280</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 6. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on interest-bearing borrowings	6,304	2,396
Interest on margin account	478	314
Imputed interest on lease liabilities	218	66
	<u>7,000</u>	<u>2,776</u>

## 7. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	13,585	15,407
Retirement benefit scheme contributions	334	354
Share-based compensation expenses – share award to an employee	–	2,310
	<u>13,919</u>	<u>18,071</u>
Amortisation of intangible assets	25	25

## 8. INCOME TAX EXPENSE

Under the two-tiered profits tax 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 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	632	8

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 9. DIVIDEND

The board of directors (the “**Board**”) does not recommend payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss) Profit for the period attributable to owners of the Company, for the purpose of basic and diluted (loss) earnings per share	<u>(30,690)</u>	<u>2,937</u>
	<b>Six months ended 30 June</b>	
	2023 No. of shares (Unaudited)	2022 No. of shares (Unaudited)
Issued ordinary shares at 1 January	945,527,675	942,527,675
Shares vested under the share award scheme	–	795,580
Weighted average number of ordinary shares in issue during the period, for the purpose of basic and diluted (loss) earnings per share	<u>945,527,675</u>	<u>943,323,255</u>

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

## 11. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group had acquired property and equipment of approximately HK\$23,000 (six months ended 30 June 2022: HK\$92,000).

## 12. INVESTMENT IN ASSOCIATES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
	<b>Unlisted shares</b>	
Share of net assets	<u>245,661</u>	<u>161,707</u>

As at 30 June 2023, interests in associates mainly represented the Group’s interests in 31% and 33% (31 December 2022: 33% and 33%) of the issued ordinary share capital of Green River Associates Limited and HEC Securities Company Limited (“**HEC Securities**”).

During the six months ended 30 June 2023, HEC Securities has issued shares to all its shareholders, in proportion to their then existing share holdings, by way of open offer and the Group subscribed 49,302,000 shares at a consideration of HK\$98,604,000. Since all its shareholders including the Group participated in the open offer, the Group’s shareholding in HEC Securities remains unchanged.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 13. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Trade receivables</b>			
Trade receivables arising from the business of securities brokerage	(a)		
– margin clients	(b)	684,861	563,402
– Hong Kong Securities Clearing Company Limited (“HKSCC”)		–	237
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	(a)	3,297	3,424
		<b>688,158</b>	567,063
Less: Loss allowance		<b>(1,437)</b>	(530)
		<b>686,721</b>	566,533
Trade receivables from provision of corporate advisory service		10,027	9,676
Trade receivables from provision of financial advisory service		1,192	2,892
Trade receivables from provision of assets management service			
– from independent third parties		171	177
– from an associate		85	99
	(c)	11,475	12,844
Less: Loss allowance		<b>(147)</b>	(376)
		<b>11,328</b>	12,468
<b>Loan and interest receivables</b>			
Loan and interest receivables from independent third parties		507,293	687,289
Less: Loss allowance		<b>(2,505)</b>	(575)
	(d)	<b>504,788</b>	686,714
<b>Other receivables</b>			
Prepayments		2,939	3,169
Deposits		1,697	1,727
Other receivables		5,184	5,178
Due from an associate	(e)	2,009	439
		<b>11,829</b>	10,513
		<b>1,214,666</b>	1,276,228
Less: Non-current portion Other receivables		<b>(1,103)</b>	(1,286)
Current portion		<b>1,213,563</b>	1,274,942

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 13. TRADE, LOAN AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 20% (31 December 2022: 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\$1,618,908,000 (31 December 2022: HK\$1,945,249,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

As at 30 June 2023, the Group has concentration of credit risk as 27% and 94% (31 December 2022: 34% and 93%) 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.
- (d) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to twenty-four (31 December 2022: twenty-five) customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK\$97,020,000 (31 December 2022: HK\$105,510,000) which are secured by the pledge of a Hong Kong property and unlisted equity securities, bearing interest ranging from 7.5% to 10% (31 December 2022: ranging from 7.5% to 10%) per annum and have contractual loan period of two years (31 December 2022: between 1 and 1.5 years). The remaining balance includes fixed rate loan advances to independent third parties of approximately HK\$407,768,000 (31 December 2022: HK\$581,204,000) which are unsecured, bearing interest ranging from 5% to 36% (31 December 2022: ranging from 4% to 36%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 6 and 24 months (31 December 2022: between 1 month and 1 year).

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 2023, allowance for impairment loss of approximately HK\$2,505,000 (31 December 2022: HK\$575,000) has been recognised for the loan receivables.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 13. TRADE, LOAN AND OTHER RECEIVABLES (continued)

Notes: (continued)

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Not yet past due	504,519	686,714
1 to 3 months past due	269	–
At the end of the reporting period	<b>504,788</b>	<b>686,714</b>

As at 30 June 2023, the Group has concentration of credit risk as 16% and 39% (31 December 2022: 13% and 48%) of total loan receivables which was 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.

