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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
THE ACQUISITION OF WARPDRIVE TECHNOLOGY LIMITED
INVOLVING ISSUANCE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

Reference is made to the announcement of Planetree International Development Limited (the “**Company**”) dated 8 May 2025 (the “**Announcement**”) in relation to the Acquisition of the Target Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information in relation to the reasons and benefits of the Acquisition and the rationale of the Consideration as below.

Rationale for setting the Consideration

Director-level salaries for AI chip design industry place substantial value on human resources (as demonstrated by the examples below). Pre-tax annual salary and benefits often start at RMB 2 million. The Company considers Mr. Dai as the core person of the Target Company without whom the Company will not even consider the Acquisition.

A company's worth often hinges on its people, as their skill, creativity, and decision-making drive value creation. Human capital can be more critical than physical or financial assets, especially in knowledge-based industries. Human capital is vital to a deal or a company. After Apple outstayed its founder, Steven Jobs, in 1985, the company was struggling. Jobs returned as the CEO in 1997 and transformed the company with groundbreaking products such as iPod, iPhone, and iPad. Market value soared from US\$2 billion to US\$350 billion by 2011 when Jobs departed. More recently, Open AI acquired Jony Ive's startup, io Products, for US\$6.5 billion, the announcement stated Jony Ive was to remain and be Open AI's creative head. While Ive's exact terms of retention period are not specified, the announcement suggested a multi-year commitment.

The Company considers this a new business opportunity. However, the Company lacks experience and in-house talent in the AI chip industry. The management has made significant efforts to persuade Mr. Dai to sell the Target Company without cash consideration so that the Company's operating cashflow would not be adversely affected and Mr. Dai will become a stakeholder of the Company by accepting the Consideration Shares with a three-year lock-up period. The Consideration is intended to attract Mr. Dai to join the Company and develop AI chip related business. Given the proposed HK\$50,000 per month falls significantly below the salary range mentioned above, the Consideration of HK\$7,500,000 by way of issuing 15,000,000 Consideration Shares was deemed as a fair and reasonable incentive to secure a top executive for a three years period.

Determination of the pricing of the Consideration Shares

Although the issue price of HK\$0.5 per Consideration Share representing a discount of approximately 20% to the closing price of HK\$0.63 per Share on the Last Trading Day, the Board also considered that the said issue price represented a premium of approximately 12% over the average closing price of approximately HK\$0.446 per Share for the last 5 consecutive trading days immediately prior to the Last Trading Day. Examining the Company's long-term share price performance over the 52 weeks before the Acquisition (i.e. from 10 May 2024 to 8 May 2025) ranging from HK\$0.15 to HK\$0.65 with an average closing price at HK\$0.245, the issue price of HK\$0.5 per Consideration Share represented a much bigger premium of approximately 104% over the 52-weeks average closing price. Setting the issue price by reference to the recent market prices of the Shares rather than relying solely on the closing price on the Last Trading Day was considered by the Board as fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Integration into the Company's existing principal activities

Leveraging computing power extended by Zhejiang Warpdrive's AI chips and with access to vast industry datasets and diverse replicable application scenarios, the Target Company would build a comprehensive AI ecosystem spanning foundational computing infrastructure, algorithmic toolkits, intelligent platforms, and industry-specific solutions. This ecosystem delivers three core empowerments as described below for our Company's existing principal activities in financial services:

- (a) **Ultra-Low Latency Trading:** Enabling zero-delay strategy signal transmission with millisecond-level response to millions of concurrent orders in high frequency trading scenarios.
- (b) **Cognitive Data Processing:** Implementing real-time multimodal data cleansing, feature extraction, and decision modeling that drives millisecond-level responsiveness and strategic iteration for investment research automation, regulatory compliance audits, and portfolio allocation.
- (c) **Client Intelligence Hub:** Achieving precision identification of high-net-worth individuals, intelligent matching of financial products, and integrated compliance-risk controls, ultimately boosting conversion rates while reducing client management operating expenses.

