
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal, this Scheme Document or as to the actions to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Vesync Co., Ltd, you should at once hand this Scheme Document, the accompanying forms of proxy and the Election Form to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Vesync Co., Ltd, Victory III Co., Ltd or Victory I Co., Ltd, nor is it a solicitation of any vote or approval in any jurisdiction.

VICTORY III CO., LTD

(incorporated in the Cayman Islands with limited liability)


Vesync Co., Ltd

(Stock Code: 2148)

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Investor Arrangement is set out in Part V of this Scheme Document. A letter from Somerley Capital Limited, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal, the Scheme and the Investor Arrangement is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Wednesday, 23 April 2025 and the EGM to be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Wednesday, 23 April 2025 are set out in Appendices VII and VIII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, you are strongly urged to complete and sign the accompanying pink form of proxy in respect of the Court Meeting and the accompanying white form of proxy in respect of the EGM, in accordance with the instructions printed thereon and to lodge them at the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated under Part III of this Scheme Document. Completion and return of the forms of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the forms of proxy previously submitted will be revoked by operation of law. The chairman of the Court Meeting and the EGM will be Mr. Fong Wo, Felix, an independent non-executive Director, or failing him, Mr. Gu Jiong, an independent non-executive Director, or failing him, any other director of the Company as at the date of the Court Meeting and the EGM who is not an Offeror Concert Party.

The TopCo Shares which will be issued in connection with the Proposal have not been, and will not be, registered under the Securities Act or under the securities law of any state, district or other jurisdiction of the US, or any other jurisdiction, and no regulatory approval or clearance in respect of the TopCo Shares has been, or will be, applied for in any jurisdiction. The TopCo Shares may not be offered or sold in the US absent registration under the Securities Act or an exemption from registration. It is expected that the TopCo Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 802 thereof.

This Scheme Document is only distributed to specific individuals/entities within the PRC that hold the Shares subject to the Scheme as described in this Scheme Document. No other person within the PRC may take any action or place any reliance on this Scheme Document or any of its contents. This Scheme Document may not be sent or distributed in the PRC by any means of public media or other public release or announcement. This Scheme Document is solely for your reference. It may not be reproduced, distributed, disclosed or passed on to any other person in any manner or published, in whole or in part, for any other purpose. Neither the whole nor any part of this Scheme Document is to be considered or construed as an advisory service for any investment in securities. Subject to the above, the distribution of this Scheme Document does not constitute a public offering of securities as defined in the Securities Law of the PRC (amended on 28 December 2019 and implemented on 1 March 2020), nor does it constitute a non-public offering of securities by means of advertising, public solicitation, or disguised public offering, and shall not be considered or construed as a securities investment advisory service as defined by the PRC laws.

This Scheme Document is issued jointly by the Offeror and the Company.

The English language text of this Scheme Document, the accompanying forms of proxy and the Election Form shall prevail over the Chinese version for the purpose of interpretation.

31 March 2025

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In this Scheme Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“Acquisition Facility”	a loan facility of up to HK\$1,014,000,000 granted by DBS Bank (Hong Kong) Limited as lender to the Offeror as borrower, taken out for the purpose of financing the Proposal
“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	the announcement dated 27 December 2024 issued jointly by the Company and the Offeror in relation to, among other things, the Proposal, the Scheme and the Investor Arrangement
“Announcement Date”	27 December 2024, being the date of the Announcement
“Arceus”	Arceus Co., Ltd, a company incorporated in the British Virgin Islands, the ultimate beneficial owner of which is Mr. Yang Hai
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Awarded Shares”	has the meaning ascribed to it in the section headed “ <i>Shareholding Structure of the Company</i> ” of Part IV — Letter from the Board of this Scheme Document
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of directors of the Company
“Board Instructions”	written instructions and confirmation given by the Board to the Trustee on 23 December 2024 and 25 December 2024 respectively regarding the treatment of Awarded Shares and Pool Shares in the Proposal
“Board Resolutions”	the board resolutions of the Company dated 23 December 2024 in respect of, among other things, the Proposal, the Scheme, the Investor Arrangement and the Share Award Scheme
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Caerus”	Caerus Co., Ltd, a company incorporated in the British Virgin Islands, the ultimate beneficial owner of which is Mr. Yang Yuzheng

“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cash Alternative”	HK\$5.60 per Share in cash
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“Chen Wangcai Holdings”	Chen Wangcai Holdings Limited, the ultimate beneficial owner of which is Mr. Wu Chak Man
“Companies Act”	the Companies Act (2025 Revision) of the Cayman Islands, as amended from time to time
“Company”	Vesync Co., Ltd, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2148)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “ <i>Conditions to the Proposal and the Scheme</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix VII to this Scheme Document
“Court Order”	the order of the Grand Court sanctioning the Scheme as required by the Companies Act
“DBSAC”	DBS Asia Capital Limited, the financial adviser to the Offeror in connection with the Proposal, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities

“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to DBSAC
“Director(s)”	the director(s) of the Company
“Disinterested Share(s)”	Shares in issue at the Scheme Record Date, other than those beneficially owned by the Offeror and the Offeror Concert Parties or those who are interested or involved in the Investor Arrangement. For the avoidance of doubt, Disinterested Shares include Shares in issue at the Scheme Record Date which are held by any member of the DBS Group on a non-discretionary and non-proprietary basis for and on behalf of its clients
“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the DBS Group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act and the Conditions, being the date on which a copy of the Court Order is delivered to the Registrar of Companies for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Tuesday, 6 May 2025 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Company to be convened at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, or any adjournment thereof, for the purposes of considering and (if thought fit) approving all resolutions necessary for the implementation of the Proposal, notice of which is set out in Appendix VIII to this Scheme Document
“Election Form”	the blue form of election to be completed by the Scheme Shareholders for election of the Cash Alternative or the Share Alternative, which is despatched to the Shareholders together with this Scheme Document
“Election Time”	4:30 p.m. on Tuesday, 6 May 2025, being the latest time by which the Registered Owner may lodge the Election Form with the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong

“Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Family Trust I”	Lin Yang Family Trust I, an irrevocable trust established by Ms. Yang as both the settlor and trustee for the benefit of any children born to or adopted by Ms. Yang and their respective issue
“Family Trust II”	Lin Yang Family Trust II, an irrevocable trust established by Ms. Yang as both the settlor and trustee for the benefit of Mr. Ryan Xu, being Ms. Yang’s child, during his lifetime, and any charitable organizations to be subsequently determined by the independent trustee (if any) at its discretion upon its appointment
“Family Trusts”	collectively, Family Trust I and Family Trust II
“Final Offer Price”	has the meaning ascribed to it in the section headed “ <i>Introduction</i> ” of Part IV — Letter from the Board of this Scheme Document
“First Approach Letter”	has the meaning ascribed to it in the section headed “ <i>Introduction</i> ” of Part IV — Letter from the Board of this Scheme Document
“Founders”	collectively, Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng
“Founder Cancellation Consideration”	the consideration to be received by the Founder Group for the cancellation of their Scheme Shares under the Scheme, being the crediting of the unpaid TopCo Shares held by them as being fully paid in the amount of the Cash Alternative per TopCo Share
“Founder Group”	collectively, Ms. Yang, Mr. Yang Hai, Mr. Yang Yuzheng, Karis I, Karis II, Arceus and Caerus

“Gongjin”	The Gongjin Limited, the ultimate beneficial owner of which is Ms. Jiang Junxiu
“Grand Court”	the Grand Court of the Cayman Islands
“Grand Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Group”	the Company, its subsidiaries and its operating entities
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HoldCo”	Victory II Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, which is directly wholly-owned by TopCo
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Investor Arrangement
“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Investor Arrangement. Somerley Capital Limited is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Initial Offer Price”	has the meaning ascribed to it in the section headed “ <i>Introduction</i> ” of Part IV — Letter from the Board of this Scheme Document
“Investor”	collectively, HHLR Advisors, Ltd. and HHLR Fund, L.P.
“Investor Arrangement”	the arrangement under the TopCo Articles that is only available to the Investor and its affiliates, details of which are set out in the section headed “ <i>Special Deal relating to the Investor Arrangement</i> ” of Part IV — Letter from the Board of this Scheme Document

“Irrevocable Undertakings”	the irrevocable undertakings given by the IU Shareholders, each received by the Offeror on 23 December 2024 and 27 December 2024 respectively in respect of an aggregate of 179,881,615 Shares in favour of the Offeror
“IU Shareholders”	collectively, the Investor, the Trustee, Gongjin, Chen Wangcai Holdings and Mr. Chen
“IU Shares”	the Shares held by the IU Shareholders which are subject to the Irrevocable Undertakings (and in the case of Gongjin, excluding 2,000,000 Shares held by it as at the Latest Practicable Date)
“Karis I”	Karis I LLC, a company incorporated in the State of Delaware, the US, the ultimate beneficial owner of which is Ms. Yang
“Karis I Annuity Trusts”	collectively, as at the Latest Practicable Date, Lin Yang Trust VIII, Lin Yang Trust X, Lin Yang Trust XIV and Lin Yang Trust XV, each of which is an irrevocable grantor retained annuity trust established by Ms. Yang, of which North Point Trust Company LLC is the trustee for the benefit of Lin Yang Family Trust I
“Karis II”	Karis II LLC, a company incorporated in the State of Delaware, the US, the ultimate beneficial owner of which is Ms. Yang
“Karis II Annuity Trusts”	collectively, as at the Latest Practicable Date, Lin Yang Trust IX, Lin Yang Trust XI, Lin Yang Trust XII, Lin Yang Trust XIII, and Lin Yang Trust XVI, each of which is an irrevocable grantor retained annuity trust established by Ms. Yang, of which North Point Trust Company LLC is the trustee for the benefit of Lin Yang Family Trust II
“KYC Documents”	KYC documents as summarised in the section headed “ <i>Terms of the Proposal</i> ” of Part IV — Letter from the Board of this Scheme Document
“Last Trading Date”	10 December 2024, being the last trading day of Shares immediately before the suspension of trading in the Shares pending issuance of the Announcement
“Latest Practicable Date”	28 March 2025, being the latest practicable date for ascertaining certain information contained in this Scheme Document

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	26 September 2025 or such later date the Offeror may determine, subject to the consent of DBSAC (whose consent shall not be unreasonably withheld) and the permissions of the Grand Court and/or the Executive (as applicable)
“Meeting Record Date”	Wednesday, 23 April 2025, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM
“Minimum Holding Requirement”	has the meaning ascribed to it in the section headed “ <i>Special Deal relating to the Investor Arrangement</i> ” of Part IV — Letter from the Board of this Scheme Document
“Mr. Chen”	Mr. Chen Zhaojun, an executive Director, the chief financial officer and the vice president of the Company
“Ms. Yang”	Ms. Yang Lin, an executive Director and the chairperson and chief executive officer of the Company
“offer period”	has the meaning ascribed to it in the Takeovers Code, which commenced on the Announcement Date, being 27 December 2024
“Offeror”	Victory III Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, which is directly wholly-owned by HoldCo and indirectly wholly-owned by TopCo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including but not limited to the Founder Group, TopCo, HoldCo, the Investor (including the affiliates of the Investor as contemplated under the section headed “ <i>Irrevocable Undertakings</i> ” of Part IV — Letter from the Board of this Scheme Document), Mr. Chen and the Trustee

“Option IUs”	the irrevocable undertaking given by each of the Directors and received by the Offeror on 23 December 2024 in respect of all of the outstanding Share Options granted under the Share Option Scheme in favour of the Offeror
“Pool Shares”	has the meaning ascribed to it in the section headed “ <i>Shareholding Structure of the Company</i> ” of Part IV — Letter from the Board of this Scheme Document
“PRC”	the People’s Republic of China, which, for the purposes of this Scheme Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in Part VII — Explanatory Memorandum of this Scheme Document
“Qualified Trade Sale”	a Trade Sale which will generate an internal rate of return exceeding the prescribed hurdle rate to the Investor (and/or its affiliates) on its investment in TopCo
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on the date which is six (6) months prior to the Announcement Date (i.e. commencing on 27 June 2024) and ending on the Latest Practicable Date, both dates inclusive
“Retained Shares”	has the meaning ascribed to it in the section headed “ <i>Shareholding Structure of the Company</i> ” of Part IV — Letter from the Board of this Scheme Document

“Scheme”	a scheme of arrangement to be proposed under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to, among others, the Scheme Shareholders, including each of the letters, statements, memorandum, appendices and notices in it
“Scheme Record Date”	Tuesday, 6 May 2025, or such other date as shall be announced to the Shareholders, being the record date for determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date held by the Shareholders
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Share(s) as at the Scheme Record Date
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Alternative”	one TopCo Share which will be issued as fully paid and ranking <i>pari passu</i> with other shares of TopCo then in issue for every Scheme Share held
“Share Award Holder(s)”	holder(s) of Awarded Shares
“Share Award Scheme”	the share award scheme of the Company adopted on 20 July 2021 (as may be amended, supplemented, novated and/or restated from time to time)
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time

“Share Option Scheme”	the share option scheme adopted by the Company on 1 December 2020
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“TopCo”	Victory I Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, whose shareholding as at the Latest Practicable Date is detailed in the section headed “ <i>Information on the Group, the Offeror, HoldCo and TopCo</i> ” of Part VII — Explanatory Memorandum of this Scheme Document
“TopCo Agent”	has the meaning ascribed to it in the section headed “ <i>Registration and Payment</i> ” of Part VII — Explanatory Memorandum of this Scheme Document
“TopCo Articles”	has the meaning ascribed to it in the section headed “ <i>Terms of the Proposal</i> ” of Part IV — Letter from the Board of this Scheme Document
“TopCo Board”	the board of directors of TopCo
“TopCo Group”	has the meaning ascribed to it in the section headed “ <i>Terms of the Proposal</i> ” of Part IV — Letter from the Board of this Scheme Document
“TopCo Restricted Shareholder”	collectively, any member of the Founder Group that is a TopCo Shareholder, the Trustee and any additional or replacement trustees with respect to the Share Award Scheme, any TopCo Shareholder that is a director or officer of any member of the TopCo Group and holds at least 0.3% of the TopCo Shares in issue and any of their respective affiliates that is a TopCo Shareholder
“TopCo Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of TopCo

“TopCo Shareholder(s)”	registered holder(s) of the TopCo Shares
“TopCo Share Registrar”	has the meaning ascribed to it in the section headed “ <i>Registration and Payment</i> ” of Part VII — Explanatory Memorandum of this Scheme Document
“Trade Sale”	a sale of the majority ownership or substantially all assets of TopCo or a material subsidiary within the TopCo Group
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Trust Deed”	the amended and restated trust deed dated 24 October 2023 by and between the Company and the Trustee in relation to the Share Award Scheme
“Trustee”	SWCS Trust Limited, a company incorporated in Hong Kong, which holds Shares for the benefit of the Share Award Holders
“Unvested Shares”	has the meaning ascribed to it in the section headed “ <i>Shareholding Structure of the Company</i> ” of Part IV — Letter from the Board of this Scheme Document
“Updated Approach Letter”	has the meaning ascribed to it in the section headed “ <i>Introduction</i> ” of Part IV — Letter from the Board of this Scheme Document
“US”	United States of America
“US\$”	US dollar(s), the lawful currency of the US
“US Scheme Shareholder(s)”	has the meaning ascribed to it in the section headed “ <i>Overseas Shareholders</i> ” of Part VII — Explanatory Memorandum of this Scheme Document
“Vesting Shares”	has the meaning ascribed to it in the section headed “ <i>Shareholding Structure of the Company</i> ” of Part IV — Letter from the Board of this Scheme Document
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

ACTIONS TO BE TAKEN BY SHAREHOLDERS**Court Meeting and EGM**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, register of members of the Company will be closed from Wednesday, 16 April 2025 to Wednesday, 23 April 2025, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Court Meeting and/or the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by 4:30 p.m. on Tuesday, 15 April 2025.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares may obtain the relevant proxy form from the transferor or the website of the Stock Exchange if they wish to attend or vote at the Court Meeting and/or the EGM.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The white form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be valid.** The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meetings or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and the EGM. We therefore strongly urge you to attend and vote at the Court Meeting and the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM no later than 7:00 p.m. on Wednesday, 23 April 2025. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Grand Court Hearing, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

Election by Registered Owners

Registered Owners shall make an election of the Cash Alternative or the Share Alternative (but not, for the avoidance of doubt, a combination of the two) by properly completing and signing the Election Form in respect of their entire holdings of the Scheme Shares registered under their names as at the Scheme Record Date, and deliver the duly completed and executed Election Form to the Share Registrar not later than 4:30 p.m. on Tuesday, 6 May 2025 or such later date and time as may be notified through announcement. For details, please refer to the section headed “*Election by Registered Owners*” in Part VII — Explanatory Memorandum of this Scheme Document.

The Share Alternative, and the receipt of the TopCo Shares, are subject to the laws and regulations of the jurisdiction in which the Scheme Shareholders are subject. Scheme Shareholders wishing to elect the Share Alternative and receive the TopCo Shares should be aware of the laws and regulations of their jurisdiction and ensure that they are able to elect the Share Alternative and receive the TopCo Shares. Additionally, the TopCo Shares will not be registered under any securities laws in any jurisdiction (including Hong Kong or overseas) and may only be issued to persons resident in a jurisdiction pursuant to an exemption from the requirements of the securities laws or regulations of that jurisdiction. Please refer to the section headed “*Overseas Shareholders*” in Part VII — Explanatory Memorandum of this Scheme Document for further information.

If you have sold or transferred all or part of your Shares, you should at once hand this Scheme Document, the accompanying forms of proxy and the Election Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can be obtained (i) from the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong; or (ii) on the website of the Company (www.vesync.com); or (iii) on the website of the Stock Exchange (www.hkexnews.hk).

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS

Court Meeting and EGM

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and

provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in Part III — Expected Timetable of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred and registered in your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner, and no later than the latest time for lodging the relevant forms of proxy, as more particularly set out in Part III — Expected Timetable of this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner

in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the EGM (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS and transferring and registering such Shares in your own name. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Scheme Shareholders who voted at the Court Meeting (including any Beneficial Owners of Scheme Shares that gave voting instructions to a custodian or clearing house that subsequently voted at the Court Meeting) should note that they are entitled to appear before or be represented at the Grand Court Hearing which is expected to be on Thursday, 1 May 2025 (Cayman Islands time), at which the Company will seek the sanction of the Scheme.

Election by Beneficial Owners

Beneficial Owners whose Shares are held through CCASS shall only be entitled to the Cash Alternative, as a Scheme Shareholder may opt for the Share Alternative only in respect of the Scheme Shares that are registered in its own name. If Beneficial Owners whose Shares are held through CCASS intend to elect the Share Alternative, they will need to first withdraw their Scheme Shares from CCASS before electing the Share Alternative.

For Scheme Shareholders who hold all or part of their Shares in CCASS and wish to elect the Share Alternative, all (but not part only) of their Shares must first be withdrawn from CCASS by:

- (1) contacting their CCASS Participant(s) and making the relevant withdrawal request; physical share certificate(s) in the name of HKSCC Nominees will be withdrawn together with accompanying transfer form(s);
- (2) following step (1) above, arranging delivery of the original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees and associated fee to the Share Registrar (at address: 2103B, 21/F, 148 Electric Road, North Point, Hong Kong between the office hours: 9:00 a.m. to 4:30 p.m., Hong Kong time, on a Business Day) for re-registration in the name of the Shareholder; and
- (3) in 10 Business Days after receipt by the Share Registrar of the documents pursuant to step (2) above, arranging collection from the Share Registrar the original share certificate(s) in the name of the Shareholder.

The above procedures are for guidance only. Shareholders who wish to withdraw their Shares from CCASS should consult their CCASS Participant(s) for further information and assistance on the withdrawal process and timing.

NOTICE TO SCHEME SHAREHOLDERS: If you wish to elect the Share Alternative, you must first withdraw all (but not part only) of your Shares from CCASS and record your Shares on the register of members of the Company. If you fail to do so, you will receive the Cash Alternative. Please also note that if you have withdrawn your Shares from CCASS but have not yet delivered original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC and associated fee to the Share Registrar for re-registration of Shares in your name, the Cash Alternative will be paid to HKSCC Nominees, in which event you will be required to liaise with the relevant CCASS Participant(s) and/or the operator of CCASS as regards return/remission of consideration paid by the Offeror by reference to the register of members of the Company as maintained by the Share Registrar. The process for withdrawal of Shares from CCASS may take time and the processing time will be dependent on your CCASS Participant(s). Please contact your CCASS Participant(s) as soon as possible to enquire about timing and follow their instructions on withdrawal.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, the Offeror and the Company strongly encourage you to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or at the EGM.

If you are a Beneficial Owner whose Shares are deposited in CCASS, the Offeror and the Company encourage you to provide HKSCC Nominees in relation to the manner in which those Shares should be voted at the Court Meeting (if you are a Beneficial Owner of the Scheme Shares) and/or at the EGM (as a Beneficial Owner of the Shares) without delay or withdraw all or any of your Shares from CCASS and transfer and register such Shares in your own name (as detailed in the section headed “*Election by Beneficial Owners whose Shares are held through CCASS*” in Part VII — Explanatory Memorandum of this Scheme Document).

If you are a Registered Owner holding the Shares on behalf of Beneficial Owner(s), the Offeror and the Company should be grateful if you would inform the relevant Beneficial Owner(s) about the importance of exercising their vote.

If you keep any of the Shares in a share lending program, the Offeror and the Company urge you to recall any outstanding Shares on loan to prevent market participants from using borrowed stock to vote.

If you are in any doubt as to the actions to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

ENQUIRY HOTLINE AND EMAIL

If you have any queries purely of an administrative and procedural nature regarding the Proposal, please reach out via the following ways:

Phone: +852 2632 9736

Email: Vesync@investor.sodali.com

Office hours: 9:00 a.m. to 5:00 p.m. Mondays to
Fridays (excluding weekends and public holidays
in Hong Kong)

This hotline is managed by an external service provider, Sodali & Co, engaged by the Offeror. For the avoidance of doubt, the designated phone line or email account cannot and will not: (i) provide any information not available in the public domain nor any advice on the merits or risks of the Proposal, the Scheme and the Investor Arrangement; or (ii) give any financial or legal advice. **If you are in doubt as to any aspect of this Scheme Document or actions to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.**

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

**Hong Kong time
(unless otherwise specified)**

Despatch of this Scheme Document Monday, 31 March 2025

Latest time for lodging transfers of Shares in order
to become entitled to attend and vote at
the Court Meeting and the EGM 4:30 p.m. on Tuesday, 15 April 2025

Register of members of the Company closed
for determining entitlements of the Scheme
Shareholders to attend and vote at
the Court Meeting and entitlements of
the Shareholders to attend and vote at
the EGM (*Note 1*) Wednesday, 16 April 2025 to
Wednesday, 23 April 2025
(both days inclusive)

Latest time for lodging **PINK** forms of proxy
in respect of Court Meeting (*Note 2*) 10:00 a.m. on Monday, 21 April 2025

Latest time for lodging **WHITE** forms of proxy
in respect of EGM (*Note 2*) 10:30 a.m. on Monday, 21 April 2025

Meeting Record Date Wednesday, 23 April 2025

Court Meeting (*Note 3*) 10:00 a.m. on Wednesday, 23 April 2025

EGM (*Note 3*) 10:30 a.m. on Wednesday, 23 April 2025
(or immediately after the conclusion or
adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and
the EGM posted on the website of the Stock Exchange
and the website of the Company no later than 7:00 p.m.
on Wednesday, 23 April 2025

Expected last time for trading in
the Shares on the Stock Exchange 4:10 p.m. on Thursday, 24 April 2025

Latest time for lodging transfers of Shares
in order to qualify for entitlements under the Scheme 4:30 p.m. on Tuesday, 29 April 2025

Register of members of the Company closed for determining entitlements of the Scheme Shareholders under the Scheme (<i>Note 4</i>).....	From Wednesday, 30 April 2025
Grand Court Hearing	Thursday, 1 May 2025 (Cayman Islands time)
Announcement of the results of the Grand Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Friday, 2 May 2025
Scheme Record Date	Tuesday, 6 May 2025
Latest time for lodging the Election From for election of the Cash Alternative or the Share Alternative (<i>Note 5</i>).....	4:30 p.m. on Tuesday, 6 May 2025
Effective Date (<i>Note 6</i>)	Tuesday, 6 May 2025 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Wednesday, 7 May 2025
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective (<i>Note 7</i>)	4:00 p.m. on Wednesday, 7 May 2025
Latest time to despatch cheques for cash payment or physical share certificates for the TopCo Shares under the Scheme (<i>Note 8</i>).....	on or before Thursday, 15 May 2025

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged at the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by the times and dates stated above. The **pink** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment hereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The

white form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be valid. The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder or Shareholder (as the case may be) from attending and voting in person at the relevant meetings or any adjournment thereof if he/she so wishes. In the event that the Scheme Shareholder or Shareholder (as the case may be) attends and votes at the relevant meeting or any adjournment thereof after having lodged his form of proxy, the returned form of proxy will be revoked by operation of law.