## 14. FINANCIAL ASSETS AT FVPL

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Unlisted equity securities, at fair value (Note)	42,080	17,080
Listed securities in Hong Kong	170,825	144,496
	<b>212,905</b>	<b>161,576</b>
Analysed as:		
Non-current	42,080	17,080
Current	170,825	144,496
	<b>212,905</b>	<b>161,576</b>

Note:

The amount represents the unlisted equity which classified as financial assets at FVPL. In the opinion of the directors of the Company, these investments were held for long term investment. At the end of the reporting period, no investments exceeded 10% of the Group's total assets.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 15. TRADE AND OTHER PAYABLES

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Trade payables</b>			
Trade payables arising from the business of securities brokerage	(a)		
– cash clients		392	663
– margin clients			
– to independent third parties		2,664	3,402
– to an associate	(e)	6,908	–
– HKSCC	(b)	1,316	–
Trade payables arising from the business of options broking	(a)	209	209
Trade payables arising from the business of dealing in futures contracts	(c)	1,299	1,320
Secured margin loans from securities broker	(d)	10,985	10,514
		<u>23,773</u>	<u>16,108</u>
<b>Other payables</b>			
Other payables and accrued charges		4,443	6,050
Rental deposits received		1,562	1,562
		<u>6,005</u>	<u>7,612</u>
Less: Non-current portion			
Other payables		(1,562)	(1,562)
Current portion		<u>28,216</u>	<u>22,158</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) The settlement terms of trade payables arising from the financial services business with HKSCC are usually two days after trade date.
- (c) 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 15. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

- (d) 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 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\$50,611,000 as at 30 June 2023 (31 December 2022: HK\$117,158,000).
- (e) The amount due is unsecured, interest-free and has no fixed repayment term.

## 16. INTEREST-BEARING BORROWINGS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Secured bank loans repayable on demand	<b>246,138</b>	252,555

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

	<b>30 June 2023</b>	31 December 2022
Interest rates		
1 month HIBOR*	<b>Plus 1.5% to 1.7% per annum</b>	Plus 1.5% to 1.7% per annum

\* Hong Kong Interbank Offer Rate

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans are denominated in Hong Kong dollars and secured by the Group's certain investment properties with carrying value of approximately HK\$452,900,000 (31 December 2022: HK\$459,300,000) and corporate guarantee of HK\$282,300,000 (31 December 2022: HK\$282,300,000) provided by the Company.

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within one year	<b>12,835</b>	12,835
In the second year	<b>233,303</b>	162,019
In the third to fifth years inclusive	–	77,701
	<b>246,138</b>	252,555

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
<b>At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023</b>	<u>5,000,000,000</u>	<u>500,000</u>
	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2022	942,527,675	94,253
Shares vested under the share award scheme	<u>3,000,000</u>	<u>300</u>
<b>At 31 December 2022, 1 January 2023 and 30 June 2023</b>	<u>945,527,675</u>	<u>94,553</u>

## 18. SHARE AWARD SCHEME

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 18. SHARE AWARD SCHEME (continued)

On 14 May 2020, the Company granted 9,000,000 Awarded Shares to an employee of the Group who is not a director, chief executive nor substantial shareholder of the Company nor any of their respective associates. Among the aforesaid 9,000,000 Awarded Shares, 3,000,000 Awarded Shares each were vested on 14 May 2020, 14 May 2021 and 14 May 2022 respectively. Details of movements of the Awarded Shares during the six months ended 30 June 2022 are set out below:

Category of grantee	Date of grant	Average fair value per Awarded Share (HK\$)	Number of Awarded Shares					
			Outstanding as at 1 January 2022	Granted during the period	Vested during the period	Lapsed/ Cancelled during the period	Unvested and exercisable at 30 June 2022	Vesting dates
Employee (Total no.: 1)	14 May 2020	0.77	3,000,000	-	(3,000,000)	-	-	N/A
			<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>-</u>	<u>-</u>	

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

The weighted average closing price of the shares immediately before the date on which the 3,000,000 Awarded Shares were vested on 14 May 2022 was HK\$0.425.

The Group recognised share award expenses of HK\$2,310,000 during the six months ended 30 June 2022 in respect of 3,000,000 shares vested during the six months ended 30 June 2022.

During the six months ended 30 June 2023, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme.

## 19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the Interim Financial Statements, during the period, the Group had the following transactions with related parties:

### a) Transactions

Related party relationship	Nature of transaction	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Associate	Asset management income	568	887
	Interest income from margin client	10	3,684
Company controlled by the de facto controller of the Company	Lease payments	2,014	-

### b) Key management personnel

The key management personnel are the directors of the Company. During the six months ended 30 June 2023, the emoluments of key management personnel were HK\$2,217,000 (six months ended 30 June 2022: HK\$3,184,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 20. FAIR VALUE MEASUREMENTS

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

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

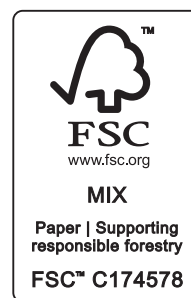
### (a) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2023 (Unaudited)	31 December 2022 (Audited)		
1) Investments in listed equity securities classified as financial assets at FVPL	<b>Listed equity securities in: – Hong Kong HK\$170,825,000</b>	Listed equity securities in: – Hong Kong HK\$144,496,000	Level 1	Quoted bid prices in an active market
2) Investment in unlisted equity securities classified as financial assets at FVPL	<b>HK\$42,080,000</b>	HK\$17,080,000	Level 2	Net asset value method and derived from inputs for the asset or liability

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements in current period. The details of the financial assets at FVPL are set out in note 14 to the condensed consolidated financial statements.

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

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



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