Further business scope of the Target Company

Apart from supporting the Company's existing financial services mentioned above, the Target Company intends to engage in the following business:

- (a) **Agent of TPU and Other AI Chip Products:** The Target Company will act as the exclusive agent for TPU and other AI chip products manufactured by Zhejiang Warpdrive. By 2025, Zhejiang Warpdrive is expected to introduce two or more TPU (AI inference chip) products that will compete on the global stage. Utilizing its strategic base in Hong Kong, the Target Company will extend its sales reach to Southeast Asia, the Middle East, Australia, and other international markets. In these regions, the Target Company will develop business opportunities and establish a strong sales channel for Zhejiang Warpdrive's TPU and other AI chip products. Furthermore, the Target Company will have first-mover advantage in representing any new products launched by Zhejiang Warpdrive within these regions.

- (b) AI Computing Power Rental Business: The Target Company will leverage Zhejiang Warpdrive's AI chips to enter the AI computing power rental services industry.
- (c) Independent R&D Capability Development: The Target Company will enhance its independent research and development (R&D) capabilities with support from Zhejiang Warpdrive, establishing an independent professional team focusing on downstream fields of AI chips, such as boards, all-in-one machines, and vertical industry applications. This team will develop and design products tailored for the Hong Kong market and international markets in Southeast Asia, the Middle East, and Australia. Additionally, the Target Company will collaborate with its supply chain and sales capabilities to implement and sell mature products.

Deed of Profit Guarantee

No profit guarantee was included at the time of signing the Sale and Purchase Agreement primarily due to the three-year lock-up period for the Consideration Shares. Nevertheless, the Company has obtained Mr. Dai's business forecasts projecting a robust net profit of at least HK\$15 million over 30 months. This exceeds the consideration amount and offers an approximate annual return on investment (ROI) of 40%.

In connection to the above, Mr. Dai (i.e. the Seller) agreed to provide a deed of profit guarantee in favour of the Purchaser on 9 June 2025 (the "**Deed of Profit Guarantee**") upon Completion. Pursuant to the Deed of Profit Guarantee, Mr. Dai guarantees and covenants to the Purchaser that the audited net profit before tax (excluding any exceptional items as defined or recognized under generally accepted accounting principles and practices in Hong Kong) of the Target Company (the "**Net Profit**") shall be:-

- (a) not less than HK\$5,000,000 for the financial year ended 31 December 2026 (the "**2026 Guaranteed Profit**"); and
- (b) not less than HK\$10,000,000 for the financial year ended 31 December 2027 (the "**2027 Guaranteed Profit**").

If the actual Net Profit in the financial years of 2026 & 2027 shall be less than the 2026 Guaranteed Profit and 2027 Guaranteed Profit respectively, the Seller shall be liable to pay the shortfall in cash as liquidated damages to the Purchaser provided that the maximum liability of the Seller shall be capped at HK\$5,000,000 for the 2026 Guaranteed Profit and HK\$10,000,000 for the 2027 Guaranteed Profit.

According to the terms of the Deed of Profit Guarantee, determination and assessment of liability and quantum of damages (if any) for any breach of the 2026 and 2027 Guaranteed Profit shall only be conducted, and payment therefor shall be made, within one month after the Target Company's audited accounts for the financial year 2026 and 2027 are made available respectively.

Mr. Dai further undertakes to the Purchaser that within one month from the date of Completion, he will procure Zhejiang Warpdrive to negotiate and enter into contract or agreement with the Target Company, appointing the latter as the overseas sales agent of Zhejiang Warpdrive for its AI chips & related products on such terms as the Purchaser may reasonably approve. Since the Company has proposed Mr. Dai as an executive director of the Company and he is also a major shareholder of Zhejiang Warpdrive, this proposed sales agency agreement between the Target Company and Zhejiang Warpdrive may constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. A further announcement in this connection will be published accordingly.

In accordance with the Sale and Purchase Agreement, the long stop date for fulfilment was previously set as 8 July 2025 (i.e. 2 months from the date of the Sale and Purchase Agreement) and remains unchanged as at the date of this announcement.

Conclusion

Taking account of all the factors mentioned above, the Board assessed that the amount of Consideration of HK\$7,500,000 by way of issuing 15,000,000 Consideration Shares as fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Shareholders and potential investors should note that the Acquisition contemplated under the Sale and Purchase Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

By order of the Board
Planetree International Development Limited
Cheung Ka Yee
Executive Director

Hong Kong, 9 June 2025

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

Executive Directors:

Mr. Cheung Ting Kee (*Vice Chairman*)
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*)