3. For further details relating to the Court Meeting and the EGM, please see the notice of the Court Meeting set out in Appendix VII to this Scheme Document and the notice of the EGM set out in Appendix VIII to this Scheme Document. If a typhoon signal no. 8 or above is hoisted, or “extreme conditions” caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.vesync.com) to notify the Shareholders of the date, time and place of the rescheduled meetings.
4. The register of members of the Company will be closed as from such time and on such date for the purpose of determining the entitlements under the Scheme.
5. The Election Form, duly completed in accordance with the instructions thereon, must be lodged with the Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than the time and date stated above (or such later time and/or date as may be notified through announcement(s)), failing which the Election Form shall not be treated as valid and such Scheme Shareholders purporting to make the election shall not, for any purpose, be entitled to receive the Share Alternative but shall instead receive the Cash Alternative if the Scheme becomes effective. Any election of the Share Alternative by a Scheme Shareholder should also be accompanied by such KYC Documents as set out in this Scheme Document or such additional evidence or documents as may be required by TopCo, failing which such election shall not be valid and the Scheme Shareholder will instead receive the Cash Alternative if the Scheme becomes effective.
6. When all the Conditions set out in the paragraph headed “*Conditions to the Proposal and the Scheme*” in Part VII — Explanatory Memorandum of this Scheme Document have been fulfilled or (to the extent permitted) waived (as the case may be), the Court Order may be delivered to the Registrar of Companies in the Cayman Islands for registration at which point the Scheme will become effective and binding on the Company and all of the Scheme Shareholders.
7. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Wednesday, 7 May 2025.
8. Cheques for the cash entitlement in respect of the Cash Alternative or physical share certificates for the TopCo Shares in respect of the Share Alternative will be sent within seven (7) Business Days of the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques or share certificates will be posted at the risk of the person(s) entitled thereto and none of TopCo, HoldCo, the Offeror, the Company, DBSAC, the Independent Financial Adviser, the Share Registrar, the TopCo Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.
9. If any severe weather condition is in effect at 12:00 noon and/or thereafter on Thursday, 15 May 2025, the latest time to despatch cheques for the cash entitlement in respect of the Cash Alternative or physical share certificates for the TopCo Shares in respect of the Share Alternative, such despatch may be postponed to the next business day that does not have any severe weather condition at 12:00 noon or thereafter, i.e. Friday, 16 May 2025 (or a later date that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this Scheme Document, “severe weather” refers to the scenario where a tropical cyclone warning signal number 8 or above is hoisted, or “extreme conditions” announced by the Hong Kong Government or a black rainstorm warning is/are in force in Hong Kong. Further announcement(s) will be made if there is any change to the expected timetable as a result of any severe weather.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.

**Vesync Co., Ltd**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

Executive Directors:

Ms. Yang Lin (*Chairperson*)

Mr. Yang Hai

Mr. Chen Zhaojun

Non-executive Director:

Mr. Yang Yuzheng

Independent non-executive Directors:

Mr. Fong Wo, Felix

Mr. Gu Jiong

Mr. Tan Wen

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

40th Floor

Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

31 March 2025

To the Shareholders

Dear Sir or Madam

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

INTRODUCTION

Reference is made to the Announcement. On 11 December 2024, the Offeror sent the first formal approach letter (the “**First Approach Letter**”) to the Board, requesting the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, where the Scheme Shares will be cancelled in exchange for either (i) the Cash Alternative of HK\$5.00 in cash for every Scheme Share (the “**Initial Offer Price**”), or (ii) the Share Alternative of one TopCo Share for every Scheme Share.

Upon further assessment of the Company and the Proposal, on 23 December 2024, the Offeror sent an updated formal approach letter (the “**Updated Approach Letter**”) to the Board, pursuant to which the Initial Offer Price was increased to HK\$5.60 in cash for every Scheme Share (the “**Final Offer Price**”).

If the Proposal is approved and implemented:

- (a) the Scheme Shares held by the Founder Group will be cancelled and extinguished on the Effective Date in exchange for the Founder Cancellation Consideration, being the crediting of the unpaid TopCo Shares held by the Founder Group as being fully paid in the amount of the Cash Alternative of HK\$5.60 per TopCo Share;
- (b) all the Scheme Shares held by the other Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for either the Cash Alternative or the Share Alternative;
- (c) the issued share capital of the Company will, on the Effective Date, be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Offeror the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full value the new Shares so allotted and issued to the Offeror; and
- (d) the Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place immediately following the Scheme becoming effective.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the Investor Arrangement and the expected timetable, and to give you notices of the Court Meeting and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to (a) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (c) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (d) the terms of the Scheme set out in Appendix VI to this Scheme Document.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$5.60 for every Scheme Share; or
- (b) the **Share Alternative**: one TopCo Share for every Scheme Share.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid will be deemed to have elected to receive their entitlement under the Cash Alternative, subject to the Proposal becoming unconditional in all respects. Any Scheme Shareholder returning the Election Form (a) opting both to receive the Cash Alternative and the Share Alternative; or (b) does not make an election for the Cash Alternative or the Share Alternative in respect of all of its Scheme Shares; or (c) opting for the Share Alternative (whether in whole or in part) but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by TopCo or is otherwise prevented from becoming a registered holder of shares of TopCo by any applicable legal or regulatory reason such as being subject to any applicable international sanctions, will be treated for the purposes of the election as opting to receive the Cash Alternative in respect of all the Scheme Shares registered in its name. The Offeror will take reasonable steps to put in place measures so that a Scheme Shareholder is only able to elect one settlement method for the Cancellation Consideration (including requiring the Scheme Shareholders electing the Share Alternative with all or part of their Scheme Shares held in CCASS on or after the date of this Scheme Document to provide their account holder information as part of the Election Form for the Share Alternative; and the Company will make enquiries under section 329 of the SFO).

For the purpose of ensuring accuracy of the registered ownership of TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder may opt for the Share Alternative only in respect of the Scheme Shares that are registered in its own name on the register of members of the Company maintained by the Company's share registrar. Accordingly, where a Scheme Shareholder is holding all or part of its Scheme Shares via CCASS and wishes to opt for the Share Alternative, such Shareholder must instruct its securities dealer/custodian banks to withdraw such Scheme Shares from CCASS and arrange for the transfer of such Scheme Shares into its own name as soon as possible before the relevant deadline for election. If such Scheme Shareholder does not arrange to have its Scheme Shares withdrawn from CCASS and transferred in its name as mentioned above, such Scheme Shareholder will only receive the Cash Alternative in respect of its Scheme Shares.

Again, for the purpose of ensuring accuracy of the registered ownership of the TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder opting for the Share Alternative in respect of the Scheme Shares that are registered in its name on the register of members of the Company must, in addition to a duly completed and executed Election Form being rendered, also lodge the following KYC Documents to comply with the relevant anti-money laundering requirements of the Cayman Islands (which shall be in English or accompanied by an English translation which is certified by a translator qualified to translate such foreign language into English as a true translation): (a) if the registered Scheme Shareholder is an individual, he/she must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which must be issued within the last three months of the date of the election); or (b) if the

registered Scheme Shareholder is a corporation, it must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation; (ii) its registration certificate (where applicable); (iii) its memorandum and articles of association or other constitutional documents; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its organisation chart (showing all its ultimate beneficial owners holding 10% or more of the shares and any intermediate holding companies); (vii) for any intermediate holding companies as mentioned in item (b)(vi) above, items (b)(i) to (b)(v) above of such intermediate holding company; and (viii) items (a)(i) and (a)(ii) above of each of its ultimate beneficial owners. Further, for any individual Shareholder or beneficial owner who holds 10% or more direct or indirect interests in the total issued share capital of TopCo, a personal declaration form in a prescribed format would be required. For any corporate shareholder or intermediate holding company which holds 10% or more in the total issued share capital of TopCo, a statement of business in a prescribed format would be required. The Offeror, TopCo and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

For details of the election of Cancellation Consideration, please refer to the sections headed “*Election by Registered Owners*” and “*Election by Beneficial Owners whose Shares are held through CCASS*” in Part VII — Explanatory Memorandum of this Scheme Document.

The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.

The Cash Alternative

The cash consideration of HK\$5.60 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 2.94% over the closing price of HK\$5.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 33.33% over the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on 10 December 2024, being the Last Trading Date;
- a premium of approximately 34.36% over the average closing price of approximately HK\$4.17 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Date;
- a premium of approximately 37.32% over the average closing price of approximately HK\$4.08 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Date;

- a premium of approximately 44.37% over the average closing price of approximately HK\$3.88 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) trading days up to and including the Last Trading Date;
- a premium of approximately 36.09% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) trading days up to and including the Last Trading Date;
- a premium of approximately 36.42% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ninety (90) trading days up to and including the Last Trading Date; and
- a premium of approximately 122.25% over the Group's audited net asset value attributable to the Shareholders of approximately HK\$2.52 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2024, calculated based on the audited consolidated net asset value attributable to the Shareholders of US\$369,316,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for illustrative purposes) as at 31 December 2024 and the Shares in issue as at the Latest Practicable Date.

The Cancellation Consideration has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares was HK\$5.44 per Share as quoted on the Stock Exchange on 28 March 2025 and the lowest closing price of the Shares was HK\$3.52 per Share as quoted on the Stock Exchange on 22 November 2024.

The Share Alternative

The TopCo Shares are shares of an unlisted company in the Cayman Islands and an investment holding company. TopCo is an exempted company incorporated in the Cayman Islands with limited liability on 15 November 2024, whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. As at the Latest Practicable Date, TopCo had 786,760,200 shares in issue, which are directly held as to approximately 1.01%, 30.97%, 20.64%, 1.03% and 46.36% by Ms. Yang, Karis I, Karis II, Arceus and Caerus, respectively.

The IU Shareholders have irrevocably undertaken that they will elect the Share Alternative as the form of Cancellation Consideration for the cancellation of IU Shares held or owned by them. Please refer to the section headed “*Irrevocable Undertakings*” for further details.

Following the Effective Date, the Company will be wholly-owned directly by the Offeror and indirectly by HoldCo and TopCo, and the value of the TopCo Shares will primarily be determined by the value of the Company. The Company had a net asset value attributable to Shareholders of approximately US\$369,316,000 (being approximately US\$0.32 per Share based on the total number of issued Shares as at the Latest Practicable Date) as at 31 December 2024 as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2024. The value of the TopCo Shares will also be affected by the external debt financing to be incurred by the Offeror (including the Acquisition Facility). A letter from DBSAC is set out in Appendix V to this Scheme Document in respect of estimate of value of the TopCo Shares, which is provided to the Directors solely for the purpose of paragraph 30 of Schedule I to the Takeovers Code and should not be used or relied upon for any other purpose whatsoever.

The TopCo Shares to be issued pursuant to the Proposal will be issued free from all encumbrances, credited as fully paid up and will rank *pari passu* with the existing TopCo Shares at the date of issue.

TopCo Shareholders are entitled to receive notice of general meetings of TopCo and shall have the right to one vote per TopCo Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the TopCo Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of TopCo.

TopCo Shareholders would have their rights and obligations in relation to TopCo governed by the provisions of the Companies Act and other applicable laws in the Cayman Islands. TopCo shall, on receipt of an instrument of transfer, enter the name of the transferee of the TopCo Shares in the register of shareholders in accordance with and subject to the provisions of the memorandum and articles of association of TopCo with effect from the Effective Date (the “**TopCo Articles**”).

After completion of the Proposal, the TopCo Board will comprise five directors, of which four directors shall be appointed by the Founder Group collectively and one director shall be appointed by ordinary resolution of the TopCo Shareholders. The appointment and removal of any senior management members of TopCo and its subsidiaries (including the Group following completion of the Proposal, collectively, the “**TopCo Group**”) shall require approval of the TopCo Board.

After completion of the Proposal, (i) the chairman of the TopCo Board, (ii) any two (2) directors of TopCo, (iii) any director of TopCo and the secretary of TopCo or (iv) the TopCo Board may convene an extraordinary general meeting whenever in their judgment such a meeting is necessary. The directors of TopCo must also call a general meeting if a requisition in writing is given by one or more TopCo Shareholders who together hold at least 10% of such of the paid-up share capital of TopCo as at the date of the deposit of such requisition carries the right to vote at general meetings. Should the directors of TopCo fail to call such general meeting within 21

calendar days from the date of deposit of a requisition, the requisitionists or any of them may collectively call one general meeting in one location within 90 calendar days after the date of the deposit of the requisition.

After completion of the Proposal, pursuant to the TopCo Articles, a special resolution will be passed by (i) at least two-thirds of the TopCo Shareholders as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given or in writing, or (ii) a written resolution passed by unanimous consent of all TopCo Shareholders entitled to vote. Matters requiring the authority of a special resolution include:

- (a) reducing the share capital of TopCo;
- (b) voluntary winding-up of TopCo;
- (c) amending the TopCo Articles; and
- (d) merging or consolidating with one or more other constituent companies (to the extent required by the Companies Act).

After completion of the Proposal and pursuant to the TopCo Articles, (i) each TopCo Shareholder will have (1) preemptive rights with respect to new equity issuances by TopCo; and (2) rights of first refusal with respect to the proposed transfer of equity securities of TopCo by any member of the Founder Group (including his, her or its respective affiliates that is a TopCo Shareholder), the Trustee or any other TopCo Shareholder that is a director or officer of any member of the TopCo Group (excluding the Founder Group) and holds at least 0.3% of the issued and outstanding share capital of TopCo; and (ii) each TopCo Shareholder holding at least 1% of the fully-diluted share capital of TopCo will also have tag-along rights.

No TopCo Shareholder may transfer any TopCo Shares unless such transfer is conducted in compliance with applicable laws and the TopCo Articles. Except for certain transfers permitted by the TopCo Articles or otherwise approved by the Investor and/or its affiliates (so long as the Minimum Holding Requirement is met), and subject to customary rights of first refusal and tag-along rights prescribed under the TopCo Articles, no TopCo Restricted Shareholder may transfer any TopCo Shares held by them prior to the completion of a qualified initial public offering as prescribed under the TopCo Articles. The TopCo Shareholders are also subject to customary drag-along rights as prescribed under the TopCo Articles. Each transferring TopCo Shareholder must give a written notice to TopCo prior to the consummation of any transfer of TopCo Shares.

A copy of the TopCo Articles is available for inspection as a document on display at the time of despatch of this Scheme Document (a copy of which is also available from <https://www.vesync.com/resources>).

Investors should be aware of, among other things but not limited to, the following risk factors of holding the TopCo Shares:

- transfers of the TopCo Shares are subject to restrictions stipulated in the TopCo Articles (further detailed in the TopCo Articles);
- the TopCo Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;
- section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among other things, public companies in Hong Kong and section 4.2 of the Introduction to Takeovers Code provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If TopCo is determined by the Executive to be a “public company in Hong Kong”, TopCo will be subject to the Takeovers Code;
- given that there is no firm intention to seek a listing of the TopCo Shares on any stock exchange in the near term, and there can be no assurance of such intention or plan in the future, the TopCo Shares are illiquid, hence TopCo Shareholders may find it more difficult to find a purchaser for the TopCo Shares if they intend to sell their shares, as there is no ready market for the TopCo Shares;
- there is no guarantee that any dividend payments will be paid in respect of the TopCo Shares;
- as at the Latest Practicable Date, TopCo did not have any assets or liabilities other than the Acquisition Facility taken out by the Offeror (an indirect wholly-owned subsidiary of TopCo), which are borne by all TopCo Shareholders from time to time. TopCo does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal; and
- changes in the business and economic environment could adversely affect the operating profits of TopCo or the value of TopCo’s assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, pandemics, epidemics, conflicts, civil war and other potential events could contribute to the operational risks of the Group and TopCo.

Conditions to the Proposal and the Scheme

Conditions to the Proposal and the Scheme are set out in the section headed “*Conditions to the Proposal and the Scheme*” in Part VII — Explanatory Memorandum of this Scheme Document.

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (including the approval of the Investor Arrangement as a special deal under Rule 25 of the Takeovers Code), as applicable, and therefore the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Offeror did not hold any Shares. As at the Latest Practicable Date, save for the 786,760,200 Shares held by the Founder Group, the 94,686,000 Shares held by the Investor, the 3,681,667 Shares held by Mr. Chen and the 67,493,183 Shares held by the Trustee, the Offeror Concert Parties did not hold any Shares in the Company. As at the Latest Practicable Date, the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 1,139,492,800 Shares, the 5,100,000 Share Options and the share awards granted under the Share Award Scheme.

A table setting out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal (assuming that there are no other changes in the shareholding of the Company between the Latest Practicable Date and the Scheme Record Date) is set out in section headed “*Shareholding Structure of the Company*” in Part VII — Explanatory Memorandum of this Scheme Document.

Share Option Scheme

As at the Latest Practicable Date, there were 5,100,000 outstanding Share Options granted under the Share Option Scheme, all of which have an exercise price of HK\$12.88. The Company will not grant any further Share Options under the Share Option Scheme during the offer period.

As at the Latest Practicable Date, all of the 5,100,000 outstanding Share Options were held by the Directors, all of whom have given an Option IU in favour of the Offeror, pursuant to which each of the Directors has irrevocably agreed and undertaken to the Offeror that, among other things, (i) the Offeror does not need to extend an option offer for the Share Options held by him pursuant to Rule 13 of the Takeovers Code, and even if an option offer is extended to him, he will not accept such option offer in respect of all of the Share Options held by him; (ii) he will not exercise the Share Options during the offer period; and (iii) he consents to the automatic cancellation of the Share Options upon the Scheme becoming effective.

Accordingly, the Offeror will not be making any offer to the holders of the Share Options pursuant to Rule 13 of the Takeovers Code.

Share Award Scheme

As at the Announcement Date, the Trustee held an aggregate of 67,829,083 Shares, of which:

- (a) 5,762,083 Shares were held to satisfy share awards which were granted but yet to be vested (or vested but not yet transferred) with the designated Share Award Holders (the “**Awarded Shares**”), comprising 81,900 share awards which were vested but not yet transferred as at the Announcement Date (the “**Retained Shares**”), 254,000 share awards which would vest in accordance with the terms and conditions of the Share Award Scheme after the Announcement Date and prior to 28 February 2025 (the “**Vesting Shares**”) and 5,426,183 share awards which were granted but would not vest by 28 February 2025 (the “**Unvested Shares**”); and
- (b) 62,067,000 Shares were held to satisfy any future grant of share awards under the Share Award Scheme (the “**Pool Shares**”).

Pursuant to the rules of the Share Award Scheme, the decision of the Board with respect to any matter arising under the Share Award Scheme shall be final, conclusive and binding. All of the Shares which are held by the Trustee as at the Scheme Record Date shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the Board Resolutions and the Board Instructions:

- (a) the Trustee have transferred all Retained Shares and Vesting Shares to the respective Share Award Holders in accordance with the terms and conditions of the Share Award Scheme;
- (b) from 28 February 2025 and until the earlier of a valid termination of the Trustee’s Irrevocable Undertaking in accordance with its terms and such other date to be agreed between the Company and the Trustee:
 - (i) no new share awards have been or will be granted under the Share Award Scheme; and
 - (ii) no confirmation has been or will be given to the Trustee regarding the vesting of any Unvested Shares; and
- (c) in respect of each of the Unvested Shares held by the Trustee as at the Scheme Record Date, the Trustee:
 - (i) shall not transfer any of these Unvested Shares to any Share Award Holders prior to the Effective Date; and
 - (ii) shall elect the Share Alternative as the only form of Cancellation Consideration.

As at the Latest Practicable Date, the Trustee held an aggregate of 67,493,183 Shares, comprising 5,426,183 Unvested Shares and 62,067,000 Pool Shares. In respect of the 5,426,183 Unvested Shares, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, the Trustee (a) shall not transfer any of these Unvested Shares prior to Effective Date; and (b) shall elect the Share Alternative as the only form of Cancellation Consideration. In respect of the Pool Shares, pursuant to the Irrevocable Undertaking, the Trustee has irrevocably undertaken to elect the Share Alternative. Conditional upon the Scheme becoming effective and with respect to all these Pool Shares, the Trustee will receive 62,067,000 TopCo Shares. These TopCo Shares shall remain to be held by the Trustee to satisfy any future grant of share awards pursuant to the terms and conditions of the Share Award Scheme (or any replacement scheme thereof).

As at the Latest Practicable Date, the Company and the Offeror intend to grant certain share awards under the Share Award Scheme to certain employees of the Group after completion or lapse of the Proposal. It is contemplated that in the event that the Proposal is implemented, upon vesting of such share awards, the relevant grantees will receive TopCo Shares (from the TopCo Shares that will be held by the Trustee as a result of its election of the Share Alternative); or in the event that the Scheme is not approved or the Proposal otherwise lapses, upon vesting of such share awards, the relevant grantees will receive Shares in the Company (from the Pool Shares held by the Trustee). As at the Latest Practicable Date, none of the proposed grantees are an existing Shareholder, holder of Share Option or Share Award Holder of the Company.

IRREVOCABLE UNDERTAKINGS

On 23 December 2024 and 27 December 2024, the Offeror received the respective Irrevocable Undertakings from each of the IU Shareholders (comprising the Investor, the Trustee, Gongjin, Chen Wangcai Holdings and Mr. Chen), pursuant to which each of the IU Shareholders has undertaken to, among other things, (i) for each of the Investor, the Trustee and Mr. Chen, (x) provide a separate undertaking not to vote at the Court Meeting and (y) exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it/him at the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable and, for the avoidance of doubt and pursuant to the Trust Deed, the Trustee will not exercise its voting rights attached to any of the Shares held or owned by it), (ii) for each of Gongjin and Chen Wangcai Holdings, exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it at the Court Meeting and the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable), and (iii) for each of the IU Shareholders, elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of the IU Shares held or owned by it/him. The 179,881,615 IU Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represent approximately 15.79% of the issued share capital of the Company as at the Latest Practicable Date. Under the Irrevocable Undertaking, each of the IU Shareholders has also undertaken that on or before the Effective Date, and other than in connection with the Scheme, it/he

shall not sell, transfer, encumber or otherwise dispose of all or any of the IU Shares held or owned by it/him, save for the possible transfer of any or all of the Shares held by the Investor to its affiliates as disclosed in the sub-section headed “*Irrevocable Undertakings — Investor*”.

Pursuant to the Irrevocable Undertakings and assuming (a) the Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration, (b) each of the IU Shareholders elects the Share Alternative for the cancellation of all of the IU Shares held or owned by it/him, (c) the Trustee will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, (d) all of the other Scheme Shareholders elect the Cash Alternative, and (e) there is no other change in shareholding of the Company before completion of the Proposal, TopCo will be owned by the Founder Group and the IU Shareholders who have elected the Share Alternative as to approximately 80.94% and 19.06%, respectively, upon completion of the Proposal.

The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms. The Irrevocable Undertaking given by the Investor will also terminate and the above obligations of the Investor under its Irrevocable Undertaking will also cease to be binding if there is any change or amendment to the Proposal as set out in the Announcement, unless such change/amendment has been agreed to by the Investor in writing.

As at the Latest Practicable Date, information on the IU Shareholders are as follows:

Investor

HHLR Fund, L.P. is a limited partnership formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. serves as the investment manager of HHLR Fund, L.P.. As at the Latest Practicable Date, the Investor was interested in an aggregate of 94,686,000 Shares, representing approximately 8.31% of the issued share capital of the Company.

As at the Latest Practicable Date, the Offeror understood from the Investor that the Investor may transfer all or any of its 94,686,000 Shares to one or more affiliates of the Investor at HK\$5.60 per Share (being the amount of the Cash Alternative) prior to the Scheme Record Date, in which case the relevant affiliates of the Investor will receive the corresponding amount of the Share Alternative in exchange for the cancellation of all or any of the 94,686,000 Shares held by it upon the Scheme becoming effective. Alternatively, after completion of the Proposal, (i) the Investor may transfer all or any of the 94,686,000 TopCo Shares it receives under the Scheme to one or more affiliates of the Investor at HK\$5.60 per TopCo Share (being the amount of the Cash Alternative), or (ii) TopCo may repurchase all or any such 94,686,000 TopCo Shares from the Investor and one or more affiliates of the Investor will subscribe for the corresponding amount of TopCo Shares, in each case at HK\$5.60 per TopCo Share (being the amount of the Cash Alternative). In the event that the Investor transfers all or any of the 94,686,000 Shares currently held by it to the

abovementioned affiliates of the Investor prior to the Scheme Record Date, the Investor shall procure that such transferees shall also comply with the Irrevocable Undertaking of the Investor. The Offeror understands from the Investor that the Investor and the abovementioned affiliates are managed by investment managers that each has its own investment decision-making bodies but are under common ownership.

Trustee

SWCS Trust Limited is the trustee of the Share Award Scheme. As at the Latest Practicable Date, the Trustee held 67,493,183 Shares, representing approximately 5.92% of the issued share capital of the Company. Among these Shares held by the Trustee, 62,067,000 Shares are subject to the Irrevocable Undertaking of the Trustee, representing approximately 5.45% of the issued share capital of the Company and corresponding to all Shares held by the Trustee to satisfy any future grant of share awards under the Share Award Scheme, i.e. the Pool Shares.

Gongjin

Gongjin is a company incorporated in the British Virgin Islands with limited liability, the ultimate beneficial owner of which is Ms. Jiang Junxiu. As at the Latest Practicable Date, Gongjin was interested in an aggregate of 12,688,348 Shares, representing approximately 1.11% of the issued share capital of the Company, among which 10,688,348 Shares held by Gongjin are subject to the Irrevocable Undertaking of Gongjin, representing approximately 0.94% of the issued share capital of the Company.

As at the Latest Practical Date, the Offeror understands from Gongjin that Gongjin may dispose of all or a portion of the remaining 2,000,000 Shares it holds (representing approximately 0.18% of the issued share capital of the Company) after despatch of this Scheme Document. Accordingly, such 2,000,000 Shares are not subject to the Irrevocable Undertaking.

Chen Wangcai Holdings

Chen Wangcai Holdings is a company incorporated in the British Virgin Islands with limited liability, the ultimate beneficial owner of which is Mr. Wu Chak Man. As at the Latest Practicable Date, Chen Wangcai Holdings was interested in an aggregate of 8,758,600 Shares, representing approximately 0.77% of the issued share capital of the Company.

Mr. Chen

Mr. Chen is an executive Director, the chief financial officer and the vice president of the Company. As at the Latest Practicable Date, Mr. Chen was interested in (i) 3,681,667 Shares, representing approximately 0.32% of the issued share capital of the Company, (ii)

2,000,000 Share Options, representing approximately 0.18% of the issued share capital of the Company, and (iii) 483,333 share awards granted under the Share Award Scheme, representing approximately 0.04% of the issued share capital of the Company.

SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

Under the TopCo Articles, the Investor and/or its affiliates (so long as it and/or its affiliates hold at least 8% of TopCo's share capital (on a fully-diluted basis) as at completion of the Proposal and hold at least 5% of TopCo's share capital (on a fully-diluted basis but disregarding the dilutive effect of the issuance of any equity securities by the TopCo after completion of the Proposal) from time to time after completion of the Proposal (such condition, the "**Minimum Holding Requirement**") shall have veto rights (in the case of TopCo's subsidiaries through an obligation on the TopCo Board to cause TopCo's subsidiaries not to take any of the following actions) over the following actions and matters:

- (a) creation of share classes ranking senior to the TopCo Shares, or any variation of rights attaching to any shares or other capitalisation or recapitalisation of any member of the TopCo Group;
- (b) issue, repurchase or redemption of any equity or equity-linked securities, or any reduction, sub-division, cancellation, purchase or redemption of the share capital, of any member of the TopCo Group, in each case other than limited exceptions such as the issuance of equity securities by TopCo in accordance with TopCo Shareholders' preemptive rights, or transactions solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (c) liquidation, winding-up, dissolution or receivership of any member of the TopCo Group, other than a Qualified Trade Sale or other Trade Sale approved by the Investor (and/or its affiliates) pursuant to the terms of the TopCo Articles;
- (d) merger, amalgamation, consolidation, reorganisation, restructuring or spin-off of any member of the TopCo Group, other than transactions in connection with a Qualified Trade Sale pursuant to the terms of the TopCo Articles, or solely for the purpose of changing the domicile of the relevant member of the TopCo Group, or solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (e) declaration and payment of any dividends or distribution by TopCo or any of its subsidiaries, other than in accordance with any pre-agreed dividends or distributions policy, or dividends or distribution by a member of the TopCo Group to TopCo or another direct or indirect wholly-owned subsidiary of TopCo, or distributions in connection with any liquidation event or the winding-up of any member of the TopCo Group in compliance with the terms and conditions of the TopCo Articles;
- (f) adoption or material modification of any management or employee equity incentive scheme or equivalent program of any member of the TopCo Group;

- (g) amendments to the constitution documents of any member of the TopCo Group, subject to certain exceptions as may be provided in the TopCo Articles;
- (h) entry into, amendment to or termination of any agreement or arrangement by any member of the TopCo Group with any director, officer or shareholder of any member of the TopCo Group or any of their respective affiliates (other than TopCo or any of its direct or direct wholly-owned subsidiaries), in each case other than (i) certain exempted agreements entered into in the ordinary course with directors, officers or employees of the TopCo Group; or (ii) other exceptions as may be provided in the TopCo Articles;
- (i) material acquisition or disposal of assets by any member of the TopCo Group of a value exceeding certain monetary thresholds set out in the TopCo Articles, in each case other than (i) in connection with a Qualified Trade Sale or other Trade Sale approved by the Investor (and/or its affiliates) pursuant to the terms of the TopCo Articles; or (ii) transactions solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (j) adoption of or change to a significant tax or accounting practice or policy or any internal financial controls and authorisation policies, or making of any significant tax or accounting election;
- (k) incurrence of material indebtedness by any member of the TopCo Group exceeding certain thresholds set out in the TopCo Articles, other than such indebtedness only involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries; and
- (l) agreeing or committing to do any of the foregoing.

If at any time after completion of the Proposal, the Founder Group and the Investor (and/or its affiliates) (so long as the Minimum Holding Requirement is met) approve a Trade Sale, all other TopCo Shareholders shall be required to approve such transaction and if applicable, sell their TopCo Shares at the same price and upon the same terms and conditions. If a qualified listing or a Qualified Trade Sale of the TopCo Group pursuant to the terms of the TopCo Articles has not been consummated by the date falling three years and nine months after the closing date of the Proposal, the Investor and/or its affiliates (so long as the Minimum Holding Requirement is met) shall have the right to require the TopCo to redeem all of its TopCo Shares at a price per share that yields the applicable internal rate of return as set out in the TopCo Articles.

Please refer to the section headed “*Irrevocable Undertakings*” above for information on the Investor. The Offeror is of the view that it is important to offer the Investor Arrangement to the Investor and its affiliates in order to encourage the Investor (including the affiliates of the Investor as contemplated under the section headed “*Irrevocable Undertakings*” of Part IV — Letter from the Board of this Scheme Document) to elect the Share Alternative and thereby retaining its interest in the Group after completion of the Proposal, so that the Investor and its affiliates can continue to

contribute and share its resources and business networks with the Group's business operations, which will enhance the Group's competitiveness in the market and benefit the Group's long-term sustainable development and growth.

As the Investor Arrangement is not available to all Shareholders, the Investor Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. Accordingly, as set out in Condition (f) in the section headed "*Conditions to the Proposal and the Scheme*" of Part VII — Explanatory Memorandum of this Scheme Document, the Proposal and the Scheme are subject to: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Investor Arrangement.

The Offeror has made an application for consent from the Executive to the Investor Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI — Letter from the Independent Financial Adviser of this Scheme Document that in its opinion, the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned. If the Investor Arrangement is not approved by the Disinterested Shareholders at the EGM, the Investor Arrangement and the Scheme will not be implemented. The Offeror Concert Parties will not be voting on the Investor Arrangement at the EGM.

FINANCIAL RESOURCES

The Offeror has appointed DBSAC as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed "*Financial Resources*" in Part VII — Explanatory Memorandum of this Scheme Document.

REASONS FOR, AND BENEFITS OF, THE PROPOSAL

You are urged to read carefully the section headed "*Reasons for, and Benefits of, the Proposal*" in Part VII — Explanatory Memorandum of this Scheme Document.

INTENTIONS OF THE OFFEROR AND THE COMPANY

The Board is aware of and welcomes the Offeror's intentions as set out in the section headed "*Intentions of the Offeror with regard to the Group*" in Part VII — Explanatory Memorandum of this Scheme Document that, among other things, the Group will continue to carry on its current business and that the Offeror does not intend to continue the listing of the Shares on the Stock Exchange.

INFORMATION ON THE GROUP, THE OFFEROR, HOLDCO AND TOPCO

Your attention is drawn to the section headed "*Information on the Group, the Offeror, HoldCo and TopCo*" in Part VII — Explanatory Memorandum of this Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules immediately following the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares from the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal is set out in Part III — Expected Timetable of this Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and

- (c) there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or a possible offer for the Company, except with the consent of the Executive.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, which comprises all of the independent non-executive Directors, Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Tan Wen who are not interested in the Proposal, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Investor Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal. Mr. Yang Yuzheng (the non-executive Director) is acting in concert with the Offeror as he is part of the Founder Group. Accordingly, Mr. Yang Yuzheng is excluded from the Independent Board Committee. The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

The full text of the letter from the Independent Board Committee is set out on Part V of this Scheme Document.

The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Proposal, the Scheme and the Investor Arrangement. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to Part II — Actions to be Taken of this Scheme Document.

SCHEME SHARES, COURT MEETING AND EGM

As at the Latest Practicable Date, the Offeror did not hold any Shares. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 952,621,050 Shares, representing approximately 83.60% of the issued share capital of the Company. While such Shares will form part of the Scheme Shares, the Offeror Concert Parties will undertake to the Grand Court not to vote at the Court Meeting.

All Shareholders will be entitled to attend the EGM and vote on the special resolution to (1) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (2) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror. The Offeror Concert Parties will not be voting on the Investor Arrangement at the EGM.

The Offeror Concert Parties (other than the Trustee) have indicated that if the Scheme is approved at the Court Meeting, the Shares held by them will be voted in favour of the special resolution to (1) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (2) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror.

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong. The EGM will be held at the same place and on the same date at 10:30 a.m. (Hong Kong time) (or immediately after the conclusion of the Court Meeting). The chairman of the Court Meeting and the EGM will be Mr. Fong Wo, Felix, an independent non-executive Director, or failing him, Mr. Gu Jiong, an independent non-executive Director, or failing him, any other director of the Company as at the date of the Court Meeting and the EGM who is not an Offeror Concert Party.

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are urged to read carefully the section headed “*Scheme Shares, Court Meeting and EGM*” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix VII to this Scheme Document and the notice of EGM in Appendix VIII to this Scheme Document.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “*Overseas Shareholders*” in Part VII — Explanatory Memorandum of this Scheme Document.

TAXATION

Your attention is drawn to the section headed “*Taxation*” in Part VII — Explanatory Memorandum of this Scheme Document.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Investor Arrangement as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Investor Arrangement as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix VI to this Scheme Document, the notice of the Court Meeting as set out in Appendix VII to this Scheme Document and the notice of the EGM as set out in Appendix VIII to this Scheme Document.

In addition, a **pink** form of proxy for the Court Meeting, a **white** form of proxy for the EGM and the Election Form are enclosed with this Scheme Document.

Yours faithfully

For and on behalf of the board of

Vesync Co., Ltd

Gu Jiong

Independent Non-executive Director

**Vesync Co., Ltd**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

31 March 2025

To the Shareholders

Dear Sir or Madam

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

Reference is made to (1) the joint announcement dated 27 December 2024 jointly issued by the Company and the Offeror; and (2) the scheme document dated 31 March 2025 jointly issued by the Company and the Offeror (the “**Scheme Document**”), in relation to, among other things, the Proposal, the Scheme and the Investor Arrangement. This letter forms part of the Scheme Document. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make recommendation to the Disinterested Shareholders as to:

- (1) whether the Proposal, the Scheme and the Investor Arrangement are, or are not, fair and reasonable;
- (2) whether to vote in favour of the Scheme at the Court Meeting;
- (3) whether to vote in favour of the resolutions to be proposed at the EGM as set out in the Notice of EGM in Appendix VIII to the Scheme Document; and
- (4) the election between the Cash Alternative and the Share Alternative.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed by the Company with our approval in accordance with Rule 2.1 of the Takeovers Code, to advise us on the Proposal, the Scheme and the Investor Arrangement. The details of its advice and the principal factors taken into consideration in arriving at its advice are set out in Part VI — Letter from the Independent Financial Adviser of the Scheme Document (the “**IFA Letter**”).

In the IFA Letter, the Independent Financial Adviser states that it considers the Proposal, the Scheme and the Investor Arrangement are fair and reasonable, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Investor Arrangement.

The Independent Board Committee, having considered the Proposal, the Scheme and the Investor Arrangement, and having taken into account the advice of the Independent Financial Adviser, particularly, the reasons and recommendations set out in the IFA Letter, considers that the Proposal, the Scheme and the Investor Arrangement are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme;
- (2) at the EGM,
 - (i) the Shareholders to vote in favour of the special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror; and
 - (ii) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Investor Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code;
- (3) the Disinterested Shareholders to elect the Cash Alternative, and not to elect the Share Alternative.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the Letter from the Board as set out in Part IV of the Scheme Document; (ii) the Letter from the Independent Financial Adviser, which sets out the principal factors taken into consideration in arriving at its advice to the Independent Board Committee, as set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum as set out in Part VII of the Scheme Document.

Yours faithfully,
Independent Board Committee

Mr. Fong Wo, Felix
*Independent Non-Executive
Director*

Mr. Gu Jiong
*Independent Non-Executive
Director*

Mr. Tan Wen
*Independent Non-Executive
Director*

Set out below is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Scheme Document.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

31 March 2025

To: the Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Investor Arrangement, details of which are set out in the Scheme Document dated 31 March 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

The Offeror and the Company jointly announced on 27 December 2024 that, on 23 December 2024, the Offeror requested the Board to put forward the Proposal to Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Following the Effective Date, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange. The Investor Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Offeror has made an application for consent from the Executive conditional on: (i) the Independent Financial Adviser confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal. Mr. Yang Yuzheng (a non-executive Director) is acting in concert with the Offeror as he is part of the Founder Group. Accordingly, Mr. Yang Yuzheng is excluded from the Independent Board Committee. An Independent Board Committee, which comprises all of the independent non-executive Directors, Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Tan Wen who have no interest in the Proposal, has been established by the Board to make a recommendation to the Disinterested Shareholders (i) as to whether the Proposal, the Scheme and the Investor Arrangement are, or are not, fair and reasonable; (ii) as to voting at the Court Meeting and the EGM; and (iii) as to election of the Cash Alternative or Share Alternative. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee on these matters.

We are not associated with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal, the Scheme and the Investor Arrangement. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have reviewed, among other things, (i) the Scheme Document; (ii) published information of the Company, including its annual reports for the two years ended 31 December 2022 and 2023, and its annual results announcement for the year ended 31 December 2024; and (iii) the letter from DBSAC regarding the estimate of value of the TopCo Shares as set out in Appendix V to the Scheme Document.

We have relied on the information and facts supplied by the Company and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the Latest Practicable Date. Shareholders will be informed as soon as possible if we become aware of any material change to such representations or our opinion before the time of the Court Meeting and the EGM. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us which would render any statement in this letter misleading. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them; nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Disinterested Shareholders of voting for or against the Proposal, the Scheme and the Investor Arrangement, as the case may be, since these are particular to their individual circumstances. In particular, Disinterested

Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The Proposal and the Scheme

The main terms set out below are summarised from the “Letter from the Board” and the Explanatory Memorandum of the Scheme Document. Disinterested Shareholders are encouraged to read the Scheme Document and the appendices in full.

The Proposal will be implemented by way of the Scheme, the terms of which are set out in the “Letter from the Board” and Explanatory Memorandum of the Scheme Document. The Scheme provides that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

(a) the **Cash Alternative**: cash of HK\$5.60 for every Scheme Share;

or

(b) the **Share Alternative**: one TopCo Share for every Scheme Share.

The 786,760,200 Scheme Shares held by the Founder Group will be cancelled and extinguished on the Effective Date in exchange for the Founder Cancellation Consideration, being the crediting of the 786,760,200 presently unpaid TopCo Shares held by the Founder Group as being fully paid in the amount of the Cash Alternative of HK\$5.60 per TopCo Share. The effect of this is that the Founder Group will exchange their Shares for TopCo Shares on a 1-for-1 basis. **Scheme Shareholders may elect either one of the above alternatives, but not a combination of the two.** Scheme Shareholders who do not make any election or whose elections are invalid will be deemed to have elected to receive their entitlement under the Cash Alternative.

As at the Latest Practicable Date, 1,139,492,800 Shares were in issue. All these Shares will form part of the Scheme. While the Offeror itself does not presently hold any Shares, the Offeror Concert Parties hold a total of 952,621,050 Shares (approximately 83.60% of the issued share capital of the Company as at the Latest Practicable Date). Although these Shares will form part of the Scheme Shares, the Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting. On this basis, as at the Latest Practicable Date, the Disinterested Shareholders who are eligible to vote at the Court Meeting and the EGM held 186,871,750 Shares.

Following the Effective Date, the Company will be wholly-owned directly by the Offeror and indirectly by HoldCo and TopCo. The listing of the Shares will be withdrawn from the Stock Exchange. If the Scheme becomes effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.

As set out in the “Letter from the Board” of the Scheme Document, the Cancellation Consideration has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years. Comments on recent Share prices and relevant privatisation precedents are set out in the sub-sections headed “6. Analysis of price performance and trading liquidity of the Shares” and “8. Privatisation precedents” respectively in this letter below.

As disclosed in the sub-section headed “The Share Alternative” in the “Letter from the Board” of the Scheme Document, the value of the TopCo Shares will primarily be determined by the value of the Company. Details of the valuation of the TopCo Shares is set out in the sub-section headed “4. Information on the TopCo Shares” below of this letter and the letter from DBSAC regarding the estimate of value of TopCo Shares contained in Appendix V to the Scheme Document. TopCo Shares are not listed on any stock exchange and will not benefit from the protections afforded by the Listing Rules (for example, protections against dilution and related party transactions) or the Takeovers Code (assuming TopCo is not determined by the Executive to be a “public company” in Hong Kong as defined in the Takeovers Code). In making such a determination, the Executive would consider primarily the number of Hong Kong shareholders TopCo might have and the extent of share trading in Hong Kong.

TopCo Shareholders would have their rights and obligations in relation to TopCo governed by the TopCo Articles, the provisions of the Companies Act and other applicable laws in the Cayman Islands. Details of the risks associated with holding the TopCo Shares are summarised in the sub-section headed “5. Risks which Disinterested Shareholders should bear in mind in evaluating the Share Alternative” of this letter below. **Based on our analysis below, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders, and we do not recommend other Scheme Shareholders to elect the Share Alternative.** In this regard, we note that the Offeror has received the Irrevocable Undertakings to elect the Share Alternative from the IU Shareholders. Details are summarised in the sub-section headed “The Irrevocable Undertakings” of this letter below.

Share Option(s)

As at the Latest Practicable Date, there were 5,100,000 outstanding Share Options with an exercise price per Share of HK\$12.88, substantially above the Cash Alternative of HK\$5.60 per Share and the closing price of HK\$5.44 per Share on the Latest Practicable Date. Under the Takeovers Code, if the exercise price of an option exceeds the offer price for shares, the cancellation consideration in respect of the option would be nominal. All the Share Options are held by Directors who have agreed and undertaken in the Option IUs that:

- (i) the Offeror does not need to extend an option offer for the Share Options pursuant to Rule 13 of the Takeovers Code;
- (ii) the option holders will not exercise the Share Options during the offer period; and
- (iii) the option holders consent to the automatic cancellation of the Share Options upon the Scheme becoming effective.

Accordingly, no offer will be made to the option holders of the Share Options pursuant to Rule 13 of the Takeovers Code.

Share Awards

As at the Latest Practicable Date, the Trustee, who holds Shares for the benefit of Share Award Holders, held an aggregate of 67,493,183 Shares, comprising (a) 5,426,183 Unvested Shares which were granted but not vested; and (b) 62,067,000 Pool Shares held to satisfy any future grant of share awards under the Share Award Scheme. All the Shares which are held by the Trustee as at the Scheme Record Date shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

In respect of the 5,426,183 Unvested Shares, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, the Trustee (a) shall not transfer any of these Unvested Shares prior to Effective Date; and (b) shall elect the Share Alternative as the only form of Cancellation Consideration.

In respect of the 62,067,000 Pool Shares, pursuant to the Irrevocable Undertaking, the Trustee has irrevocably undertaken to elect the Share Alternative. Conditional upon the Scheme becoming effective, the Trustee will receive 62,067,000 TopCo Shares which shall remain to be held by the Trustee to satisfy any future grant of share awards pursuant to the terms and conditions of the Share Award Scheme (or any replacement scheme thereof).

Conditions to the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. Full details of the Conditions are set out in the section headed “Conditions to the Proposal and the Scheme” in the Explanatory Memorandum of the Scheme Document.

One of the principal Conditions is that the Scheme should be approved by Disinterested Shareholders holding at least 75% of the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders. A further Condition is approval of the Investor Arrangement by the passing of an ordinary resolution by the Disinterested Shareholders at the EGM. As at the Latest Practicable Date, there are approximately 186.9 million Shares held by Disinterested Shareholders, representing approximately 16.4% of the total issued share capital of the Company.

As at the Latest Practicable Date, save for Condition (e) (i.e. with respect to any applicable antitrust review in the US under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder, the expiration or termination of any applicable waiting periods (including any extensions thereof) in connection with the Scheme) as set out in the Scheme Document which has been fulfilled, none of the Conditions have been fulfilled or waived.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or a possible offer for the Company, except with the consent of the Executive.

The Irrevocable Undertakings

The Offeror has received an Irrevocable Undertaking from each of the IU Shareholders (comprising the Investor, the Trustee, Mr. Chen, Gongjin and Chen Wangcai Holdings), pursuant to which each of the IU Shareholders has undertaken, among other things:

- (i) for each of the Investor and Mr. Chen (each of them an Offeror Concert Party), (a) to provide a separate undertaking not to vote at the Court Meeting; and (b) exercise (or procure the exercise of) all voting rights attached to the IU Shares (in aggregate representing approximately 8.63% of the total issued shares of the Company and approximately 10.33% of the total Shares held by the Offeror Concert Parties) held or owned by it/him at the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable);

- (ii) for the Trustee (as an Offeror Concert Party), to provide a separate undertaking not to vote at the Court Meeting;
- (iii) for each of Gongjin and Chen Wangcai Holdings (each of them a Disinterested Shareholder), to exercise (or procure the exercise of) all voting rights attached to the IU Shares (in aggregate representing approximately 1.71% of the total issued shares of the Company and approximately 10.41% of the total Shares held by the Disinterested Shareholders) held or owned by it in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal at the Court Meeting and the EGM (where applicable); and
- (iv) for each of the IU Shareholders, to elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of the IU Shares held or owned by it/him.

The 179,881,615 IU Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represent approximately 15.79% of the issued share capital of the Company as at the Latest Practicable Date.

Special deal relating to the Investor Arrangement

The Investor, an IU Shareholder who is interested in approximately 8.31% of the issued share capital of the Company, and its affiliates shall be entitled to certain rights under the TopCo Articles, details of which are set out in the section headed “Special Deal relating to the Investor Arrangement” in the “Letter from the Board” and the Explanatory Memorandum of the Scheme Document. As the Investor Arrangement is not available to all Shareholders, the Investor Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. Such consent is conditional on, among others, passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement. Further discussion with respect to the Investor Arrangement is set out in the section headed “Special Deal relating to the Investor Arrangement” of this letter below.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information and prospects of the Group

(i) *Background and information of the Company*

The Company is incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Main Board of the Stock Exchange since 18 December 2020. The Group is principally engaged in the design, development and sales of small home appliances under its own brand names Levoit, Cosori, Etekcity and Pawsync. As at the Latest Practicable Date, the Company had 1,139,492,800 Shares in issue. The Founder Group directly and indirectly held approximately 69.04% of the issued share capital of the Company as at the Latest Practicable Date. The Offeror does not presently hold any Shares.

(ii) Financial information of the Group

Summaries of the accounts of the Group are set out in Appendix I to the Scheme Document.

(a) Financial performance

The following table sets out a summary of the consolidated statements of profit or loss of the Group for the three years ended 31 December 2022, 2023 and 2024, as extracted and summarised from the annual reports and annual results announcement of the Company.

	For the year ended 31 December		
	2024	2023	2022
	(audited)	(audited)	(audited)
	(US\$'000)	(US\$'000)	(US\$'000)
Revenue	652,640	585,484	490,378
Gross profit	306,578	274,372	142,289
Gross profit margin	47.0%	46.9%	29.0%
Profit/(loss) for the year	93,048	77,430	(16,317)
Profit/(loss) attributable to owners of the parent	93,048	77,481	(16,276)

(i) Revenue

Revenue of the Group is derived from sales of small home appliances. The Group's revenue showed a year-on-year increase of approximately 8.0% in 2022 and approximately 19.4% in 2023, respectively. Revenue for 2024 increased further by approximately 11.5% compared to 2023. This was mainly driven by the growth in sales of various home products in terms of quantities sold, including air purifiers, air purifier filters, tower fans, vacuum cleaners, etc.

The following table sets out a breakdown of revenue by sales channels of the Group:

	For the year ended 31 December		
	2024 (US\$'000)	2023 (US\$'000)	2022 (US\$'000)
Amazon channel	486,396	456,603	410,443
Non-Amazon channels	<u>166,244</u>	<u>128,881</u>	<u>79,935</u>
Total	<u>652,640</u>	<u>585,484</u>	<u>490,378</u>

The Amazon channel accounted for approximately 78% of revenue in 2023. Under the Amazon channel, Amazon makes bulk purchase from the Group and then sells to Amazon's customers through the Amazon e-commerce marketplace. Non-Amazon channels mainly include chain retailers, other e-commerce marketplaces and the Group's own online shopping websites.

Revenue from the Amazon channel increased by approximately 11.2% in 2023 as compared with 2022, primarily due to the increase in sales volume of categories such as air purifiers, tower fans, air fryers, toaster ovens, body fitness scales and kitchen scales. Revenue from the non-Amazon channels in 2023 increased significantly by approximately 61.2% as compared to 2022. The revenue growth of the Group through chain retailers was primarily due to the significant increase in in-store sales. As the reputation of its brands and products in chain retailers continue to grow, the Group has secured favorable shelf positions in key chain retailers. Compared to the year of 2022, the Company's growth in revenue derived from Walmart, one of the major retailers, increased by more than 150% in 2023. For the year ended 31 December 2024, over 73% of the total revenue was generated in the North America with the remaining revenue generated in Europe and Asia.

For the year ended 31 December 2024, revenue from the Amazon channel increased by approximately 6.5% as compared to 2023. Such change was primarily due to the increase in revenue of certain product categories such as air purifiers, air humidifiers, vacuum cleaners, tower fans, body fitness scales, electric pressure cookers, etc. Revenue from non-Amazon channels in 2024 increased by approximately 29% compared to 2023, primarily due to the increase in in-store sales and vigorous exploration of new TikTok retail channel.

(ii) Gross profit

For the year ended 31 December 2022, the gross profit amounted to approximately US\$142.3 million. The Group experienced challenges in 2022, including increase in international container freight rates. There was also a voluntary programme in the North America (the “**Voluntary Recall**”) to recall certain models of air fryers and replace the sold units with new models to address a potential risk of thermal events which led to an increase in cost of sales. As at 31 December 2022, provisions for obligations arising from the Voluntary Recall amounted to approximately US\$47.3 million. Excluding the impact of the Voluntary Recall on the Group’s financial performance, the gross profit would have been approximately US\$190.1 million in 2022, representing an increase of approximately 7.9% as compared with 2021, for 2022, the gross profit margin of the Group was approximately 38.3% (2021: 38.8%), almost the same as 2021.

For the year ended 31 December 2023, gross profit of the Group amounted to approximately US\$274.4 million, representing an increase of approximately 92.8% as compared to 2022. The gross profit margin of the Group was approximately 46.9% (2022: approximately 29.0%), representing an increase of approximately 17.9 percentage points as compared to 2022. The increase in gross profit and gross profit margin in 2023 was primarily attributable to increase in revenue, and decrease in cost of sales due to a reduction in international freight rates and other costs, including the Voluntary Recall, as compared to 2022.

For the year ended 31 December 2024, gross profit of the Group amounted to approximately US\$306.6 million, representing an increase of approximately 11.7% compared to 2023. The gross profit margin of the Group was approximately 47.0%, almost the same as 2023.

(iii) Profit/(loss) attributable to owners of the parent (“**Attributable Profit/Loss**”)

The Group experienced challenges and an increase in cost of sales in 2022 resulting in an Attributable Loss of approximately US\$16.3 million, compared with an Attributable Profit of approximately US\$41.6 million for the year ended 31 December 2021. Excluding the provisions for obligations arising from the Voluntary Recall amounting to approximately US\$47.3 million, the Attributable Profit would have been approximately US\$30.9 million in 2022, representing a decrease of approximately 25.7% as compared with 2021.

Mostly as a result of the increase in revenue, the Group recorded Attributable Profit of approximately US\$77.5 million for the year ended 31 December 2023. For the year ended 31 December 2024, the Attributable Profit of the Group amounted to approximately US\$93.0 million mainly contributed by increase in sales of Levoit products including air purifiers, air humidifiers and vacuum cleaners.

(iv) Dividends

The total dividends per Share for the financial years ended 31 December 2022, 2023 and 2024 were nil, HK21.08 cents and HK8.88 cents respectively. The Company's implied dividend yield based on the Cash Alternative of HK\$5.60 per Scheme Share and the total dividend per Share for the financial year ended 31 December 2024 of HK8.88 cents is approximately 1.6%.

(b) *Financial position*

The following table sets out a summary of the consolidated statement of financial position of the Group as at 31 December 2022, 2023 and 2024, as extracted and summarised from the annual reports and annual results announcement of the Company.

	As at 31 December		
	2024 (audited) (US\$'000)	2023 (audited) (US\$'000)	2022 (audited) (US\$'000)
Total assets	649,800	565,134	457,294
Total liabilities	280,484	237,618	179,837
Equity attributable to owners of the parent (" Attributable Net Assets ")	369,316	327,516	277,498
Per Share — US\$ (HK\$ equivalent at the exchange rate of US\$1 to HK\$7.7742)	0.32 (2.52)	0.28 (2.18)	0.24 (1.87)

(i) Total assets

As at 31 December 2024, the Group's total assets were approximately US\$649.8 million. Assets of the Group mainly include (a) cash and cash equivalents and time deposits of approximately US\$260.4 million in aggregate (40.1% of total assets); (b) pledged deposits of approximately US\$51.1 million (7.9% of total assets); (c) trade and notes receivables of approximately US\$183.4 million (28.2% of total assets); and (d) inventories of approximately US\$72.6 million (11.2% of total assets).

As at 30 June 2024, the Company had utilised over 76% of the net proceeds from its initial public offering for the purposes as stated in its prospectus (such purposes are, in summary, (i) research and development of new products and upgrade and iteration of existing products; (ii) expand sales channels and geographic coverage and enhance brand awareness; (iii) upgrade the technologies of VeSync App into a home IoT (Internet of Things) platform (VeSync App enables users to achieve centralised control of smart home devices and also provides them with professional contents and services, it is a part of the home IoT platform which connects users, home devices, and scenarios through a unified cloud service architecture to achieve cross-brand intelligent hardware connectivity and centralised management, the platform to offer users more efficient and personalised product experience); (iv) develop and launch smart solutions, including smart security solutions, for business customers; and (v) working capital), and the unutilised proceeds amounted to approximately US\$50.5 million.

(ii) Total liabilities

As at 31 December 2024, the Group's total liabilities amounted to approximately US\$280.5 million, which mainly consisted of (a) trade and notes payables of approximately US\$119.5 million (42.6% of total liabilities); and (b) other payables and accruals of approximately US\$107.1 million (38.2% of total liabilities). Other payables and accruals of the Group mainly comprised of payables in respect of payroll, dividend and miscellaneous payables.

(iii) Net asset value

The Attributable Net Asset value amounted to approximately US\$369.3 million as at 31 December 2024, equivalent to approximately US\$0.32 per Share (equivalent to approximately HK\$2.52 per Share based on exchange rate of US\$1 to HK\$7.7742). The Cash Alternative of HK\$5.60 per Scheme Share represents a premium of approximately 122.3% to the Attributable Net Asset value per Share of approximately HK\$2.52 as at 31 December 2024.

(iv) Net cash and gearing ratio

As at 31 December 2024, the Group had interest-bearing bank and other borrowings of approximately US\$20.8 million (7.4% of total liabilities) which are repayable within one year. Of the total bank and other borrowings, approximately US\$18.5 million were at fixed interest rates and approximately US\$2.3 million were at floating interest rates.

The Group has lease contracts for offices, warehouses, machinery and equipment such as forklifts and racks used for its operations. Lease liabilities of the Group amounted to approximately US\$11.7 million (4.2% of total liabilities) as at 31 December 2024, among which approximately US\$4.7 million are classified under current liabilities.

Based on the amount of bank and other borrowings and lease liabilities, and taking into account (a) the cash and cash equivalents; (b) time deposits; and (c) pledged deposits, the Group had a net cash of approximately US\$279.0 million as at 31 December 2024.

The Group's gearing ratio, which is calculated by dividing total debt (interest-bearing bank and other borrowings, and lease liabilities) by total equity, was approximately 8.8% as at 31 December 2024, decreasing by 2.9 percentage points as compared to 31 December 2023. If the gearing ratio was calculated on the basis of net cash, gearing would be nil.

(iii) *Prospects of the Group*

As discussed in the paragraph headed "Financial performance" of this letter above, the Group experienced challenges in 2022 with an Attributable Loss of approximately US\$16.3 million, compared with an Attributable Profit of approximately US\$41.6 million for the year ended 31 December 2021. Excluding the provisions for obligations arising from the Voluntary Recall amounting to approximately US\$47.3 million, the Attributable Profit would have been approximately US\$30.9 million in 2022, representing a decrease of approximately 25.7% compared with 2021. Following the increase in revenue and a reduction in the cost to sales ratio, the Group turned around to an Attributable Profit of approximately US\$77.5 million in 2023. For the year ended 31 December 2024, Attributable Profit reached approximately US\$93.0 million.

As stated in the Company's 2024 interim report and 2024 annual results announcement, the Group aims to (a) further enhance the product portfolio by launching new products, such as smart air purifiers, smart pet feeders and smart fitness scales; (b) increase the expansion of non-Amazon channels, such as broadening presence on TikTok and retail channels; (c) gained access to more new stores and chain retailers; (d) expand geographic coverage, especially to deepen the market share of Cosori and Levoit products in the European market; (e) continue to invest in technologies with an aim to develop VeSync App into a home IoT platform; and (f) enhance consumer awareness of the brand.

We understand from the management of the Company that the market for small home appliances is highly saturated and competitive with various established brands such as SharkNinja and Blueair. Customers are highly price sensitive and likely to shift from one brand to another, especially during economic downturn and periods of inflation. Building and maintaining brand loyalty is difficult. Moreover, small home appliances often have short lifecycles due to rapid technology advancement and changing consumer preferences.

Differentiating products in such a crowded market requires heavy investment in technology innovation and branding. During the pandemic, demand for small household appliances surged as people spent more time at home. However, in the post-pandemic period, customers' behavior has changed and demand for some small home appliances may stabilize or even decline.

Products of the Group were mainly manufactured in the PRC and mainly sold to the United States. In 2024, approximately 73.6% of the Group's revenue was generated from North America. According to the Company's 2023 annual report, the Group's business may be materially and adversely affected by the trade dispute between China and the United States. Since 2018, the United States has imposed additional tariffs on certain goods imported from the PRC, which include the Group's major product categories such as air purifiers, vacuum cleaners, air fryers and ovens. Although exemptions from the additional tariffs were granted for certain periods, there are still many uncertainties in the trade policy of the United States including pressure from the recent additional 20% import tariffs imposed by the United States (with effect from 4 March 2025) which increased the cost of sales of the Group. Such trade disputes and trade barriers may tend to increase the cost to consumers of the Group's products manufactured in the PRC, which may adversely affect the Group's operations, financial position and operating results.

On the basis of the above, we consider the prospects of the Company are not without challenge in the short to medium term, bearing in mind the competitive environment of the small household appliances market and the potential pressure from the additional import tariffs imposed by the United States as described above.

2. Intentions of the Offeror with regard to the Group

As set out in the section headed "Intentions of the Offeror with regard to the Group" in the Explanatory Memorandum of the Scheme Document, it is the intention of the Offeror that the Company will continue to carry on its current business, and the Offeror does not have any specific plans to make any major changes to the business of the Company upon the successful privatisation of the Company. The Offeror has stated it will continue to develop the Company in a manner which best drives growth and creates value taking into account factors including, but not limited to, customer demand, market conditions, legal and regulatory requirements and its business needs. No major changes are expected to be introduced in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group.

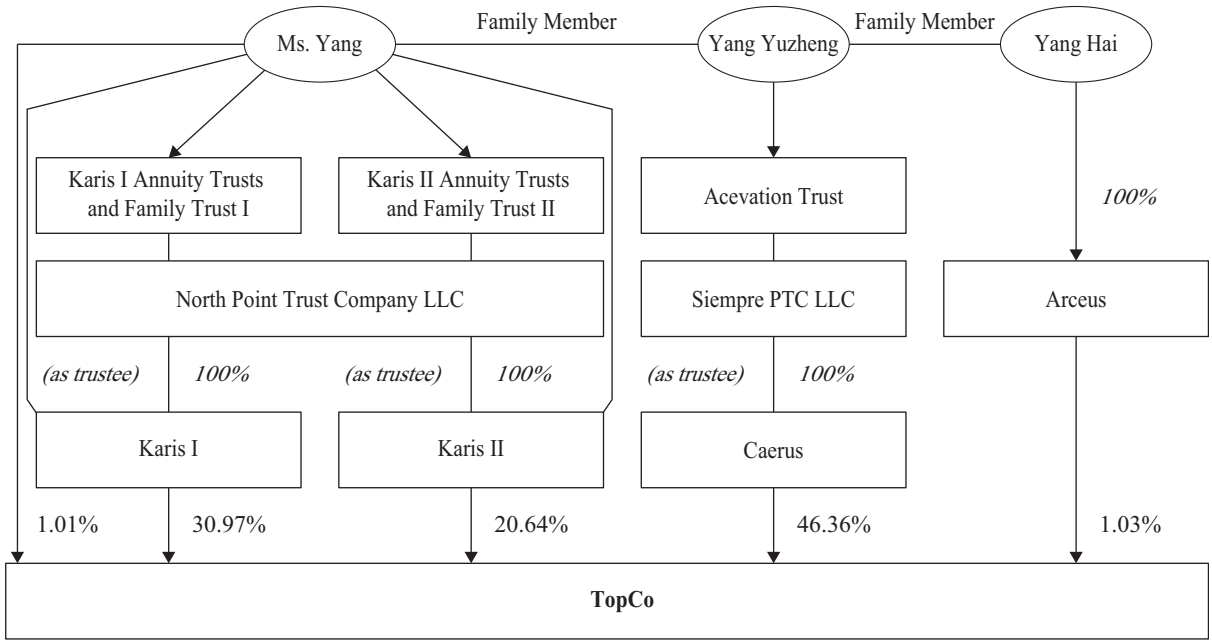
The Offeror has further stated that it has no intention to discontinue the employment of the employees of the Group after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

3. Information on the Offeror, HoldCo and TopCo

As set out in the section headed “Information on the Group, the Offeror, HoldCo and TopCo” in the Explanatory Memorandum of the Scheme Document, each of the Offeror, HoldCo and TopCo is a company newly incorporated in the Cayman Islands with limited liability and is an investment holding company set up solely for the purpose of implementing the Proposal. As at the Latest Practicable Date, the Offeror was directly wholly-owned by HoldCo, which in turn is directly wholly-owned by TopCo.

As at the Latest Practicable Date, the issued share capital of TopCo, comprising 786,760,200 TopCo Shares, was directly held as to approximately 1.01%, 30.97%, 20.64%, 46.36% and 1.03% by Ms. Yang, Karis I, Karis II, Caerus and Arceus, respectively. As at the Latest Practicable Date, the ultimate beneficial owners of the Offeror, HoldCo and TopCo were the Founders (collectively, Ms. Yang, Mr. Yang Yuzheng and Mr. Yang Hai).

After the Announcement Date, a trust arrangement as described in the paragraph headed “Information of the Offeror, HoldCo and TopCo” in the Explanatory Memorandum of the Scheme Document was carried out. A simplified shareholding structure of TopCo upon completion of such trust arrangement is set out below:



None of the Offeror, HoldCo or TopCo has carried on any business since incorporation other than matters in connection with the Proposal. None of the Offeror, HoldCo or TopCo intends to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror, HoldCo and TopCo did not have any assets or liabilities other than the Acquisition Facility (of approximately HK\$1 billion) and expenses incurred in connection with implementing the Proposal.

The final shareholding structure of TopCo will be determined after the latest time for election of the Cash Alternative or the Share Alternative under the Proposal depending on the election of the Scheme Shareholders. If all the Scheme Shareholders elect the Share Alternative for all the Scheme Shares that they hold, 352,732,600 TopCo Shares will be issued, representing approximately 30.96% of the enlarged issued share capital of TopCo immediately upon completion of the Proposal, and TopCo will be held as to approximately 0.70%, 21.38%, 14.25%, 0.71%, 32.01%, 8.31%, 5.92%, 0.32%, and 16.40% by Ms. Yang, Karis I, Karis II, Arceus, Caerus, the Investor (and/or its affiliates), the Trustee, Mr. Chen and the Disinterested Shareholders (of which Gongjin and Chen Wangcai Holdings would hold approximately 1.11% and 0.77% respectively), respectively immediately upon completion of the Proposal. The Investor, the Trustee, Gongjin, Chen Wangcai Holdings and Mr. Chen are IU Shareholders.

4. Information on the TopCo Shares

(i) Restrictions and rights of the TopCo Shares

The TopCo Shares are shares of an unlisted company incorporated in the Cayman Islands, and do not benefit from the protections afforded by the Listing Rules and/or the Takeovers Code (assuming TopCo is not determined by the Executive to be a “public company in Hong Kong”), and are illiquid with no ready market. The TopCo Shares are subject to certain transfer restrictions set out in the TopCo Articles. No dividend policy has been established.

A copy of the TopCo Articles is available for inspection as one of the documents on display at the time of despatch of the Scheme Document, as well as from <https://www.vesync.com/resources>. Further details relating to the TopCo Shares are set out in the sub-section headed “The Share Alternative” of the “Letter from the Board” and Explanatory Memorandum, and relevant appendices to the Scheme Document.

If Disinterested Shareholders wish to consider the Share Alternative, they are recommended to read this information carefully, particularly the sub-section headed “The Share Alternative” as set out in the “Letter from the Board” and Explanatory Memorandum of the Scheme Document. Risks which Disinterested Shareholders should bear in mind in evaluating the Share Alternative are set out in the sub-section headed “5. Risks which Disinterested Shareholders should bear in mind in evaluating the Share Alternative” of this letter below.

(ii) Valuation of the TopCo Shares

On the basis of, and subject to, the assumptions and methodology set out in the letter issued by DBSAC (the “**DBSAC Letter**”) contained in Appendix V to the Scheme Document headed “Estimate of Value of TopCo Shares”, an estimate of the value of the TopCo Shares ranges between HK\$3.92 and HK\$5.60 for each TopCo Share under both scenarios (where all Scheme Shareholders elect (a) the Share Alternative; or (b) the Cash Alternative). The bottom end value represent a discount of 30% to the Cash Alternative of HK\$5.60, whereas the top

end value is equal to the Cash Alternative. Under the Share Alternative, each Scheme Shareholder is entitled to receive one TopCo Share for every Scheme Share held. This implies a consideration for each Scheme Share of approximately HK\$3.92 to HK\$5.60.

The main difference between the bottom range and the top range of the estimated value of the TopCo Shares is the assumption of a discount for lack of marketability and limited shareholders' rights of an unlisted share, particularly since shareholders will not be able to nominate a director or approve reserved matters until certain ownership thresholds are reached. For the bottom range, a 30% discount on the value of the TopCo Shares is assumed, while for the top range it is nil. We consider it is reasonable to apply a discount to the value of an illiquid share with limited shareholders' rights particularly from the perspective of the Disinterested Shareholders who are minorities. This point is discussed further below.

We have reviewed and discussed with DBSAC the methodology used, and the bases and assumptions adopted, for the estimates of value of the TopCo Shares as set out in Appendix V to the Scheme Document. It is assumed by DBSAC that the Offeror, HoldCo and TopCo were incorporated for the purpose of the Proposal and do not carry on any business or financial activities other than acting as holding companies of the Company pursuant to and after completion of the Proposal. As such, DBSAC has assumed that when the Proposal becomes effective, the turnover, profits, assets and liabilities (on a consolidated basis) of the Offeror, HoldCo and TopCo will be the same as the Company, save for the Acquisition Facility and any cash balance that may remain in the Offeror that was not required to finance the amount payable in cash to the Scheme Shareholders under the Proposal.

On this basis and based on the assumptions as set out in the DBSAC letter, the estimate of the value of the TopCo Shares is based on (a) the estimated value of all of the outstanding Shares, which represents the value of the Shares that the Offeror will own; (b) the external debt financing to be incurred by the Offeror for the implementation of the Proposal in the form of the Acquisition Facility; and (c) any cash that may remain in the Offeror immediately following the implementation of the Proposal. The estimated value of all of the outstanding Shares (i.e. item (a) above) of approximately HK\$ 6,381 million has been based on the value per Share under the Cash Alternative of HK\$5.60 and the total number of issued TopCo Shares of 1,139,492,800. Based on the Offeror's financing structure for implementing the Proposal, the external debt financing put in place amounts to approximately HK\$1,014 million, being the value for item (b) above. The value for item (c) represents the cash that may remain in the Offeror immediately following implementation of the Proposal based on the two scenarios and assumptions set out in the DBSAC Letter. DBSAC is adopting 0% and 30% discount to reflect, among other things, the lack of marketability and shareholders' rights. DBSAC believes that such discount range is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involve unlisted shares being offered as an alternative transaction consideration and which adopt an illiquidity discount methodology to assess the value of the unlisted shares. As set out in the DBSAC Letter, DBSAC has identified a list of comparable privatisation cases in Hong Kong since 2013 based on the selection criteria as set out in the DBSAC Letter.

We note that this represents an exhaustive list that could be identified from the website of the Stock Exchange based on such selection criteria, and considering unlisted shares lack marketability and/or shareholders' rights, a discount of 30% was applied to derive the bottom end value of the unlisted shares under the share alternative in the respective cases.

In view of the above and given the unlisted nature of the TopCo Shares under the Share Alternative, the methodology set out in the DBSAC Letter, in our opinion, is a reasonable approach in establishing the estimates of the values of the TopCo Shares and is in line with commonly adopted approaches in similar cases in Hong Kong. We are of the view that it is not practicable to estimate a discount to reflect lack of marketability and limited shareholders' rights (from the Disinterested Shareholders' perspective) very precisely, as it depends on differing circumstances. We have reviewed the information considered by DBSAC (which primarily consisted of the recent market privatisation precedents in Hong Kong which involve unlisted offeror shares being offered as an alternative transaction consideration and which adopt an illiquidity discount methodology to assess the value of the unlisted shares), and consider a range of 0% and 30% adopted by DBSAC in its estimates to be acceptable.

For further details of methodology, basis, assumptions and computations of the estimates of the value of the TopCo Shares, please refer to Appendix V to the Scheme Document which should be read in its entirety.

5. Risks which Disinterested Shareholders should bear in mind in evaluating the Share Alternative

Disinterested Shareholders should bear in mind the risk factors of holding the TopCo Shares as set out in the sub-section headed "The Share Alternative" in the "Letter from the Board" and the Explanatory Memorandum to the Scheme Document, in particular the following:

- (i) **Transfers of the TopCo Shares are subject to restrictions stipulated in the TopCo Articles (as detailed in the Scheme Document);**
- (ii) **TopCo Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;**
- (iii) **Given that there is no firm intention to seek a listing of the TopCo Shares on any stock exchange in the near term, and there can be no assurance of such intention or plan in the future, the TopCo Shares are illiquid, hence TopCo Shareholders may find it more difficult to find a purchaser for the TopCo Shares if they intend to sell their TopCo Shares, as there is no ready market for the TopCo Shares;**
- (iv) **There is no guarantee that any dividend payments will be made in respect of the TopCo Shares;**

- (v) **As at the Latest Practicable Date, TopCo did not have any assets or liabilities other than the Acquisition Facility taken out by the Offeror (an indirect wholly-owned subsidiary of TopCo). TopCo does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal; and**
- (vi) **Changes in the business and economic environment could adversely affect the operating profits of TopCo or the value of TopCo's assets.**

In view of the nature of the TopCo Shares and the risks associated with them as set out in this sub-section, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders familiar with unlisted investments and consequently we do not consider it suitable for other Scheme Shareholders. In general, we recommend Disinterested Shareholders **not to elect the Share Alternative**. Further discussions are set out in the “Opinion and Recommendations” section of this letter below.

6. Analysis of price performance and trading liquidity of the Shares

(i) *Historical price performance of the Shares*

The chart below illustrates the daily closing price per Share from 18 December 2020 (i.e. date of listing of the Shares on the Stock Exchange) up to and including the Latest Practicable Date (the “**Share Price Review Period**”), and the comparison of the Share price performance with the Cash Alternative and Hang Seng Index.

We consider the Share Price Review Period, which covers the share trading since listing up to the Latest Practicable Date, can provide a comprehensive overview on the market performance of the Shares for the purpose of this analysis.

Share price performance compared to the Cash Alternative and Hang Seng Index



Source: Bloomberg

During the Share Price Review Period, the Share prices closed below the Cash Alternative of HK\$5.60 per Scheme Share for 739 trading days, out of 1,043 trading days (approximately 70% of the total trading days). Share prices were above \$5.60 for the rest of the trading days following the listing of Shares on the Stock Exchange in December 2020 and persisted through mid-February 2022.

The Shares were listed on the Stock Exchange on 18 December 2020 at the offer price of HK\$5.52 per Share and closed at HK\$8.70 per Share. Since then and up to the end of August 2021, the Share price closed in a range of HK\$9.14 to HK\$22.29. From around September 2021 to end of 2022, the trend of the Share price was generally in line with the Hang Seng Index. From the beginning of 2023 to 19 September 2023, the Share prices showed a downward trend in general and closed at HK\$2.81, the lowest point since beginning of 2023, as at 19 September 2023. After positive 2023 interim results, the Share price rebounded and reached HK\$5.65 as at 28 November 2023. However, subsequently the price of the Shares resumed a downward trend until the publication of a positive profit alert on 30 January 2024.

The positive profit alert announcement on 30 January 2024 stated that the Group expected to record an Attributable Profit of approximately US\$60 million to US\$85 million for 2023, compared to the Attributable Loss of approximately US\$16.3 million for 2022. Following that announcement, the Share price fluctuated but gradually climbed to a high since beginning of 2023 of HK\$5.75 on 27 May 2024, subsequently resuming a general downward trend towards HK\$4. The Company published another positive profit alert on 29 July 2024

stating that the Group expected to record an increase of approximately 20% to 50% in the Attributable Profit for the first half of 2024 as compared to the six months ended 30 June 2023. There was little immediate reaction on the market price of the Shares subsequent to such positive profit alert.

The Shares closed at HK\$4.20 on 10 December 2024 (i.e. the Last Trading Date) and trading in the Shares was suspended from 9:00 a.m. on 11 December 2024. The Announcement was published after trading hours on 27 December 2024 and trading in the Shares resumed on 30 December 2024. The Shares closed at HK\$5.28 on 30 December 2024, representing an increase of approximately 25.7% compared to the closing Share price of HK\$4.20 on the Last Trading Date.

Following the Announcement, we consider the price of the Shares has been largely determined by the Cash Alternative of HK\$5.60 per Scheme Share. The Shares closed at HK\$5.44 as at the Latest Practicable Date. The Cash Alternative of HK\$5.60 represents a premium of approximately 2.94% over the closing Share price on the Latest Practicable Date. If the Proposal fails, other things being equal, the market price of the Shares may be expected to return at least in the short term to the previous levels before the Announcement, i.e. around HK\$4 and significantly below the Cash Alternative of HK\$5.60.

(ii) Trading liquidity

Set out in the table below are the average daily trading volumes of the Shares and the percentages of such average daily trading volumes to the total issued share capital and the public float of the Company during the period from 1 January 2023 up to and including the Latest Practicable Date (the “**Trading Liquidity Review Period**”). We consider the Trading Liquidity Review Period, which covers at least the last two full financial years of the Company, represents a sufficient period of time to provide a general overview on the recent trading liquidity of the Shares for the purpose of this analysis.

	Number of trading days	Average daily trading volume of the Shares (Note 1)	Percentage of the average daily trading volume of the Shares to the total issued share capital (Note 2)	Percentage of the average daily trading volume of the Shares to the public float of the Company (Note 2 & 3)
2023				
January	18	319,314	0.03%	0.10%
February	20	134,175	0.01%	0.04%
March	23	81,091	0.01%	0.02%
April	16	94,250	0.01%	0.03%
May	21	104,330	0.01%	0.03%
June	21	195,095	0.02%	0.06%
July	20	669,910	0.06%	0.21%
August	23	1,208,522	0.10%	0.38%
September	19	1,684,123	0.14%	0.54%
October	20	1,552,768	0.13%	0.50%
November	22	1,533,259	0.13%	0.51%
December	19	1,334,327	0.11%	0.45%
2024				
January	22	681,182	0.06%	0.24%
February	19	379,996	0.03%	0.13%
March	20	801,450	0.07%	0.28%
April	20	506,243	0.04%	0.17%
May	21	1,006,836	0.09%	0.34%
June	19	525,474	0.05%	0.18%
July	22	511,342	0.04%	0.18%
August	22	382,730	0.03%	0.13%
September	19	323,956	0.03%	0.11%
October	21	343,571	0.03%	0.12%
November	21	269,567	0.02%	0.09%
December	9	1,613,115	0.14%	0.56%

	Number of trading days	Average daily trading volume of the Shares (Note 1)	Percentage of the average daily trading volume of the Shares to the total issued share capital (Note 2)	Percentage of the average daily trading volume of the Shares to the public float of the Company (Note 2 & 3)
2025				
January	19	1,310,053	0.11%	0.46%
February	20	1,209,540	0.11%	0.42%
From 1 March 2025 to the Latest Practicable Date	20	613,725	0.05%	0.21%
During the pre-Announcement period (i.e. 1 January 2023 to 10 December 2024)	475	635,259	0.05%	0.21%
From 31 December 2024 to the Latest Practicable Date	60	1,046,755	0.09%	0.36%

Notes:

1. Source: Bloomberg
2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company or the total number of the Shares in public float at the end of each month (or as at the Latest Practicable Date for March 2025).
3. The total number of Shares in public float is calculated based on the number of total issued Shares excluding treasury Shares, Shares held by the Founder Group, Directors, Directors of core subsidiaries of the Company, and their respective associates at the end of each month (or as at the Latest Practicable Date for March 2025).

From the table above, which outlines the average daily trading volume as a percentage of the total issued Shares and as a percentage of the public float respectively, we note that the average daily trading volume of the Shares has been thin. The average daily trading volume of the Shares for the pre-Announcement Period from 1 January 2023 to 10 December 2024 (the Last Trading Date) was 635,259 Shares, representing only around 0.05% of the total issued Shares and around 0.21% of the public float.

We have discussed with the management of the Company regarding the increase in average daily trading volume from August 2023 to December 2023, and in May 2024. Save for the publication of the 2023 interim results announcement by the Company on 21 August 2023, the management of the Company are not aware of other particular reason that possibly led to the increase in average daily trading volume of the Shares.

Trading of the Shares was suspended on 11 December 2024 and resumed on 30 December 2024. The publication of the Announcement on 27 December 2024 heightened the trading volume to 10,933,000 Shares on the first day of resumption of trading (i.e. 30 December 2024), representing approximately 0.96% of the total issued Shares and 3.79% of the public float. After that from 31 December 2024 to the Latest Practicable Date, although the average daily trading volume of Shares decreased to 1,046,755 Shares, representing around 0.09% of the total issued Shares and 0.36% of the public float, it is still higher than those in the pre- Announcement period.

Given the generally thin average daily trading volume of Shares, if Scheme Shareholders (especially those with relatively sizeable shareholdings) wish to sell a significant number of Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the Shares. The higher level of trading volume following the publication of the Announcement may not, in our view, be sustained if the Proposal and the Scheme lapses. Therefore, the Proposal and the Scheme provide a valuable opportunity for the Scheme Shareholders to dispose of their entire holdings at a fixed consideration for cash under the Cash Alternative, which is at a premium over historical Share prices on the Last Trading Date and for different recent periods before and up to the Last Trading Date (as set out below), and to the closing market price of the Shares as at the Latest Practicable Date.

(iii) Cancellation Consideration (Cash Alternative) comparisons

The cash consideration of HK\$5.60 per Scheme Share under the Cash Alternative represents:

as compared to recent market prices

- (a) a premium of approximately 33.33% over the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on 10 December 2024, being the Last Trading Date;
- (b) a premium of approximately 34.36% over the average closing price of approximately HK\$4.17 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Date;
- (c) a premium of approximately 37.32% over the average closing price of approximately HK\$4.08 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Date;

- (d) a premium of approximately 44.37% over the average closing price of approximately HK\$3.88 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) trading days up to and including the Last Trading Date;
- (e) a premium of approximately 36.09% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) trading days up to and including the Last Trading Date;
- (f) a premium of approximately 36.42% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ninety (90) trading days up to and including the Last Trading Date;
- (g) a premium of approximately 2.94% over the closing price of HK\$5.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

as compared to net assets

- (a) a premium of approximately 122.25% over the Group's unaudited net asset value attributable to the Shareholders of approximately HK\$2.52 per Share as at 31 December 2024.

In summary, the Cash Alternative of HK\$5.60 per Scheme Share represents (a) premiums in a range of approximately 33.33% to 44.37% over the closing Share prices for different recent periods before the suspension of trading in the Shares prior to publication of the Announcement; and (b) a premium of approximately 122.25% over the net asset value per Share attributable to the Shareholders as at 31 December 2024.

The price of the Shares closed at HK\$5.44 on the Latest Practicable Date, which as noted above we consider is largely determined by the Cash Alternative price.

7. Comparable companies

As mentioned in the sub-section headed "Information and prospects of the Group" of this letter, the Group is principally engaged in the design, development and sales of small home appliances including air purifiers, tower fans, air fryers, toaster ovens, body fitness scales and kitchen scales. At the Cash Alternative of HK\$5.60 per Scheme Share, the implied market capitalisation of the Company amounts to approximately HK\$6.4 billion. For the purpose of evaluating the Proposal, we have conducted a search on Bloomberg for companies similar to the Group, which are (i) listed on the Main Board of the Stock Exchange with market capitalisation of not more than HK\$7 billion as at the date immediately prior to the Latest Practicable Date; and (ii) based on their latest published annual reports available as at the date immediately prior to the Latest Practicable Date, principally engaging in the manufacturing and sales of small household

appliances with no other reporting segment (the “**Comparable Companies**”). The Comparable Companies set out in the table below represent an exhaustive list of companies comparable to the Company based on the above criteria.

To assess the fairness and reasonableness of the Cash Alternative of the Cancellation Consideration, we have compared the price-to-sales multiples (the “**P/S Multiple(s)**”), the price-to-earnings multiples (the “**P/E Multiple(s)**”) and the price-to-book multiples (the “**P/B Multiple(s)**”) of the Company based on the Cash Alternative with those of the Comparable Companies. The P/S Multiples, P/E Multiples and the P/B Multiples are adopted because they are three of the widely accepted multiples for valuing businesses and are appropriate multiples to be adopted in this case considering the Company’s main operation is to generate revenue from the sales of goods, has recorded profits in 2024 and is not regarded as an asset-light business.

Comparable Companies	Stock code	Principal business	Geographical markets	Market capitalisation (HK\$ million) (Note 1)	Historical P/S Multiple (Approximate times) (Note 8)	Historical P/E Multiple (Approximate times) (Note 8)	Historical P/B Multiple (Approximate times) (Note 10)
JS Global Lifestyle Company Limited (“ JS Global ”) (Note 3)	1691	Mainly engaged in procurement, production, sales and marketing of household products.	Mainly in the PRC, Japan, Australia and New Zealand	6,497.4	0.52	134.61 (Note 4)	1.56
Town Ray Holdings Limited	1692	Principally engaged in the manufacture and sale of electrothermal household appliances.	Mainly in Europe, Asia and the United States	1,008.8	1.43	9.37	2.84
Raymond Industrial Limited	229	Mainly engaged in the manufacture and sale of electrical home appliances.	Mainly in Asia, Europe, Latin America and North America	446.2	0.36	6.46	0.66
Allan International Holdings Limited (“ Allan International ”)	684	Mainly engaged in design, manufacture and trading of household electrical appliances.	Mainly in Hong Kong and the PRC	226.5	0.47 (Note 9)	N/A (Note 2)	0.28
		Highest			1.43	134.61	2.84
		Lowest			0.36	6.46	0.28
		Average			0.70	50.15	1.34
		Median			0.50	9.37	1.11
The Company (at the Cash Alternative)				6,381.2	1.26 (Note 5)	8.82 (Note 6)	2.22 (Note 7)

Notes:

1. Market capitalisation of the Comparable Companies are sourced from Bloomberg as at the date immediately prior to the Latest Practicable Date.
2. Allan International recorded a loss for the trailing 12 months ended 30 September 2024.
3. During 2023, SharkNinja, Inc. was spun-off from JS Global and separately listed on the New York Stock Exchange. SharkNinja group was involved in design, marketing, manufacture, export, import and distribution of a full range of floor-care products, hard-surface steam cleaning products and small kitchen appliances under the brands of “Shark” and “Ninja”.
4. As set out in JS Global’s 2024 annual results announcement, JS Global recorded profit attributable to owners of the parent of approximately US\$6.2 million, representing a decrease of approximately 95.3% compared to 2023 mainly as a result of increase in selling and distribution expenses and administrative expenses to support Asia Pacific market expansion.
5. The implied P/S Multiple of the Company is calculated based on (a) the implied market value of approximately HK\$6,381.2 million at the Cash Alternative; and (b) the revenue of the Company for the year ended 31 December 2024 of approximately US\$652.6 million (equivalent to approximately HK\$5,073.4 million based on exchange rate of US\$1 to HK\$7.7742) as extracted from the Company’s 2024 annual results announcement.
6. The implied P/E Multiple of the Company is calculated based on (a) the implied market value of approximately HK\$6,381.2 million at the Cash Alternative; and (b) the Attributable Profit of the Company for the year ended 31 December 2024 of approximately US\$93.0 million (equivalent to approximately HK\$723.4 million based on exchange rate of US\$1 to HK\$7.7742) as extracted from the Company’s 2024 annual results announcement.
7. The implied P/B Multiple of the Company is calculated based on (a) the implied market value of approximately HK\$6,381.2 million at the Cash Alternative; and (b) the Attributable Net Asset value of the Company as at 31 December 2024 of approximately US\$369.3 million (equivalent to approximately HK\$2,871.1 million based on exchange rate of US\$1 to HK\$7.7742) as extracted from the Company’s 2024 annual results announcement.
8. The P/S Multiples and P/E Multiples of JS Global, Town Ray Holdings Limited and Raymond Industrial Limited are calculated based on their respective market capitalisation as at the date immediately prior to the Latest Practicable Date divided by their respective revenue/attributable profit for the trailing 12-month period ended 30 June 2024 or the financial year ended 31 December 2024, as extracted/deduced from their respective latest published annual and/or interim reports or annual results announcement.
9. The P/S Multiple of Allan International is calculated based on its market capitalisation as at the date immediately prior to the Latest Practicable Date divided by its revenue for the trailing 12-month period ended 30 September 2024, as deduced from its latest published annual and/or interim report.
10. The P/B Multiples of the Comparable Companies are calculated based on their respective market capitalisation as at the date immediately prior to the Latest Practicable Date divided by their respective attributable net asset value for the latest interim period/financial year, as extracted from their respective latest published annual and/or interim reports.

As set out in the table above, the P/S Multiples of the Comparable Companies ranged from approximately 0.36 times to 1.43 times, with an average and median of approximately 0.70 times and 0.50 times; the P/E Multiples of the Comparable Companies ranged from approximately 6.46 times to 134.61 times, with an average and median of approximately 50.15 times and 9.37 times; the P/B Multiples of the Comparable Companies ranged from approximately 0.28 times to 2.84 times, with an average and median of approximately 1.34 times and 1.11 times. The high average P/E Multiple of the Comparable Companies compared to the median is mainly due to the exceptionally high P/E Multiple of JS Global, details of which are set out in Note 4 above.

Although the implied P/E Multiple of the Company at the Cash Alternative of approximately 8.82 times is below the average and the median of the historical P/E Multiples of the Comparable Companies, considering the implied P/S and P/B Multiples of the Company at the Cash Alternative of approximately 1.26 times and 2.22 times are above the average and median of the P/S and P/B Multiples of the Comparable Companies, on balance, we consider this an indication that the Cash Alternative is fair and reasonable so far as the Disinterested Shareholders are concerned.

8. Privatisation precedents

To further assess the fairness and reasonableness of the Cash Alternative of the Cancellation Consideration, we have researched all privatisation proposals, which involve a cash alternative as cancellation consideration, of companies listed on the Main Board of the Stock Exchange that were announced and completed during the period since 1 January 2023 and up to the date immediately prior to the Latest Practicable Date (the “**Privatisation Precedents**”). In our view, the Privatisation Precedents represent an exhaustive list identified from website of the Stock Exchange based on the above selection criteria.

Although the companies listed below may have different principal activities, market capitalisation, financial performance and position as compared with those of the Company, we consider that the Privatisation Precedents, involving companies listed on the Main Board of the Stock Exchange, can provide a comprehensive overview of the market trend of the pricing of this type of transaction in the Hong Kong equity capital market and of the acceptable premium range that disinterested shareholders are willing to accept for tendering their shares in a privatisation transaction.

The table below illustrates the premiums/discounts represented by the cancellation consideration over/to the respective last trading day, respective last 5, 10, 30, 60 and 90 trading days average share prices and respective latest NAV/adjusted NAV per share in respect of the privatisation proposals:

Date of initial announcement (Note 2)	Company name (stock code)	Premium or (discount) represented by offer/ cancellation price over/to closing share price/average share price on/over (Note 1)						Premium or (discount) represented by offer/ cancellation price over/ to latest NAV/ adjusted NAV per share (Note 5)
		Last full trading day (Note 3)	5- trading day (Note 4)	10- trading day (Note 4)	30- trading day (Note 4)	60- trading day (Note 4)	90- trading day (Note 4)	
22 November 2024	Ronshine Service Holding Co., Ltd (2207)	15.4%	9.1%	1.7%	6.3%	1.9%	(6.5)%	(53.5)%
28 October 2024	Beijing Capital Grand Limited (1329)	46.6%	54.6%	55.1%	41.8%	47.9%	65.4%	(53.8)%
14 October 2024	CM Hi-Tech Cleanroom Limited (2115)	25.0%	23.8%	26.9%	30.2%	39.7%	41.7%	(3.2)%
2 September 2024	Doyen International Holdings Limited (668)	78.6%	81.4%	82.3%	81.4%	86.2%	112.9%	(39.3)%
16 July 2024	Samson Holding Ltd. (531)	77.8%	86.8%	105.4%	150.1%	186.7%	184.5%	(47.1)%
19 June 2024	Asia Standard Hotel Group Limited (292)	52.8%	48.6%	41.0%	57.1%	71.9%	71.9%	(98.6)%
12 June 2024	A8 New Media Group Limited (800) (“A8 New Media”)	162.8%	159.0%	168.7%	185.7%	185.7%	174.8%	(48.1)%
27 May 2024	Huafa Property Services Group Company Limited (982)	30.6%	36.8%	40.1%	70.6%	82.4%	88.3%	970.1%
29 April 2024	L’Occitane International S.A. (973)	30.8%	36.1%	40.6%	49.9%	60.8%	60.5%	593.5%
18 April 2024	Kin Yat Holdings Limited (638)	33.3%	43.4%	47.3%	51.5%	53.6%	55.9%	(57.4)%
28 March 2024	SciClone Pharmaceuticals (Holdings) Limited (6600)	33.9%	36.0%	36.2%	47.5%	47.9%	48.7%	228.4%
9 February 2024	IntelliCentrics Global Holdings Ltd. (6819)	20.5%	20.4%	19.3%	13.6%	11.4%	10.7%	N/A
26 January 2024	Bank of Jinzhou Co., Ltd. (416)	0.0%	(0.6)%	(1.0)%	0.3%	15.4%	34.8%	(71.9)%

Date of initial announcement (Note 2)	Company name (stock code)	Premium or (discount) represented by offer/ cancellation price over/to closing share price/average share price on/over (Note 1)						Premium or (discount) represented by offer/ cancellation price over/ to latest NAV/ adjusted NAV per share (Note 5)
		Last full trading day (Note 3)	5- trading day (Note 4)	10- trading day (Note 4)	30- trading day (Note 4)	60- trading day (Note 4)	90- trading day (Note 4)	
14 December 2023	Sinosoft Technology Group Limited (1297)	29.4%	30.4%	31.2%	31.1%	22.5%	15.0%	(78.9)%
4 December 2023	Weiqiao Textile Company Limited (2698)	104.7%	104.9%	102.7%	111.1%	142.9%	147.5%	(78.3)%
28 November 2023	CIMC Vehicles (Group) Co., Ltd. (1839)	16.5%	17.9%	21.0%	25.4%	19.1%	15.9%	(6.3)%
20 November 2023	Vinda International Holdings Limited (3331)	20.1%	19.7%	21.4%	21.3%	25.7%	29.2%	145.2%
6 October 2023	Haitong International Securities Group Limited (665)	114.1%	111.1%	108.2%	126.5%	122.2%	124.5%	(39.3)%
6 October 2023	Pine Care Group Limited (1989)	(1.1)%	0.7%	0.9%	1.5%	8.9%	22.9%	(7.9)%
15 September 2023	Lansen Pharmaceutical Holdings Limited (503)	26.8%	24.1%	22.5%	20.0%	15.4%	20.8%	22.1%
1 September 2023	CST Group Limited (985)	61.3%	24.4%	21.4%	36.6%	(1.4)%	(14.9)%	(60.7)%
27 June 2023	Dali Foods Group Company Limited (3799)	37.9%	36.4%	39.4%	30.2%	21.8%	18.7%	151.7%
27 June 2023	Poly Culture Group Corporation Limited (3636)	77.6%	112.5%	125.2%	133.1%	129.8%	129.0%	(30.9)%
23 June 2023	Yongsheng Advanced Materials Company Limited (3608)	58.7%	55.8%	61.0%	52.9%	38.5%	34.4%	(46.5)%
11 June 2023	Mason Group Holdings Limited (273)	20.7%	20.7%	19.4%	19.0%	16.2%	12.7%	(60.1)%
28 May 2023	Golden Eagle Retail Group Limited (3308)	63.4%	66.6%	61.5%	55.3%	49.9%	54.6%	(47.4)%
8 May 2023	Hailan Holdings Limited (2278)	5.0%	5.0%	5.0%	5.0%	5.0%	8.7%	(60.2)%
29 March 2023	Inner Mongolia Yitai Coal Co., Ltd. (3948)	54.9%	58.7%	63.7%	67.3%	64.2%	65.1%	(6.0)%

Date of initial announcement (Note 2)	Company name (stock code)	Premium or (discount) represented by offer/ cancellation price over/to closing share price/average share price on/over (Note 1)						Premium or (discount) represented by offer/ cancellation price over/ to latest NAV/ adjusted NAV per share (Note 5)
		Last full trading day (Note 3)	5- trading day (Note 4)	10- trading day (Note 4)	30- trading day (Note 4)	60- trading day (Note 4)	90- trading day (Note 4)	
21 February 2023	Jiangnan Group Limited (1366)	83.5%	100.0%	106.2%	107.3%	102.0%	91.4%	(63.8)%
17 February 2023	AAG Energy Holdings Limited (2686)	10.1%	10.1%	9.3%	10.8%	24.2%	27.2%	(27.5)%
	Highest	162.8%	159.0%	168.7%	185.7%	186.7%	184.5%	970.1%
	Lowest	(1.1)%	(0.6)%	(1.0)%	0.3%	(1.4)%	(14.9)%	(98.6)%
	Average	46.4%	47.8%	49.4%	54.7%	56.6%	58.3%	35.3%
	Median	33.6%	36.2%	39.8%	44.6%	43.8%	41.7%	(46.5)%
	The Company (at the Cash Alternative) (2148)	33.3%	34.4%	37.3%	44.4%	36.1%	36.4%	122.3%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The figures are quoted from the respective offer/scheme document or if such data is not available, calculated based on the offer/cancellation price divided by the closing price per share on the last full trading day or average closing price per share during various periods.
2. The date of the Takeovers Code Rule 3.5 announcement or Rule 3.7 announcement, whichever is earlier.
3. The last undisturbed full trading day as disclosed in the respective offer/scheme document or last full trading day prior to the release of the initial announcement.
4. Up to and including the last full trading day.
5. It represents the premium or (discount) represented by the offer/ cancellation price over the NAV per share (or adjusted NAV per share, if available) quoted from the respective offer/ scheme document.
6. Subject to rounding differences.

Based on the table above, the average premiums and median premiums of the Privatisation Precedents over the (average) closing price on the last trading day, and for last 5, 10, 30, 60 and 90 trading days range from approximately 46.4% to 58.3% and approximately 33.6% to 44.6% respectively. The generally higher average premiums compared to the median premiums is mainly due to the exceptionally high premiums over market prices offered pursuant to certain Privatisation Precedents. For example, the privatisation case of A8 New Media involved a substantial premium of approximately 162.8% over the market price on the last trading day and substantial premiums

ranging from 159.0% to 185.7% over the last 5 to 90 trading days, much higher than the relevant median premiums. As such, the median premiums of the Privatisation Precedents may offer a fairer analysis compared to average premiums which are affected by outliers. The average premium of the Privatisation Precedents over their respective NAV is approximately 35.3%, with a median discount of approximately 46.5%.

The premiums represented by the Cash Alternative of HK\$5.60 per Scheme Share are well within the corresponding range of the Privatisation Precedents, despite being below the average premiums, as well as below the median premiums of the Privatisation Precedents over the closing price on the last trading day for the last 5 to 90 trading days by approximately 0.2 to 7.7 percentage points. Notwithstanding this, having considered that (a) the Cash Alternative represents premiums in a range of approximately 33% to 44% over the closing Share prices on the Last Trading Date and for different recent periods before and up to the Last Trading Date; (b) the Cash Alternative represents a premium of approximately 122.3% over the Attributable Net Assets value per Share as at 31 December 2024; (c) the implied P/S Multiple and P/B Multiple of the Company at the Cash Alternative is above the corresponding average and median of the historical P/S Multiples and P/B Multiples of the Comparable Companies, although the implied P/E Multiple at the Cash Alternative is below the average and median of the historical P/E Multiples of the Comparable Companies, on balance, we consider the Cash Alternative to be fair and reasonable.

SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

As set out in the “Letter from the Board” in the Scheme Document, the rights and obligations of TopCo Shareholders are governed by, among others, the provisions of the Companies Act and the TopCo Articles. Under the TopCo Articles, so long as the Minimum Holding Requirement is met, (a) the Investor and/or its affiliates shall have veto rights over certain actions and matters of the TopCo Group such as declaration and payment of dividends, material acquisition or disposal of assets, and incurrence of material indebtedness; and (b) the Investor and/or its affiliates have right to require TopCo to redeem all of its TopCo Shares at a price that yields the applicable internal rate of return as set out in the TopCo Articles, if a qualified listing or a Qualified Trade Sale (a Trade Sale which will generate an internal rate of return exceeding the prescribed hurdle rate to the Investor (and/or its affiliates) on its investment in TopCo) of the TopCo Group pursuant to the terms of the TopCo Articles has not been consummated within three years and nine months after the closing date of the Proposal.

Background and information of the Investor

The Investor, HHLR Fund, L.P. (“**HHLR Fund**”), is a limited partnership formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. (“**HHLR Advisors**”) (previously known as Hillhouse Capital Advisors, Ltd.) serves as the investment manager of HHLR Fund. HHLR Fund and HHLR Advisors, collectively the only strategic investor holding over 5% interests in the Company, were interested in an aggregate of 94,686,000 Shares, representing approximately 8.31% of the issued share capital of the Company as at the Latest Practicable Date. HHLR Advisors, incorporated in 2005, manages one of the largest investment portfolios in Asia with focus on consumer, TMT, industrials and healthcare sectors.

As noted in the prospectus of the Company dated 8 December 2020, Hillhouse Capital Advisors, Ltd. was the sole investment manager and the general partner, respectively, of two cornerstone investors in the Company's global offering. We understand from the executive Directors of the Company that the Board has maintained long-term and positive relationship with the Investor since the listing of the Company in December 2020. During this time, the Investor has provided valuable opinions to the Group on development strategy leveraging on its global resources, investment acumen and business networks.

Rationale for the Investor Arrangement

The Investor boasts a proven track record of successful investments, having built a substantial investment portfolio alongside extensive knowledge and expertise, all of which can be leveraged to deliver significant value to the Group. The Investor has assisted the Group in sourcing industry experts to provide strategic and operational advisory support, including identifying senior consultants, which has strengthened the Group's leadership team and enhanced its operational efficiencies and capabilities. Through its deep industry experience, the Investor also provided advice on product differentiation, introduced sales channel resources and shared valuable consumer insights to the Group to support its growth and strategic initiatives. In view of this, the Offeror, which is controlled by two executive Directors and one non-executive Director, believes that retaining the Investor's involvement will benefit the prospects of the Group. It was of critical importance in putting forward the Proposal that the Investor and its affiliates continue to contribute and share its resources and business networks to support and grow the Group's business operations and market position upon completion of the Proposal. The Investor's involvement is expected to enhance the Group's competitiveness in the market and benefit the Group's long-term sustainable development and growth, ultimately delivering value to the TopCo Shareholders.

Electing the Share Alternative rather than the Cash Alternative requires the Investor to give up public market liquidity of its investment for a strategic position in a private company. Considering the Investor's substantial investment in the Company and their potential to add value, the Offeror has decided to propose the Investor Arrangement to the Investor as an incentive to elect the Share Alternative, thereby retaining the Investor as a strategic TopCo Shareholder. The Investor provided the Irrevocable Undertaking to the Offeror in December 2024, pursuant to which it will, among others, elect the Share Alternative only as the form of Cancellation Consideration.

Veto rights granted to the Investor

Under the Investor Arrangement, if the Investor and/or its affiliates met the Minimum Holding Requirement by holding (a) at least 8% of the TopCo's share capital (on a fully-diluted basis) as at completion of the Proposal; and (b) at least 5% of TopCo's share capital (on a fully-diluted basis but disregarding the dilutive effect of the issuance of any equity securities by the TopCo after completion of the Proposal) from time to time after completion of the Proposal, the Investor and/or its affiliates shall have veto rights over certain actions and matters of the TopCo Group (the "**Prescribed Matters**"). The Prescribed Matters, including declaration and payment of dividends, material acquisition or disposal of assets, and incurrence of material indebtedness relate to the long term development strategy of TopCo. Based on our discussion with the Investor, the veto rights and

the redemption rights discussed below granted to the Investor are considered to be similar to those granted to key investors in private equity projects. Details of the veto rights are set out in the section headed “Special Deal relating to the Investor Arrangement” of the “Letter from the Board” and the Explanatory Memorandum of the Scheme Document.

The Minimum Holding Requirement imposed on the Investor is designed to maintain the shareholding of the Investor and closely align the Investor’s interests with the performance of TopCo. The Investor Arrangement allows the Investor (and/or its affiliates) to turn down Prescribed Matters proposed to be carried out by the Company in case the Investor (and/or its affiliates) holds a different view on the development strategy of TopCo. The Offeror believes that the Investor will act for the best interest of TopCo given its aligned interest with the performance of TopCo. The TopCo Board will comprise five directors, of which four directors will be jointly appointed by the Founder Group and the remaining one director will be appointed by ordinary resolution of the TopCo Shareholders. The appointment and removal of any senior management members of the TopCo Group shall require approval of the TopCo Board. The TopCo Board will be the governing body of TopCo and be responsible for the management and operation of TopCo. Although the Investor will not have rights to formulate and decide policy matters of TopCo, if it maintains the Minimum Holding Requirement, it will have veto rights over Prescribed Matters proposed by the Board.

Redemption of TopCo Shares held by the Investor

If (a) the Investor and/or its affiliates satisfies the Minimum Holding Requirement; and (b) a qualified listing or a Qualified Trade Sale of the TopCo Group pursuant to the terms of the TopCo Articles has not been consummated by the date falling three years and nine months after the closing date of the Proposal, the Investor and/or its affiliates has a right to require the TopCo to redeem all of its TopCo Shares at a price per share that yields the applicable internal rate of return as set out in the TopCo Articles (the “**Redemption Request Right**”). As stated in the TopCo Articles, the redemption shall yield an internal rate of return for TopCo Shares held by the Investor of (a) 8% since the relevant TopCo Shares are fully paid or completion of holder registration, until and including the second anniversary of the date on which the Scheme becomes effective (the “**First Measurement Period**”); and (b) 12% after the First Measurement Period until TopCo fully settle the redemption price to the Investor under the Redemption Request Right.

As the Investor has provided the Irrevocable Undertaking to the Offeror to elect the Share Alternative only as the form of Cancellation Consideration, the Investor has been granted an exit right in the form of the Redemption Request Right that yields a rate of return similar to the cost of capital of the Investor over a medium term period of approximately three and three quarter years. This may be considered within a normal time span for a private equity exit, bearing in mind the Investor has already held the Shares for over 4 years.

In case the Redemption Request Right is exercised by the Investor, the Offeror believes TopCo will have sufficient financial resources to redeem all TopCo Shares held by the Investor without adversely disrupting the operation of the Group with reference to the Group’s existing cash and cash equivalents position.

Conclusion

The Investor Arrangement will not adversely affect the Disinterested Shareholders electing the Cash Alternative as they will not be TopCo Shareholders. As set out above, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders, such as the Investor, which are likely to be familiar with the rights granted to substantial private equity investors.

The terms of the Investor Arrangement, including the veto rights granted to the Investor upon completion of the Proposal, are fully disclosed in the Scheme Document. The approval of the Investor Arrangement by the Disinterested Shareholders at the EGM is a non-waivable condition of the Proposal and the Scheme. The Investor Arrangement, as well as the Proposal and the Scheme, are conditional upon, among other things, the approval by the Disinterested Shareholders which cannot be waived.

As we consider that the Proposal and the Scheme are in the interests of the Disinterested Shareholders, and taking in to account (i) the past contribution of the Investor to the Company and its strategic importance to the future development of TopCo as discussed above in the paragraph headed “Rationale for the Investor Arrangement” of this letter (such as (a) assisting the Group in sourcing industry experts to provide strategic and operational advisory support which has strengthened the Group’s leadership team and enhanced its operational efficiencies and capabilities; and (b) providing advice on product differentiation, introduced sales channel resources and shared valuable consumer insights to the Group to support its growth and strategic initiatives), where general Disinterested Shareholders may not be able to offer such resources and expertise; (ii) the importance to the Offeror of retaining the Investor as a TopCo Shareholder when deciding to put forward the Proposal so that the Investor and its affiliates continue to contribute and share its resources and business networks which is expected to benefit the Group’s long-term sustainable development and growth; (iii) the Investor being a prominent strategic investor in the Company who would be interested in at least approximately 8.31% in TopCo immediately upon completion of the Proposal; (iv) only if the Investor satisfies the Minimum Holding Requirement will it have the Redemption Request Right and veto rights over Prescribed Matters proposed by the Board (but will not be able to formulate and decide on policy matters of TopCo); (v) the Redemption Request Right is offered to the Investor as the Investor has provided the Irrevocable Undertaking to elect the Share Alternative only as the form of Cancellation Consideration, and such terms are not uncommon for significant investors in private equity transactions; and (vi) if the Redemption Request Right is exercised, it is expected to be financed by TopCo’s internal resources, we are of the view that the Investor Arrangement is justified and fair and reasonable as far as the Disinterested Shareholders are concerned.

DISCUSSION**(i) The Proposal and the Scheme**

As set out above, we consider the Share Alternative has been chiefly designed for large and sophisticated Shareholders and we do not consider it suitable for other Disinterested Shareholders. Consequently, the discussion below relates to the Cash Alternative except for the final subparagraph on the Share Alternative.

Prospects of the Group

Except loss generated in 2022 mainly due to the Voluntary Recall, the revenue and profits of the Group showed an increasing trend during the period from 2022 to 2024. Nevertheless, we consider the future prospects of the Company are not without challenges in the short to medium term. As the market for small home appliances is highly saturated and competitive with various established brands, customers are price sensitive. Differentiating products in such a crowded market requires heavy investment in technology innovation and branding. The United States has recently imposed an additional 20% import tariffs on goods imported from the PRC. If the trade dispute between China and the United States worsens, there is a risk to the Group which may materially and adversely affect its operations.

Historical price compared to the Cash Alternative

The Scheme Shares will be cancelled at HK\$5.60 each under the Cash Alternative. We have assessed the fairness of the Cash Alternative by reviewing the Share prices of the Company during the Share Price Review Period, the Share prices closed below the Cash Alternative of HK\$5.60 per Scheme Share for 739 trading days, out of 1,043 trading days (approximately 70% of the total trading days). The Cash Alternative represents premiums in a range of approximately 33% to 44% over the closing Share prices for different periods set out above before the Last Trading Date, which we consider a favourable factor to the Disinterested Shareholders.

The Shares closed at HK\$5.44 per Share on the Latest Practicable Date, a price which we consider largely determined by the Cash Alternative price and so vulnerable to short-term declines if the Proposal fails.

Trading volume of the Shares

The trading liquidity of the Shares has been at a generally thin level during the Trading Liquidity Review Period. Accordingly, Scheme Shareholders as a whole might not be able to dispose of their Shares, if they wish to do so, without causing downward pressure on the market price. In our view, the relatively high level of trading after the Announcement may not be sustainable if the Proposal and the Scheme lapse. Consequently, we consider the Proposal and the Scheme provide a valuable opportunity for the Scheme Shareholders to dispose of their entire holdings at a fixed consideration for cash under the Cash Alternative, which is at

premiums in a range of approximately 33% to 44% over the closing Share prices on the Last Trading Date and for different recent periods before and up to the Last Trading Date, as detailed in the paragraph headed “(iii) Cancellation Consideration (Cash Alternative) comparisons” of this letter above.

Comparable Companies

The implied P/S Multiple and P/B Multiple of the Company at the Cash Alternative is above the corresponding average and median of the historical P/S Multiples and P/B Multiples of the Comparable Companies, while the implied P/E Multiple at the Cash Alternative is below the average and median of the historical P/E Multiples of the Comparable Companies.

Privatisation Precedents

As set out in the sub-section headed “Privatisation Precedents” of this letter above, the premiums represented by the Cash Alternative over different periods are well within the corresponding range of the Privatisation Precedents, despite being below the average premiums, as well as below the median premiums of the Privatisation Precedents over the closing price for different periods set out above by approximately 0.2 to 7.7 percentage points.

Having considered that (a) the Cash Alternative represents premiums in a range of approximately 33% to 44% over the closing Share prices on the Last Trading Date and for different recent periods before and up to the Last Trading Date; (b) the Cash Alternative represents a premium of approximately 122.3% over the Attributable Net Assets value per Share as at 31 December 2024; (c) the implied P/S Multiple and P/B Multiple of the Company at the Cash Alternative is above the corresponding average and median of the historical P/S Multiples and P/B Multiples of the Comparable Companies, although the implied P/E Multiple at the Cash Alternative is below the average and median of the historical P/E Multiples of the Comparable Companies; and (d) the premiums represented by the Cash Alternative over different periods are well within the corresponding range of the Privatisation Precedents, despite being below the average and median premiums of the Privatisation Precedents, on balance, we consider the Cash Alternative to be fair and reasonable.

The Share Alternative

Based on the estimates of DBSAC, which in our opinion is a reasonable approach, the Share Alternative is valued at between HK\$3.92 to HK\$5.60. Disinterested Shareholders who are attracted by the prospects of the Company may consider accepting the Share Alternative. However, as explained in this letter above, we do not think the Share Alternative is suitable for Disinterested Shareholders who are not large and sophisticated investors as they will suffer a sharply decreased level of liquidity and shareholder protection. Disinterested Shareholders are advised to study the associated risks in holding of the TopCo Shares by referring to (i) the sub-section headed “Risks which Disinterested Shareholders should bear in mind in evaluating

the Share Alternative” of this letter; and (ii) the sub-section headed “The Share Alternative” in the “Letter from the Board” and relevant disclosure in the Explanatory Memorandum of the Scheme Document if they are considering accepting the Share Alternative.

(ii) The Investor Arrangement

We consider that the Proposal and the Scheme are in the interests of the Disinterested Shareholders. After taking into account various factors as stated in the section headed “Special Deal relating to the Investor Arrangement” above, especially the Offeror’s view that retaining the Investor was of critical importance to its decision to put forward the Proposal and to the future development of TopCo after the completion of the Proposal, we are of the view that the Investor Arrangement is justified and fair and reasonable as far as the Disinterested Shareholders are concerned.

The Investor Arrangement will not adversely affect the Disinterested Shareholders electing the Cash Alternative as they will not be TopCo Shareholders. We consider the Share Alternative has been tailored principally for large and sophisticated Shareholders, such as the Investor, which are likely to be familiar with the rights granted to substantial private equity investors.

The terms of the Investor Arrangement, including the veto rights granted to the Investor (and/or its affiliates) upon completion of the Proposal, are fully disclosed in the Scheme Document and are, in our opinion, terms such as a significant investor in a private equity investment can negotiate. The approval of the Investor Arrangement by the Disinterested Shareholders at the EGM is a non-waivable condition of the Proposal and the Scheme.

OPINION AND RECOMMENDATIONS

(i) The Proposal and the Scheme

Based on the above principal factors and reasons and as summarised in the section headed “Discussion” above, we consider the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee advises the Disinterested Shareholders to vote in favour of the resolution(s) to be proposed at the Court Meeting to approve the Proposal and the Scheme and at the EGM to approve the matters as set out in the “Notice of EGM” contained in Appendix VIII to the Scheme Document.

Disinterested Shareholders should note that the Cash Alternative of HK\$5.60 represents a premium of approximately 2.94% compared to the closing price of the Shares of HK\$5.44 as at the Latest Practicable Date. If the market price of the Shares exceeds HK\$5.60 (which however we consider unlikely given the factors discussed above as to Share prices), Disinterested Shareholders should consider selling their Shares in the market if the sales proceeds, net of transaction costs, exceed HK\$5.60 per Share. The expected last day for trading in the Shares on the Stock Exchange is 24 April 2025 and upon the Scheme becoming effective, the listing of the Shares will be withdrawn. Comments on the Share Alternative are set out below.

(ii) Whether to accept the Cash Alternative or the Share Alternative

In general, we recommend Disinterested Shareholders **not to elect the Share Alternative**. We consider the Share Alternative has been tailored principally for large and sophisticated Shareholders and is not suitable for other Disinterested Shareholders. In our opinion, only those Disinterested Shareholders who are particularly attracted by the prospects of the Company and are familiar with holding unlisted investments should consider the Share Alternative. If so, they should carefully study the risks of holding the TopCo Shares (discussed in the sub-section headed “Risks which Disinterested Shareholders should bear in mind in evaluating the Share Alternative” above) and the terms of the Investor Arrangement.

(iii) Whether to approve Investor Arrangement

Based on the above principal factors and reasons and as summarised in the section headed “Discussion” above, we are of the view that the Investor Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned.

Accordingly, we recommend that the Independent Board Committee advises the Disinterested Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Investor Arrangement as set out in the “Notice of EGM” contained in Appendix VIII to the Scheme Document.

(iv) Procedures

Details regarding the Proposal and the Scheme are set out in the Explanatory Memorandum of the Scheme Document. Disinterested Shareholders are urged to note the procedures and timetable set out in the Scheme Document and take action accordingly.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Stephanie Chow
Director

Ms. Stephanie Chow is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over thirteen years’ experience in the corporate finance industry.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 2023 (As Revised).

INTRODUCTION

On 11 December 2024, the Offeror sent the First Approach Letter to the Board containing, requesting the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, where the Scheme Shares will be cancelled in exchange for either (i) the Cash Alternative of HK\$5.00 in cash for every Scheme Share (being the Initial Offer Price), or (ii) the Share Alternative of one TopCo Share for every Scheme Share.

Upon further assessment of the Company and the Proposal, on 23 December 2024, the Offeror sent the Updated Approach Letter to the Board, pursuant to which the Initial Offer Price was increased to HK\$5.60 in cash for every Scheme Share (being the Final Offer Price).

If the Proposal is approved and implemented:

- (a) the Scheme Shares held by the Founder Group will be cancelled and extinguished on the Effective Date in exchange for the Founder Cancellation Consideration, being the crediting of the unpaid TopCo Shares held by the Founder Group as being fully paid in the amount of the Cash Alternative of HK\$5.60 per TopCo Share;
- (b) all the Scheme Shares held by the other Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for either the Cash Alternative or the Share Alternative;
- (c) the issued share capital of the Company will, on the Effective Date, be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Offeror the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full value the new Shares so allotted and issued to the Offeror; and
- (d) the Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place immediately following the Scheme becoming effective.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Proposal, the Scheme and the Investor Arrangement.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$5.60 for every Scheme Share; or
- (b) the **Share Alternative**: one TopCo Share for every Scheme Share.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Effective Date (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election or whose elections are invalid will be deemed to have elected to receive their entitlement under the Cash Alternative, subject to the Proposal becoming unconditional in all respects. Any Scheme Shareholder returning the Election Form (a) opting both to receive the Cash Alternative and the Share Alternative; or (b) does not make an election for the Cash Alternative or the Share Alternative in respect of all of its Scheme Shares; or (c) opting for the Share Alternative (whether in whole or in part) but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by TopCo or is otherwise prevented from becoming a registered holder of shares of TopCo by any applicable legal or regulatory reason such as being subject to any applicable international sanctions, will be treated for the purposes of the election as opting to receive the Cash Alternative in respect of all the Scheme Shares registered in its name. The Offeror will take reasonable steps to put in place measures so that a Scheme Shareholder is only able to elect one settlement method for the Cancellation Consideration (including requiring the Scheme Shareholders electing the Share Alternative with all or part of their Scheme Shares held in CCASS on or after the date of this Scheme Document to provide their account holder information as part of the Election Form for the Share Alternative; and the Company will make enquiries under section 329 of the SFO).

For the purpose of ensuring accuracy of the registered ownership of TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder may opt for the Share Alternative only in respect of the Scheme Shares that are registered in its own name on the register of members of the Company maintained by the Company's share registrar. Accordingly, where a Scheme Shareholder is holding all or part of its Scheme Shares via CCASS and wishes to opt for the Share Alternative, such Shareholder must instruct its securities dealer/custodian banks to withdraw such Scheme Shares from CCASS and arrange for the transfer of such Scheme Shares into its own name as soon as possible before the relevant deadline for election. If such Scheme Shareholder does not arrange to have its Scheme Shares withdrawn from CCASS and transferred in its name as mentioned above, such Scheme Shareholder will only receive the Cash Alternative in respect of its Scheme Shares.

Again, for the purpose of ensuring accuracy of the registered ownership of the TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder opting for the Share Alternative in respect of the Scheme Shares that are registered in its name on the register of members of the Company must, in addition

to a duly completed and executed Election Form being rendered, also lodge the following KYC Documents to comply with the relevant anti-money laundering requirements of the Cayman Islands (which shall be in English or accompanied by an English translation which is certified by a translator qualified to translate such foreign language into English as a true translation): (a) if the registered Scheme Shareholder is an individual, he/she must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which must be issued within the last three months of the date of the election); or (b) if the registered Scheme Shareholder is a corporation, it must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation; (ii) its registration certificate (where applicable); (iii) its memorandum and articles of association or other constitutional documents; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its organisation chart (showing all its ultimate beneficial owners holding 10% or more of the shares and any intermediate holding companies); (vii) for any intermediate holding companies as mentioned in item (b)(vi) above, items (b)(i) to (b)(v) above of such intermediate holding company; and (viii) items (a)(i) and (a)(ii) above of each of its ultimate beneficial owners. Further, for any individual Shareholder or beneficial owner who holds 10% or more direct or indirect interests in the total issued share capital of TopCo, a personal declaration form in a prescribed format would be required. For any corporate shareholder or intermediate holding company which holds 10% or more in the total issued share capital of TopCo, a statement of business in a prescribed format would be required. The Offeror, TopCo and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.

As at the Latest Practicable Date, there were no outstanding dividends which have been declared by the Company and not yet paid. If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced. The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date.

The Cash Alternative

The cash consideration of HK\$5.60 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 2.94% over the closing price of HK\$5.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 33.33% over the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on 10 December 2024, being the Last Trading Date;
- a premium of approximately 34.36% over the average closing price of approximately HK\$4.17 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Date;
- a premium of approximately 37.32% over the average closing price of approximately HK\$4.08 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Date;
- a premium of approximately 44.37% over the average closing price of approximately HK\$3.88 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) trading days up to and including the Last Trading Date;
- a premium of approximately 36.09% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) trading days up to and including the Last Trading Date;
- a premium of approximately 36.42% over the average closing price of approximately HK\$4.11 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ninety (90) trading days up to and including the Last Trading Date; and
- a premium of approximately 122.25% over the Group's audited net asset value attributable to the Shareholders of approximately HK\$2.52 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2024, calculated based on the audited consolidated net asset value attributable to the Shareholders of US\$369,316,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for illustrative purposes) as at 31 December 2024 and the Shares in issue as at the Latest Practicable Date.

The Cancellation Consideration has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares was HK\$5.44 per Share as quoted on the Stock Exchange on 28 March 2025 and the lowest closing price of the Shares was HK\$3.52 per Share as quoted on the Stock Exchange on 22 November 2024.

The Share Alternative

The TopCo Shares are shares of an unlisted company in the Cayman Islands and an investment holding company. TopCo is an exempted company incorporated in the Cayman Islands with limited liability on 15 November 2024, whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. As at the Latest Practicable Date, TopCo had 786,760,200 shares in issue, which are directly held as to approximately 1.01%, 30.97%, 20.64%, 1.03% and 46.36% by Ms. Yang, Karis I, Karis II, Arceus and Caerus, respectively.

The IU Shareholders have irrevocably undertaken that they will elect the Share Alternative as the form of Cancellation Consideration for the cancellation of IU Shares held or owned by them. Please refer to the section headed “*Irrevocable Undertakings*” for further details.

Following the Effective Date, the Company will be wholly-owned directly by the Offeror and indirectly by HoldCo and TopCo, and the value of the TopCo Shares will primarily be determined by the value of the Company. The Company had a net asset value attributable to Shareholders of approximately US\$369,316,000 (being approximately US\$0.32 per Share based on the total number of issued Shares as at the Latest Practicable Date) as at 31 December 2024 as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2024. The value of the TopCo Shares will also be affected by the external debt financing to be incurred by the Offeror (including the Acquisition Facility). A letter from DBSAC is set out in Appendix V to this Scheme Document in respect of estimate of value of the TopCo Shares, which is provided to the Directors solely for the purpose of paragraph 30 of Schedule I to the Takeovers Code and should not be used or relied upon for any other purpose whatsoever.

The TopCo Shares to be issued pursuant to the Proposal will be issued free from all encumbrances, credited as fully paid up and will rank *pari passu* with the existing TopCo Shares at the date of issue.

TopCo Shareholders are entitled to receive notice of general meetings of TopCo and shall have the right to one vote per TopCo Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the TopCo Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of TopCo.

TopCo Shareholders would have their rights and obligations in relation to TopCo governed by the provisions of the Companies Act and other applicable laws in the Cayman Islands. TopCo shall, on receipt of an instrument of transfer, enter the name of the transferee of the TopCo Shares in the register of shareholders in accordance with and subject to the provisions of TopCo Articles.

After completion of the Proposal, the TopCo Board will comprise five directors, of which four directors shall be appointed by the Founder Group collectively and one director shall be appointed by ordinary resolution of the TopCo Shareholders. The appointment and removal of any senior management members of the TopCo Group shall require approval of the TopCo Board.

After completion of the Proposal, (i) the chairman of the TopCo Board, (ii) any two (2) directors of TopCo, (iii) any director of TopCo and the secretary of TopCo or (iv) the TopCo Board may convene an extraordinary general meeting whenever in their judgment such a meeting is necessary. The directors of TopCo must also call a general meeting if a requisition in writing is given by one or more TopCo Shareholders who together hold at least 10% of such of the paid-up share capital of TopCo as at the date of the deposit of such requisition carries the right to vote at general meetings. Should the directors of TopCo fail to call such general meeting within 21 calendar days from the date of deposit of a requisition, the requisitionists or any of them may collectively call one general meeting in one location within 90 calendar days after the date of the deposit of the requisition.

After completion of the Proposal, pursuant to the TopCo Articles, a special resolution will be passed by (i) at least two-thirds of the TopCo Shareholders as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given or in writing, or (ii) a written resolution passed by unanimous consent of all TopCo Shareholders entitled to vote. Matters requiring the authority of a special resolution include:

- (a) reducing the share capital of TopCo;
- (b) voluntary winding-up of TopCo;
- (c) amending the TopCo Articles; and
- (d) merging or consolidating with one or more other constituent companies (to the extent required by the Companies Act).

After completion of the Proposal and pursuant to the TopCo Articles, (i) each TopCo Shareholder will have (1) preemptive rights with respect to new equity issuances by TopCo; and (2) rights of first refusal with respect to the proposed transfer of equity securities of TopCo by any member of the Founder Group (including his, her or its respective affiliates that is a TopCo Shareholder), the Trustee or any other TopCo Shareholder that is a director or officer of any member of the TopCo Group (excluding the Founder Group) and holds at least 0.3% of the issued and outstanding share capital of TopCo; and (ii) each TopCo Shareholder holding at least 1% of the fully-diluted share capital of TopCo will also have tag-along rights.

No TopCo Shareholder may transfer any TopCo Shares unless such transfer is conducted in compliance with applicable laws and the TopCo Articles. Except for certain transfers permitted by the TopCo Articles or otherwise approved by the Investor and/or its affiliates (so long as the Minimum Holding Requirement is met), and subject to customary rights of first refusal and tag-along rights prescribed under the TopCo Articles, no TopCo Restricted Shareholder may transfer any TopCo Shares held by them prior to the completion of a qualified initial public offering as prescribed under the TopCo Articles. The TopCo Shareholders are also subject to customary drag-along rights as prescribed under the TopCo Articles. Each transferring TopCo Shareholder must give a written notice to TopCo prior to the consummation of any transfer of TopCo Shares.

A copy of the TopCo Articles is available for inspection as a document on display at the time of despatch of this Scheme Document (a copy of which is also available from <https://www.vesync.com/resources>).

Investors should be aware of, among other things but not limited to, the following risk factors of holding the TopCo Shares:

- **transfers of the TopCo Shares are subject to restrictions stipulated in the TopCo Articles (further detailed in the TopCo Articles);**
- **the TopCo Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;**
- **section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among other things, public companies in Hong Kong and section 4.2 of the Introduction to Takeovers Code provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If TopCo is determined by the Executive to be a “public company in Hong Kong”, TopCo will be subject to the Takeovers Code;**
- **given that there is no firm intention to seek a listing of the TopCo Shares on any stock exchange in the near term, and there can be no assurance of such intention or plan in the future, the TopCo Shares are illiquid, hence TopCo Shareholders may find it more difficult to find a purchaser for the TopCo Shares if they intend to sell their shares, as there is no ready market for the TopCo Shares;**
- **there is no guarantee that any dividend payments will be paid in respect of the TopCo Shares;**

- as at the Latest Practicable Date, TopCo did not have any assets or liabilities other than the Acquisition Facility taken out by the Offeror (an indirect wholly-owned subsidiary of TopCo), which are borne by all TopCo Shareholders from time to time. TopCo does not intend to engage in any business other than acting as the holding company of the Company after completion of the Proposal; and
- changes in the business and economic environment could adversely affect the operating profits of TopCo or the value of TopCo's assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, pandemics, epidemics, conflicts, civil war and other potential events could contribute to the operational risks of the Group and TopCo.

A letter from DBSAC is set out in Appendix V to this Scheme Document in respect of estimate of value of the TopCo Shares, which is provided to the Directors solely for the purposes of paragraph 30 of Schedule I to the Takeovers Code and should not be used or relied upon for any other purpose whatsoever.

Election by Registered Owners

Registered Owners shall make an election of the Cash Alternative or the Share Alternative (but not, for the avoidance of doubt, a combination of the two) by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a body corporate, signed on its behalf by one of its directors or a duly authorised signatory as further detailed therein) in respect of their entire holdings of the Scheme Shares registered under their names at the Scheme Record Date, and deliver the duly completed and executed Election Form to the Share Registrar, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, 6 May 2025 or such later date and time as may be notified through announcement.

For the purpose of ensuring accuracy of the registered ownership of the TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder opting for the Share Alternative in respect of the Scheme Shares that are registered in its name on the register of members of the Company must, in addition to a duly completed and executed Election Form being rendered, also lodge the following KYC Documents to comply with the relevant anti-money laundering requirements of the Cayman Islands (which shall be in English or accompanied by an English translation which is certified by a translator qualified to translate such foreign language into English as a true translation): (a) if the registered Scheme Shareholder is an individual, he/she must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which must be issued within the last three months of the date of the election); or (b) if the registered Scheme Shareholder is a corporation, it must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation; (ii) its registration certificate (where applicable); (iii) its memorandum

and articles of association or other constitutional documents; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its organisation chart (showing all its ultimate beneficial owners holding 10% or more of the shares and any intermediate holding companies); (vii) for any intermediate holding companies as mentioned in item (b)(vi) above, items (b)(i) to (b)(v) above of such intermediate holding company; and (viii) items (a)(i) and (a)(ii) above of each of its ultimate beneficial owners. Further, for any individual Shareholder or beneficial owner who holds 10% or more direct or indirect interests in the total issued share capital of TopCo, a personal declaration form in a prescribed format would be required. For any corporate shareholder or intermediate holding company which holds 10% or more in the total issued share capital of TopCo, a statement of business in a prescribed format would be required. The Offeror, TopCo and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

For the avoidance of doubt, the Election Form is not for use (as a form of proxy or otherwise) at the Court Meeting and the EGM, which are for the purpose of considering and, if thought fit, approving, among other things, the Scheme and the Proposal respectively. The Election Form is for Scheme Shareholders to elect the Cash Alternative or the Share Alternative. This election may be made at any time up to the Election Time (or such later date and time as may be notified through announcement). The election is subject to the Scheme being sanctioned and becoming effective.

The Share Alternative, and the receipt of the TopCo Shares, are subject to the laws and regulations of the jurisdiction in which the Scheme Shareholders are subject. Scheme Shareholders wishing to elect the Share Alternative and receive the TopCo Shares should be aware of the laws and regulations of their jurisdiction and ensure that they are able to elect the Share Alternative and receive the TopCo Shares. Additionally, the TopCo Shares will not be registered under any securities laws in any jurisdiction (including Hong Kong or overseas) and may only be issued to persons resident in a jurisdiction pursuant to an exemption from the requirements of the securities laws or regulations of that jurisdiction. Please refer to the section headed “*Overseas Shareholders*” in this Part VII — Explanatory Memorandum of this Scheme Document for further information.

No acknowledgement of receipt of any Election Form will be given. An Election Form so completed and delivered shall not be capable of amendment. **An Election Form shall be irrevocable and incapable of being withdrawn unless the Offeror and the Company expressly consent in writing to such withdrawal or revocation.** The Offeror and the Company shall have the right to reject any or all of the Election Forms that they determine are invalid or in improper form (and in that case the relevant Scheme Shareholder will receive the Cash Alternative). In addition, the Offeror and the Company shall also have the right to treat any Election Form that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, provided that the Offeror and the Company in their absolute discretion

consider the omissions or errors to be immaterial. The Offeror and the Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice.

No such election shall be valid (and in that case the Registered Owner will receive the Cash Alternative) unless the Election Form is properly completed in all respect. Any Registered Owner (a) who has not returned an Election Form as described above by the Election Time or such later date and time as may be notified through announcement; or (b) who has returned an Election Form (i) opting both to receive the Cash Alternative and the Share Alternative; or (ii) does not make an election for the Cash Alternative or the Share Alternative in respect of all of its Scheme Shares; or (iii) opting for the Share Alternative but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by TopCo or is otherwise prevented from becoming a registered holder of shares of TopCo by any applicable legal or regulatory reason such as being subject to any applicable international sanctions, will be treated for the purposes of the election as opting to receive the Cash Alternative in respect of all the Scheme Shares registered in its name subject to the Scheme being sanctioned and becoming effective.

Election by Beneficial Owners whose Shares are held through CCASS

Beneficial Owners whose Shares are held through CCASS shall only be entitled to the Cash Alternative, as a Scheme Shareholder may opt for the Share Alternative only in respect of the Scheme Shares that are registered in its own name. If Beneficial Owners whose Shares are held through CCASS intend to elect the Share Alternative, they will need to first withdraw their Scheme Shares from CCASS before electing the Share Alternative.

For Scheme Shareholders who hold all or part of their Shares in CCASS and wish to elect the Share Alternative, all (but not part only) of their Shares must first be withdrawn from CCASS by:

- (1) contacting their CCASS Participant(s) and making the relevant withdrawal request; physical share certificate(s) in the name of HKSCC Nominees will be withdrawn together with accompanying transfer form(s);
- (2) following step (1) above, arranging delivery of the original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees and associated fee to the Share Registrar (at address: 2103B, 21/F, 148 Electric Road, North Point, Hong Kong between the office hours: 9:00 a.m. to 4:30 p.m., Hong Kong time, on a Business Day) for re-registration in the name of the Shareholder; and
- (3) in 10 Business Days after receipt by the Share Registrar of the documents pursuant to step (2) above, arranging collection from the Share Registrar the original share certificate(s) in the name of the Shareholder.

The above procedures are for guidance only. Shareholders who wish to withdraw their Shares from CCASS should consult their CCASS Participant(s) for further information and assistance on the withdrawal process and timing.

NOTICE TO SCHEME SHAREHOLDERS: If you wish to elect the Share Alternative, you must first withdraw all (but not part only) of your Shares from CCASS and record your Shares on the register of members of the Company. If you fail to do so, you will receive the Cash Alternative. Please also note that if you have withdrawn your Shares from CCASS but have not yet delivered original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC and associated fee to the Share Registrar for re-registration of Shares in your name, the Cash Alternative will be paid to HKSCC Nominees, in which event you will be required to liaise with the relevant CCASS Participant(s) and/or the operator of CCASS as regards return/remission of consideration paid by the Offeror by reference to the register of members of the Company as maintained by the Share Registrar. The process for withdrawal of Shares from CCASS may take time and the processing time will be dependent on your CCASS Participant(s). Please contact your CCASS Participant(s) as soon as possible to enquire about timing and follow their instructions on withdrawal.

Settlement of the Share Alternative

The Share Alternative will be settled by reference to the register of members of the Company as at the deadline for tendering of Election Form. If by such time you have withdrawn your Shares from CCASS but have not yet delivered original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees and associated fee to the Share Registrar for re-registration of Shares in your name, you will be required to liaise with the relevant CCASS Participant(s) and/or the operator of CCASS as regards return/remission of consideration paid by the Offeror by reference to the register of members of the Company as maintained by the Share Registrar.

Documentation required for election of the Share Alternative

For the purpose of ensuring accuracy of the registered ownership of the TopCo Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the Cayman Islands, a Scheme Shareholder opting for the Share Alternative in respect of the Scheme Shares that are registered in its name on the register of members of the Company must, in addition to a duly completed and executed Election Form being rendered, also lodge the following KYC Documents to comply with the relevant anti-money laundering requirements of the Cayman Islands (which shall be in English or accompanied by an English translation which is certified by a translator qualified to translate such foreign language into English as a true translation): (a) if the registered Scheme Shareholder is an individual, he/she must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which must be issued within the last three months of the date of the election); or (b) if the registered Scheme Shareholder is a corporation, it must provide a certified true copy (certified as a

true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation; (ii) its registration certificate (where applicable); (iii) its memorandum and articles of association or other constitutional documents; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its organisation chart (showing all its ultimate beneficial owners holding 10% or more of the shares and any intermediate holding companies); (vii) for any intermediate holding companies as mentioned in item (b)(vi) above, items (b)(i) to (b)(v) above of such intermediate holding company; and (viii) items (a)(i) and (a)(ii) above of each of its ultimate beneficial owners. Further, for any individual Shareholder or beneficial owner who holds 10% or more direct or indirect interests in the total issued share capital of TopCo, a personal declaration form in a prescribed format would be required. For any corporate shareholder or intermediate holding company which holds 10% or more in the total issued share capital of TopCo, a statement of business in a prescribed format would be required. The Offeror, TopCo and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the Cayman Islands.

The Company will conduct a shareholder identification exercise pursuant to its power under section 329 of the SFO. The result of such exercise will be shared with the Offeror, DBSAC and the Share Registrar in the form of a report (the “**Section 329 Report**”). If, having considered the Section 329 Report, the Election Form and other relevant information such as the register of members of the Company, the Offeror believes (i) any Scheme Shareholder has opted to elect both the Share Alternative and the Cash Alternative, (ii) the procedures set out in the instructions of the Election Form have not been complied with, or (iii) any information contained in the Election Form (including any of the representations made by a Scheme Shareholder in paragraph 3 in the section headed “Important Points about the Election” of the Election Form) is inaccurate, the Offeror has absolute discretion to reject the election for the Share Alternative, in which case the Scheme Shareholder will be deemed to have made an election for the Cash Alternative in respect of all the Scheme Shares held by it. Any decision of the Offeror in this regard shall be final and binding.

A Scheme Shareholder may be required by the Offeror to provide such additional information or documentary evidence for the purpose of confirming that such Scheme Shareholder has elected the Share Alternative in respect of all the Scheme Shares held.

If your actual shareholding as at the Scheme Record Date is different from that stated in your submitted Election Form, you are reminded to submit a new Election Form to the Share Registrar by the Election Time. Failure to do so may invalidate your election for the Share Alternative, in which case you will be deemed to have made an election for the Cash Alternative in respect of all the Scheme Shares held by you.

The Offeror and the Share Registrar will use reasonable endeavour to contact the relevant Scheme Shareholder if they are aware of any clerical error in an Election Form which has been submitted to the Share Registrar, with a view to the Scheme Shareholder correcting the same by the Election Time. Scheme Shareholders should note that it is their responsibility to ensure that the Election Form is validly completed and submitted to the Share Registrar according to the

instructions in this Scheme Document, and none of TopCo, the Offeror, HoldCo, the Company, DBSAC, the Independent Financial Adviser and the Share Registrar or their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for the Scheme Shareholder's failure in making a valid election for the Share Alternative.

The Offeror reserves the right and has the sole final discretion to determine whether the abovementioned requirements relating to a valid election under the Election Form by any Scheme Shareholder for the Share Alternative have been satisfied in respect of any Scheme Shares, or waive any procedural or documentation requirement in respect of an election (based on such information as it may alternatively possess, receive or collect).

If you have any questions purely of an administrative and procedural nature regarding the Proposal, please contact Sodali & Co at the hotline: +852 2632 9736 between 9:00 a.m. and 5:00 p.m. (Hong Kong time) on Hong Kong business days or at Vesync@investor.sodali.com. This hotline is managed by an external service provider, Sodali & Co, engaged by the Offeror. For the avoidance of doubt, the designated phone line or email account cannot and will not: (i) provide any information not available in the public domain nor any advice on the merits or risks of the Proposal, the Scheme and the Investor Arrangement; or (ii) give any financial or legal advice. **If you are in doubt as to any aspect of this Scheme Document or actions to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.**

The implementation of the Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed "*Conditions to the Proposal and the Scheme*" below.

No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative will be rounded up to the nearest cent. Fractions of the TopCo Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders, representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided

that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;

- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) with respect to any applicable antitrust review in the US under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder, the expiration or termination of any applicable waiting periods (including any extensions thereof) in connection with the Scheme;
- (f) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Investor Arrangement;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;

- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (k) since the Announcement Date, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal as reasonably determined by the Offeror).

The Offeror reserves the right to waive Conditions (g), (h), (i), (j) and (k) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (f) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

In respect of Condition (g), as at the Latest Practicable Date, other than those set out in Conditions (a) to (f) (inclusive), the Offeror was not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal. As at the Latest Practicable Date, the Offeror was not aware of any circumstances which may result in Conditions (h), (i), (j) and (k) not being satisfied.

If approved and implemented, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

As at the Latest Practicable Date, save for Condition (e) which has been fulfilled, none of the Conditions had been fulfilled or waived (as applicable).

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (including the approval of the Investor Arrangement as a special deal under Rule 25 of the Takeovers Code), as applicable, and therefore the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

IRREVOCABLE UNDERTAKINGS

On 23 December 2024 and 27 December 2024, the Offeror received the respective Irrevocable Undertakings from each of the IU Shareholders (comprising the Investor, the Trustee, Gongjin, Chen Wangcai Holdings and Mr. Chen), pursuant to which each of the IU Shareholders has undertaken to, among other things, (i) for each of the Investor, the Trustee and Mr. Chen, (x) provide a separate undertaking not to vote at the Court Meeting and (y) exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it/him at the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable and, for the avoidance of doubt and pursuant to the Trust Deed, the Trustee will not exercise its voting rights attached to any of the Shares held or owned by it), (ii) for each of Gongjin and Chen Wangcai Holdings, exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it at the Court Meeting and the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable), and (iii) for each of the IU Shareholders, elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of the IU Shares held or owned by it/him. The 179,881,615 IU Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represent approximately 15.79% of the issued share capital of the Company as at the Latest Practicable Date. Under the Irrevocable Undertaking, each of the IU Shareholders has also undertaken that on or before the Effective Date, and other than in connection with the Scheme, it/he shall not sell, transfer, encumber or otherwise dispose of all or any of the IU Shares held or owned by it/him, save for the possible transfer of any or all of the Shares held by the Investor to its affiliates as disclosed in the sub-section headed “*Irrevocable Undertakings — Investor*”.

Pursuant to the Irrevocable Undertakings and assuming (a) the Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration, (b) each of the IU Shareholders elects the Share Alternative for the cancellation of all of the IU Shares held or owned by it/him, (c) the Trustee will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, (d) all of the other Scheme Shareholders elect the Cash Alternative, and (e) there is no other change in shareholding of the Company before completion of the Proposal, TopCo will be owned by the Founder Group and the IU Shareholders who have elected the Share Alternative as to approximately 80.94% and 19.06%, respectively, upon completion of the Proposal.

The Irrevocable Undertakings, being binding irrevocable undertakings, will terminate and the above obligations of the IU Shareholders under the Irrevocable Undertakings will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms. The Irrevocable Undertaking given by the Investor will also terminate and the above obligations of the Investor under its Irrevocable Undertaking will also cease to be binding if there is any change or amendment to the Proposal as set out in the Announcement, unless such change/ amendment has been agreed to by the Investor in writing.

As at the Latest Practicable Date, information on the IU Shareholders are as follows:

Investor

HHLR Fund, L.P. is a limited partnership formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. serves as the investment manager of HHLR Fund, L.P.. As at the Latest Practicable Date, the Investor was interested in an aggregate of 94,686,000 Shares, representing approximately 8.31% of the issued share capital of the Company.

As at the Latest Practicable Date, the Offeror understood from the Investor that the Investor may transfer all or any of its 94,686,000 Shares to one or more affiliates of the Investor at HK\$5.60 per Share (being the amount of the Cash Alternative) prior to the Scheme Record Date, in which case the relevant affiliates of the Investor will receive the corresponding amount of the Share Alternative in exchange for the cancellation of all or any of the 94,686,000 Shares held by it upon the Scheme becoming effective. Alternatively, after completion of the Proposal, (i) the Investor may transfer all or any of the 94,686,000 TopCo Shares it receives under the Scheme to one or more affiliates of the Investor at HK\$5.60 per TopCo Share (being the amount of the Cash Alternative), or (ii) TopCo may repurchase all or any such 94,686,000 TopCo Shares from the Investor and one or more affiliates of the Investor will subscribe for the corresponding amount of TopCo Shares, in each case at HK\$5.60 per TopCo Share (being the amount of the Cash Alternative). In the event that the Investor transfers all or any of the 94,686,000 Shares currently held by it to the abovementioned affiliates of the Investor prior to the Scheme Record Date, the Investor shall procure that such transferees shall also comply with the Irrevocable Undertaking of the Investor. The Offeror understands from the Investor that the Investor and the abovementioned affiliates are managed by investment managers that each has its own investment decision-making bodies but are under common ownership.

Trustee

SWCS Trust Limited is the trustee of the Share Award Scheme. As at the Latest Practicable Date, the Trustee held 67,493,183 Shares, representing approximately 5.92% of the issued share capital of the Company. Among these Shares held by the Trustee, 62,067,000 Shares are subject to the Irrevocable Undertaking of the Trustee, representing approximately 5.45% of the issued share capital of the Company and corresponding to all Shares held by the Trustee to satisfy any future grant of share awards under the Share Award Scheme.

Gongjin

Gongjin is a company incorporated in the British Virgin Islands with limited liability, the ultimate beneficial owner of which is Ms. Jiang Junxiu. As at the Latest Practicable Date, Gongjin was interested in an aggregate of 12,688,348 Shares, representing approximately 1.11% of the issued share capital of the Company, among which 10,688,348 Shares held by Gongjin are subject to the Irrevocable Undertaking of Gongjin, representing approximately 0.94% of the issued share capital of the Company.

As at the Latest Practical Date, the Offeror understands from Gongjin that Gongjin may dispose of all or a portion of the remaining 2,000,000 Shares it holds (representing approximately 0.18% of the issued share capital of the Company) after despatch of this Scheme Document. Accordingly, such 2,000,000 Shares are not subject to the Irrevocable Undertaking.

Chen Wangcai Holdings

Chen Wangcai Holdings is a company incorporated in the British Virgin Islands with limited liability, the ultimate beneficial owner of which is Mr. Wu Chak Man. As at the Latest Practicable Date, Chen Wangcai Holdings was interested in an aggregate of 8,758,600 Shares, representing approximately 0.77% of the issued share capital of the Company.

Mr. Chen

Mr. Chen is an executive Director, the chief financial officer and the vice president of the Company. As at the Latest Practicable Date, Mr. Chen was interested in (i) 3,681,667 Shares, representing approximately 0.32% of the issued share capital of the Company, (ii) 2,000,000 Share Options, representing approximately 0.18% of the issued share capital of the Company, and (iii) 483,333 share awards granted under the Share Award Scheme, representing approximately 0.04% of the issued share capital of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 1,139,492,800 Shares in issue, all of which are Scheme Shares.

As at the Latest Practicable Date, the Offeror did not hold any Shares. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Latest Practicable Date, the Founder Group directly and indirectly held in aggregate 786,760,200 Shares, representing approximately 69.04% of the issued share capital of the Company. Save for the 786,760,200 Shares held by the Founder Group, the 94,686,000 Shares held by the Investor, the 3,681,667 Shares held by Mr. Chen and the 67,493,183 Shares held by the Trustee, the Offeror Concert Parties do not hold any Shares in the Company.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date ⁽⁸⁾		Immediately upon completion of the Proposal ⁽⁸⁾	
	<i>Number of Shares</i>	<i>Number of Shares as a percentage of total number of Shares in issue (%)</i>	<i>Number of Shares</i>	<i>Number of Shares as a percentage of total number of Shares in issue (%)</i>
Offeror and the Offeror Concert Parties				
Offeror	—	—	1,139,492,800	100.00
Founder Group				
Ms. Yang ⁽¹⁾⁽⁴⁾	413,973,800	36.33	—	—
Mr. Yang Hai ⁽²⁾⁽⁴⁾	8,067,200	0.71	—	—
Mr. Yang Yuzheng ⁽³⁾⁽⁴⁾	364,719,200	32.01	—	—
Sub-total of Founder Group	<u>786,760,200</u>	<u>69.04</u>	<u>—</u>	<u>—</u>
Investor ⁽⁵⁾	94,686,000	8.31	—	—
Mr. Chen ⁽⁶⁾	3,681,667	0.32	—	—
Trustee ⁽⁷⁾	67,493,183	5.92	—	—
Sub-total of Offeror and the Offeror Concert Parties	<u>952,621,050</u>	<u>83.60</u>	<u>—</u>	<u>—</u>
Disinterested Shareholders				
Gongjin	12,688,348	1.11	—	—
Chen Wangcai Holdings	8,758,600	0.77	—	—
Other Disinterested Shareholders	165,424,802	14.52	—	—
Sub-total of Disinterested Shareholders	<u>186,871,750</u>	<u>16.40</u>	<u>—</u>	<u>—</u>
Total	<u>1,139,492,800</u>	<u>100.00</u>	<u>1,139,492,800</u>	<u>100.00</u>

Notes:

1. Ms. Yang is an executive Director. As at the Latest Practicable Date, Ms. Yang was directly interested in 7,933,000 Shares and 1,150,000 Share Options.

As at the Latest Practicable Date, each of Karis I and Karis II was directly interested in 243,624,800 and 162,416,000 Shares, respectively.

Karis I is wholly-owned by North Point Trust Company LLC, as trustee of the Karis I Annuity Trusts and the Family Trust I. The Karis I Annuity Trusts were established by Ms. Yang for the ultimate benefit of the Family Trust I, pursuant to certain arrangements. The Family Trust I was established by Ms. Yang as the settlor, and the beneficiaries of which are any children and issue of Ms. Yang. Pursuant to the Karis I Annuity Trusts and the Family Trust I, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company LLC as trustee of the Karis I Annuity Trust and the Family Trust I, and as the sole manager of Karis I, has the authority to make all business decisions in relation to Karis I. Ms. Yang is deemed to be interested in Karis I, and is therefore deemed to be interested in any Shares in which Karis I is interested by virtue of Part XV of the SFO.

Karis II is owned by North Point Trust Company LLC, as trustee of the Karis II Annuity Trusts and the Family Trust II, and Ms. Yang. The Karis II Annuity Trusts were established by Ms. Yang for the ultimate benefit of the Family Trust II, pursuant to certain arrangements. The Family Trust II was established by Ms. Yang as the settlor, and the beneficiaries of which are Mr. Ryan Xu, being Ms. Yang's child, and any charitable organisations to be subsequently determined by the independent trustee (if any) at its discretion. Pursuant to the Karis II Annuity Trusts and the Family Trust II, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company LLC as trustee of the Karis II Annuity Trusts and the Family Trust II, and as the sole manager of Karis II, has the authority to make all business decisions in relation to Karis II. Ms. Yang is deemed to be interested in Karis II, and is therefore deemed to be interested in any Shares in which Karis II is interested by virtue of Part XV of the SFO.

2. As at the Latest Practicable Date, Arceus held 8,067,200 Shares. Arceus is wholly owned by Mr. Yang Hai. Mr. Yang Hai is therefore deemed to be interested in any Shares in which Arceus is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, Mr. Yang Hai was also interested in 1,150,000 Share Options.
3. As at the Latest Practicable Date, Caerus held 364,719,200 Shares. Caerus is wholly owned by Acevation Trust. Mr. Yang Yuzheng is the trustor of Acevation Trust, and retains the right to revoke and amend the trust agreement during his lifetime. Accordingly, Mr. Yang Yuzheng is deemed to be interested in both Acevation Trust and Caerus, and is therefore deemed to be interested in any Shares in which each of Acevation Trust and Caerus is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, Mr. Yang Yuzheng was also interested in 200,000 Share Options.
4. Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng are family members of each other (namely, (i) Ms. Yang and Mr. Yang Hai are siblings and (ii) Mr. Yang Yuzheng is the father of Ms. Yang and Mr. Yang Hai) and are therefore deemed to be interested in any Shares in which each other is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, the total number of Shares collectively owned by Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng was 786,760,200, representing approximately 69.04% of the issued share capital of the Company as at the Latest Practicable Date.
5. As at the Latest Practicable Date, HHLR Fund, L.P. was interested in 94,686,000 Shares and HHLR Advisors, Ltd. is interested in such 94,686,000 Shares in the capacity as an investment manager. HHLR Fund, L.P. is a limited partnership formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. serves as the investment manager of HHLR Fund, L.P. and is deemed to be interested in the Shares held by HHLR Fund, L.P. and its other controlled corporations under Part XV of the SFO. The Investor is acting in concert with the Offeror due to its involvement in the discussions relating to the Proposal. The Shares held by the Investor will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

6. Mr. Chen is an executive Director, the chief financial officer and the vice president of the Company. As at the Latest Practicable Date, Mr. Chen held 3,681,667 Shares, 2,000,000 Share Options and 483,333 share awards granted under the Share Award Scheme. Mr. Chen is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal. The Shares held by Mr. Chen will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.
7. As at the Latest Practicable Date, the Trustee held 67,493,183 Shares, amongst which 5,426,183 Unvested Shares are to be used to satisfy the share awards granted to employees of the Group and the remaining 62,067,000 Shares are to be used to satisfy future grants of share awards. Further details are set out in the section headed “*Share Award Scheme*” below. All of the Shares which are held by the Trustee as at the Scheme Record Date will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the terms of the Share Award Scheme, the Trustee shall not exercise any voting rights in respect of any Shares held under the Share Award Scheme, and accordingly the Trustee will not be able to vote on the Scheme at the Court Meeting nor the EGM.
8. All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding of the percentages to 2 decimal places.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 1,139,492,800 Shares, and the Company had in issue 5,100,000 Share Options;
- (b) the Offeror did not legally and beneficially own, control or have direction over any Shares, and the Offeror Concert Parties hold in aggregate 952,621,050 Shares, representing approximately 83.60% of the issued share capital of the Company;
- (c) save as disclosed in this section headed “*Shareholding Structure of the Company*”, the Offeror Concert Parties did not legally and beneficially own, control or have direction over any Shares;
- (d) save as disclosed in this section headed “*Shareholding Structure of the Company*”, there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (e) none of the Offeror and the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;
- (f) none of the Offeror and the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (g) save as disclosed in this section headed “*Shareholding Structure of the Company*”, no other Director held any Shares in the Company.

As at the Latest Practicable Date, the Scheme Shares, comprising 1,139,492,800 Shares, represented 100% of the issued Shares.

As at the Latest Practicable Date, the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 1,139,492,800 Shares, the 5,100,000 Share Options and the share awards granted under the Share Award Scheme.

Share Option Scheme

As at the Latest Practicable Date, there were 5,100,000 outstanding Share Options granted under the Share Option Scheme, all of which have an exercise price of HK\$12.88. The Company will not grant any further Share Options under the Share Option Scheme during the offer period.

As at the Latest Practicable Date, all of the 5,100,000 outstanding Share Options were held by the Directors, all of whom have given an Option IU in favour of the Offeror, pursuant to which each of the Directors has irrevocably agreed and undertaken to the Offeror that, among other things, (i) the Offeror does not need to extend an option offer for the Share Options held by him pursuant to Rule 13 of the Takeovers Code, and even if an option offer is extended to him, he will not accept such option offer in respect of all of the Share Options held by him; (ii) he will not exercise the Share Options during the offer period; and (iii) he consents to the automatic cancellation of the Share Options upon the Scheme becoming effective.

Accordingly, the Offeror will not be making any offer to the holders of the Share Options pursuant to Rule 13 of the Takeovers Code.

Share Award Scheme

As at the Announcement Date, the Trustee held an aggregate of 67,829,083 Shares, of which:

- (a) 5,762,083 Awarded Shares were held to satisfy share awards which are granted but yet to be vested (or vested but not yet transferred) with the designated Share Award Holders, comprising 81,900 Retained Shares which were vested but not yet transferred as at the Announcement Date, 254,000 Vesting Shares which would vest in accordance with the terms and conditions of the Share Award Scheme after the Announcement Date and prior to 28 February 2025 and 5,426,183 Unvested Shares which were granted but would not vest by 28 February 2025; and
- (b) 62,067,000 Pool Shares which were held to satisfy any future grant of share awards under the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the decision of the Board with respect to any matter arising under the Share Award Scheme shall be final, conclusive and binding. All of the Shares which are held by the Trustee as at the Scheme Record Date shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the Board Resolutions and the Board Instructions:

- (a) the Trustee have transferred all Retained Shares and Vesting Shares to the respective Share Award Holders in accordance with the terms and conditions of the Share Award Scheme;
- (b) from 28 February 2025 and until the earlier of a valid termination of the Trustee's Irrevocable Undertaking in accordance with its terms and such other date to be agreed between the Company and the Trustee:
 - (i) no new share awards have been or will be granted under the Share Award Scheme; and
 - (ii) no confirmation has been or will be given to the Trustee regarding the vesting of any Unvested Shares; and
- (c) in respect of each of the Unvested Shares held by the Trustee as at the Scheme Record Date, the Trustee:
 - (i) shall not transfer any of these Unvested Shares to any Share Award Holders prior to the Effective Date; and
 - (ii) shall elect the Share Alternative as the only form of Cancellation Consideration.

As at the Latest Practicable Date, the Trustee held an aggregate of 67,493,183 Shares, comprising 5,426,183 Unvested Shares and 62,067,000 Pool Shares. In respect of the 5,426,183 Unvested Shares, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, the Trustee (a) shall not transfer any of these Unvested Shares prior to Effective Date; and (b) shall elect the Share Alternative as the only form of Cancellation Consideration. In respect of the Pool Shares, pursuant to the Irrevocable Undertaking, the Trustee has irrevocably undertaken to elect the Share Alternative. Conditional upon the Scheme becoming effective and with respect to all these Pool Shares, the Trustee will receive 62,067,000 TopCo Shares. These TopCo Shares shall remain to be held by the Trustee to satisfy any future grant of share awards pursuant to the terms and conditions of the Share Award Scheme (or any replacement scheme thereof).

As at the Latest Practicable Date, the Company and the Offeror intend to grant certain share awards under the Share Award Scheme to certain employees of the Group after completion or lapse of the Proposal. It is contemplated that in the event that the Proposal is implemented, upon vesting of such share awards, the relevant grantees will receive TopCo Shares (from the TopCo Shares that will be held by the Trustee as a result of its election of the Share Alternative); or in the event that

the Scheme is not approved or the Proposal otherwise lapses, upon vesting of such share awards, the relevant grantees will receive Shares in the Company (from the Pool Shares held by the Trustee). As at the Latest Practicable Date, none of the proposed grantees are an existing Shareholder, holder of Share Option or Share Award Holder of the Company.

SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

Under the TopCo Articles, the Investor and/or its affiliates (so long as the Minimum Holding Requirement is met) shall have veto rights (in the case of TopCo's subsidiaries through an obligation on the TopCo Board to cause TopCo's subsidiaries not to take any of the following actions) over the following actions and matters:

- (a) creation of share classes ranking senior to the TopCo Shares, or any variation of rights attaching to any shares or other capitalisation or recapitalisation of any member of the TopCo Group;
- (b) issue, repurchase or redemption of any equity or equity-linked securities, or any reduction, sub-division, cancellation, purchase or redemption of the share capital, of any member of the TopCo Group, in each case other than limited exceptions such as the issuance of equity securities by TopCo in accordance with TopCo Shareholders' preemptive rights, or transactions solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (c) liquidation, winding-up, dissolution or receivership of any member of the TopCo Group, other than a Qualified Trade Sale or other Trade Sale approved by the Investor (and/or its affiliates) pursuant to the terms of the TopCo Articles;
- (d) merger, amalgamation, consolidation, reorganisation, restructuring or spin-off of any member of the TopCo Group, other than transactions in connection with a Qualified Trade Sale pursuant to the terms of the TopCo Articles, or solely for the purpose of changing the domicile of the relevant member of the TopCo Group, or solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (e) declaration and payment of any dividends or distribution by TopCo or any of its subsidiaries, other than in accordance with any pre-agreed dividends or distributions policy, or dividends or distribution by a member of the TopCo Group to TopCo or another direct or indirect wholly-owned subsidiary of TopCo, or distributions in connection with any liquidation event or the winding-up of any member of the TopCo Group in compliance with the terms and conditions of the TopCo Articles;
- (f) adoption or material modification of any management or employee equity incentive scheme or equivalent program of any member of the TopCo Group;
- (g) amendments to the constitution documents of any member of the TopCo Group, subject to certain exceptions as may be provided in the TopCo Articles;

- (h) entry into, amendment to or termination of any agreement or arrangement by any member of the TopCo Group with any director, officer or shareholder of any member of the TopCo Group or any of their respective affiliates (other than TopCo or any of its direct or direct wholly-owned subsidiaries), in each case other than (i) certain exempted agreements entered into in the ordinary course with directors, officers or employees of the TopCo Group; or (ii) other exceptions as may be provided in the TopCo Articles;
- (i) material acquisition or disposal of assets by any member of the TopCo Group of a value exceeding certain monetary thresholds set out in the TopCo Articles, in each case other than (i) in connection with a Qualified Trade Sale or other Trade Sale approved by the Investor (and/or its affiliates) pursuant to the terms of the TopCo Articles; or (ii) transactions solely involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries;
- (j) adoption of or change to a significant tax or accounting practice or policy or any internal financial controls and authorisation policies, or making of any significant tax or accounting election;
- (k) incurrence of material indebtedness by any member of the TopCo Group exceeding certain thresholds set out in the TopCo Articles, other than such indebtedness only involving TopCo and/or TopCo's direct or indirect wholly-owned subsidiaries; and
- (l) agreeing or committing to do any of the foregoing.

If at any time after completion of the Proposal, the Founder Group and the Investor (and/or its affiliates) (so long as the Minimum Holding Requirement is met) approve a Trade Sale, all other TopCo Shareholders shall be required to approve such transaction and if applicable, sell their TopCo Shares at the same price and upon the same terms and conditions. If a qualified listing or a Qualified Trade Sale of the TopCo Group pursuant to the terms of the TopCo Articles has not been consummated by the date falling three years and nine months after the closing date of the Proposal, the Investor and/or its affiliates (so long as the Minimum Holding Requirement is met) shall have the right to require the TopCo to redeem all of its TopCo Shares at a price per share that yields the applicable internal rate of return as set out in the TopCo Articles.

Please refer to the section headed "*Irrevocable Undertakings*" above for information on the Investor. The Offeror is of the view that it is important to offer the Investor Arrangement to the Investor and its affiliates in order to encourage the Investor (including the affiliates of the Investor as contemplated under the section headed "*Irrevocable Undertakings*" of Part IV — Letter from the Board of this Scheme Document) to elect the Share Alternative and thereby retaining its interest in the Group after completion of the Proposal, so that the Investor and its affiliates can continue to contribute and share its resources and business networks with the Group's business operations, which will enhance the Group's competitiveness in the market and benefit the Group's long-term sustainable development and growth.

As the Investor Arrangement is not available to all Shareholders, the Investor Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. Accordingly, as set out in Condition (f) in the section headed “*Conditions to the Proposal and the Scheme*” above, the Proposal and the Scheme are subject to: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Investor Arrangement.

The Offeror has made an application for consent from the Executive to the Investor Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Investor Arrangement.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI — Letter from the Independent Financial Adviser of this Scheme Document that in its opinion, the Investor Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned. If the Investor Arrangement is not approved by the Disinterested Shareholders at the EGM, the Investor Arrangement and the Scheme will not be implemented. The Offeror Concert Parties will not be voting on the Investor Arrangement at the EGM.

FINANCIAL RESOURCES

On the assumption that (a) the Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration, (b) the IU Shareholders who have irrevocably undertaken to elect the Share Alternative will elect the Share Alternative for the cancellation of all of the IU Shares held or owned by them and not sell, transfer, encumber or otherwise dispose of all or any of the IU Shares held or owned by them on or before the Effective Date, (c) the Trustee will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions, (d) all of the other Scheme Shareholders will elect the Cash Alternative, and (e) no further Shares are issued before the Scheme Record Date, the amount of cash required for the Proposal would be approximately HK\$937,578,892.

The Offeror is financing the entire cash amount required for the Proposal from the Acquisition Facility. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Acquisition Facility will not depend to any significant extent on the business of the Company.

A copy of the Acquisition Facility is available for inspection as a document on display at the time of despatch of this Scheme Document.

DBSAC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT AND THE COURT MEETING

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or of any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is provided in Section 86(2A) of the Companies Act that if members representing not less than 75% in value, present and voting either in person or by proxy at the meeting held as directed by the Grand Court, approve any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members and the company.

ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements under the Companies Act as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Shareholders.

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties. As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 186,871,750 Shares. On that basis, and assuming that no new Shares are issued on or before the Meeting Record Date, 10% of the votes attached to all the Scheme Shares held by the Disinterested Shareholders referred to in (b) above would represent approximately 18,687,175 Shares.

BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

REASONS FOR, AND BENEFITS OF, THE PROPOSAL**Benefits of the Proposal to the Scheme Shareholders:**

- (a) *Cancellation Consideration represents an attractive exit premium in light of potential geopolitical and trade headwinds as well as challenging capital market conditions*

The persisting geopolitical tensions between China and the US, coupled with the looming threat of potential tariff hikes on exports including those from China proposed by the current US administration, have created a highly uncertain and challenging market environment for the Company. The Offeror is of the view that privatisation from the Stock Exchange allows the Company to focus on implementing long-term initiatives to navigate these turbulent times. Meantime, the Offeror also sees the Scheme as a unique opportunity to unlock significant value for the Scheme Shareholders.

The Proposal provides Scheme Shareholders with an opportunity to realise their investments in the Company for cash at an attractive premium to the prevailing trading prices of the Shares. As set out in the section headed “*Terms of the Proposal — The Cash Alternative*” of Part VII — Explanatory Memorandum of this Scheme Document, the Cancellation Consideration represents a premium of approximately 37.32%, 44.37% and 36.09% over the average closing price of approximately HK\$4.08, HK\$3.88 and HK\$4.11 per Share for the 10, 30 and 60 trading days, respectively, up to and including the Last Trading Date. Moreover, the Cash Alternative represents an approximate premium of 59.09% over the lowest closing price of HK\$3.52 per Share in the past twelve months; and an approximate discount of 2.61% to the highest closing price of HK\$5.75 per Share in the past twelve months prior to the Announcement Date.

- (b) *An opportunity for Scheme Shareholders to monetise their investments which have exhibited low liquidity*

The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely impacting the share price. The average daily trading volume of the Shares over the past 6-month, 12-month and 24-month periods, up to and including the Last Trading Date, were approximately 381,696, 567,237 and 623,495 Shares per trading day, respectively, representing just 0.03%, 0.05% and 0.05%, respectively of the total number of issued Shares as at the Latest Practicable Date. As such, the Proposal presents an attractive opportunity for Scheme Shareholders to monetise their investments for cash and redeploy such proceeds into other investment opportunities.

- (c) *Opportunity to remain invested in the Company*

The Offeror considers that the Proposal provides the Scheme Shareholders, through the election of the Share Alternative, with an opportunity to remain invested in the Company, subject to the risk factors of holding TopCo Shares as disclosed in the section headed “*Terms of the Proposal — The Cancellation Consideration — The Share Alternative*” of Part VII — Explanatory Memorandum of this Scheme Document.

Benefits of the Proposal to the Company:*(a) Maintaining listing status is no longer advantageous*

Since the Company became listed on the Stock Exchange, the Company has not engaged in any equity fundraising activities, which is typically one of the main benefits of being publicly listed. This is largely due to the lack of liquidity and relative underperformance of the Shares. As a result, it is expected that continued listing of the Shares may not provide any meaningful benefits to the Company in the near future especially in the current uncertain climate relating to geopolitics and international trade.

(b) Reduced costs and expenses associated with maintaining the Company's listing status

The Proposal, which if implemented, will result in the privatisation of the Company, is expected to reduce the administrative costs and management resources required to maintain the Company's listing status and compliance with regulatory requirements from such listing status. Such savings and management focus would then be better directed towards achieving long-term commercial development and maintaining market leadership/competitiveness.

(c) Market scrutiny on the Company's short-term performance could negatively impact its business development

As a listed company in Hong Kong, the Company faces constant market scrutiny over its short-term trading and operating performance. This can restrict the Company from pursuing opportunities or implementing strategic initiatives that may yield long-term benefits, but have a short-term adverse impact on trading performance and dividend returns. The Offeror is of the view that successful completion of the Proposal will allow the Company to concentrate on long-term initiatives, free from the pressures of short-term financial performance, market expectations, share price volatility, and the compliance costs and obligations associated with maintaining the listing status.

INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

It is the intention of the Offeror that the Company will continue to carry on its current business, and the Offeror does not have any specific plans to make any major changes to the business of the Company upon the successful privatisation of the Company. After successful completion of the Proposal, the Offeror will continue to develop the Company in a manner which best drives growth and creates value taking into account factors including, but not limited to, customer demand, market conditions, legal and regulatory requirements and its business needs. No major changes are expected to be introduced in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group.

Further, the Offeror has no intention to discontinue the employment of the employees of the Group after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

The Offeror does not intend to continue the listing of the Shares on the Stock Exchange.

INFORMATION ON THE GROUP, THE OFFEROR, HOLDCO AND TOPCO

Information of the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 2148. The Group primarily designs, develops and sells small home appliances under its four core brands.

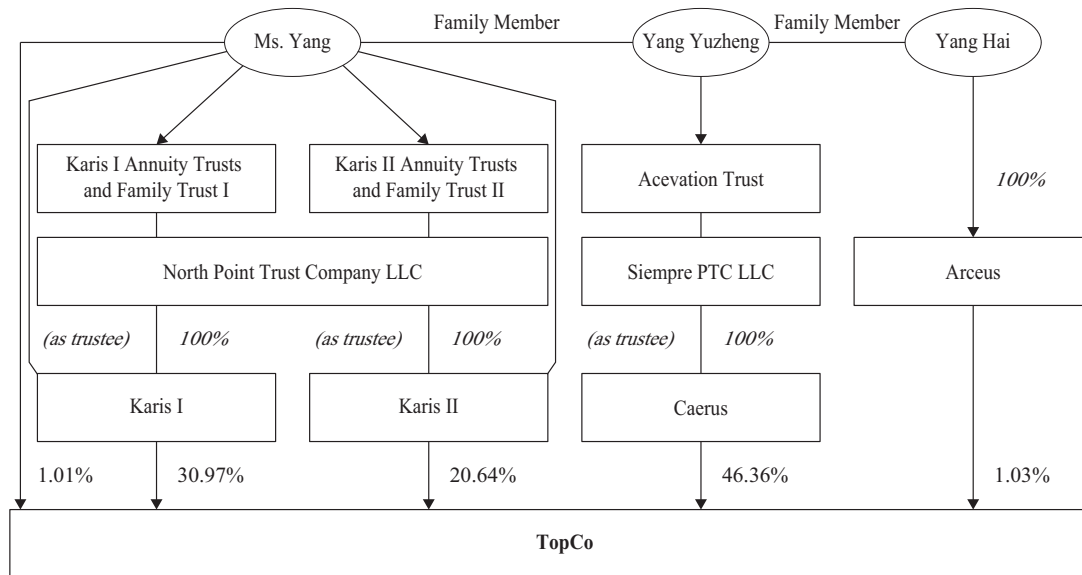
Your attention is also drawn to Appendix I — Financial Information of the Group and Appendix III — General Information to this Scheme Document.

Information of the Offeror, HoldCo and TopCo

Each of the Offeror, HoldCo and TopCo is a company newly incorporated in the Cayman Islands with limited liability and an investment holding company set up solely for the purposes of implementing the Proposal. As at the Latest Practicable Date, the Offeror was directly wholly-owned by HoldCo, which in turn is directly wholly-owned by TopCo. As at the Latest Practicable Date, the entire issued share capital of TopCo, comprising 786,760,200 TopCo Shares, were directly held as to approximately 1.01%, 30.97%, 20.64%, 1.03% and 46.36% by Ms. Yang, Karis I, Karis II, Arceus and Caerus, respectively. As at the Latest Practicable Date, the ultimate beneficial owners of the Offeror, HoldCo and TopCo were the Founders.

After the Announcement Date, Lin Yang Trust VII (being a member of Karis II Annuity Trusts) has transferred certain number of the member units it holds in Karis II to the Family Trust II and Ms. Yang, and Lin Yang Trust XII (being a member of Karis II Annuity Trusts) has transferred certain number of the member units it holds in Karis II to Ms. Yang. As at the Latest Practicable Date, it is contemplated that, on or before 12 April 2025, Lin Yang Trust VIII (being a member of Karis I Annuity Trusts) will transfer certain number of the member units it holds in

Karis I to the Family Trust I and Ms. Yang, and Lin Yang Trust IX (being a member of Karis II Annuity Trusts) will transfer certain number of the member units it holds in Karis II to Ms. Yang. The simplified shareholding structure of TopCo upon completion of the trust arrangements described above is set out below:



The final shareholding structure of TopCo will be determined after the latest time for election of the Cash Alternative or the Share Alternative under the Proposal depending on the election of the Scheme Shareholders. If all the Scheme Shareholders elect the Share Alternative for all the Scheme Shares that they hold, 352,732,600 TopCo Shares will be issued, representing approximately 30.96% of the enlarged issued share capital of TopCo immediately upon completion of the Proposal, and TopCo will be held as to approximately 0.70%, 21.38%, 14.25%, 0.71%, 32.01%, 8.31%, 5.92%, 0.32% and 16.40% by Ms. Yang, Karis I, Karis II, Arceus, Caerus, the Investor (and/or its affiliates), the Trustee, Mr. Chen and the Disinterested Shareholders, respectively immediately upon completion of the Proposal.

None of the Offeror, HoldCo or TopCo has carried on any business since incorporation other than matters in connection with the Proposal. None of the Offeror, HoldCo or TopCo intends to engage in any business other than acting as the holding company of the Company after completion of the Proposal. As at the Latest Practicable Date, the Offeror, HoldCo and TopCo did not have any assets or liabilities other than the Acquisition Facility and expenses incurred in connection with implementing the Proposal.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules immediately following the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares from the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal is set out in Part III of this Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or a possible offer for the Company, except with the consent of the Executive.

SCHEME SHARES, COURT MEETING AND EGM

As at the Latest Practicable Date, the Offeror did not hold any Shares. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 952,621,050 Shares, representing approximately 83.60% of the issued share capital of the Company. While such Shares will form part of the Scheme Shares, the Offeror Concert Parties will undertake to the Grand Court not to vote at the Court Meeting.

All Shareholders will be entitled to attend the EGM and vote on the special resolution to (1) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (2) contemporaneously therewith

maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror. The Offeror Concert Parties will not be voting on the Investor Arrangement at the EGM.

The Offeror Concert Parties (other than the Trustee) have indicated that if the Scheme is approved at the Court Meeting, the Shares held by them will be voted in favour of the special resolution to (1) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (2) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror.

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong. The EGM will be held at the same place and on the same date at 10:30 a.m. (Hong Kong time) (or immediately after the conclusion of the Court Meeting). The chairman of the Court Meeting and the EGM will be Mr. Fong Wo, Felix, an independent non-executive Director, or failing him, Mr. Gu Jiong, an independent non-executive Director, or failing him, any other director of the Company as at the date of the Court Meeting and the EGM who is not an Offeror Concert Party.

REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Tuesday, 6 May 2025, it is proposed that the register of members of the Company will be closed from Wednesday, 30 April 2025 (or such other date as Shareholders may be notified by announcement) in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration in their names or in the names of their nominees before the closure of the register of members of the Company.

Payment of Cancellation Consideration to the Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Consideration for the Scheme Shares will be made to the Scheme Shareholders whose name appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Tuesday, 6 May 2025 (Cayman Islands time), (a) a cheque for cash entitlements to those who have validly elected the Cash Alternative and those whose elections for the Share Alternative were invalid, and (b) physical share certificates for the TopCo Shares to those who have validly elected the Share Alternative will be despatched as soon as possible but in any event within

seven (7) Business Days following the Scheme having become effective and accordingly, the cheques and the physical share certificates for the TopCo Shares are expected to be despatched on or before Thursday, 15 May 2025.

In the absence of any specific instruction to the contrary received in writing by the Share Registrar, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, cheques and physical certificates for the TopCo Shares will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques and share certificates will be sent at the risk of the person(s) entitled thereto and none of the Offeror, HoldCo, TopCo, the Company, DBSAC, the Independent Financial Adviser, the Share Registrar, the TopCo Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

Beneficial Owners whose Shares are held through CCASS shall only be entitled to the Cash Alternative, as a Scheme Shareholder may opt for the Share Alternative only in respect of the Scheme Shares that are registered in its own name. If Beneficial Owners whose Shares are held through CCASS intend to elect the Share Alternative, they will need to first withdraw their Scheme Shares from CCASS before electing the Share Alternative. Scheme Shareholders should complete and lodge the Election Form, together with the KYC Documents (if they elect the Share Alternative), to the Share Registrar, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, 6 May 2025 or such later date and time as may be notified through announcement. For details on completing the Election Form, please refer to the section headed “*Election by Registered Owners*” in Part VII — Explanatory Memorandum of this Scheme Document.

Shareholders are recommended to consult their professional advisors if they are in doubt as to the above procedures.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies until the expiry of six (6) years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto. On the expiry of six (6) years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Tuesday, 6 May 2025 (Cayman Islands time).

Any physical certificates of TopCo Shares posted to the Scheme Shareholders pursuant to the Scheme which have been returned or undelivered will be cancelled. The share registrar of TopCo may at any time thereafter issue new share certificates in respect of such TopCo Shares to those Scheme Shareholders who can establish their entitlements to its satisfaction and transfer to them all accrued entitlements from the original date of allotment or transfer, as the case may be, in respect of such TopCo Shares, subject to the payment of any expenses incurred.

Settlement of the Cancellation Consideration to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror or TopCo may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

Procedures for transfer of TopCo Shares

It is expected that the register of holders of TopCo Shares will be maintained by TopCo in the Cayman Islands.

A transfer of TopCo Shares is to be effected by a TopCo Shareholder completing an instrument of transfer, in a common form or in a form approved by the directors of TopCo, executed by or on behalf of that TopCo Shareholder. Until further notice provided by TopCo, the instrument of transfer can be obtained at the office of the agent of TopCo, Conyers Corporate Services Limited (“**TopCo Agent**”), at 29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong and the signed instruments of transfer must be delivered for registration at the aforesaid office of the TopCo Agent from 9:00 a.m. to 4:30 p.m. on any business day in Hong Kong.

The TopCo Board may refuse to recognise any instrument of transfer of the TopCo Shares if the person is unable to provide evidence, as reasonably required by the TopCo Board, showing their right to transfer pursuant to the TopCo Articles. In particular, the TopCo Board may decline to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the TopCo Shares (where a certificate had been issued) to which it relates and by such other evidence as the TopCo Board may reasonably require showing the right of the transferor to make the transfer.

Each new certificate to be issued upon a transfer of the TopCo Shares will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the TopCo Agent after one (1) calendar month following receipt of the documents specified above and any necessary corporate authorisation documents of TopCo by the share registrar of TopCo, Conyers Trust

Company (Cayman) Limited (“**TopCo Share Registrar**”), and upon production of such identification papers or additional documents as may be reasonably requested by TopCo, TopCo Agent or TopCo Share Registrar.

Where some but not all of the TopCo Shares in respect of which a certificate is issued are to be transferred, a new certificate in respect of the balance of the TopCo Shares not so transferred will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the TopCo Agent after one (1) calendar month following receipt of the documents specified above and any necessary corporate authorisation documents of TopCo by TopCo Share Registrar and upon production of such identification papers additional documents as may be reasonably requested by TopCo, TopCo Agent or TopCo Share Registrar.

Any TopCo Shareholders wishing to split his/her/its holding of TopCo Shares into two or more share certificates must lodge his/her/its request with the TopCo Agent and TopCo Share Registrar. A fee may be charged by TopCo, TopCo Agent or TopCo Share Registrar or any of its agents for the issue of the new share certificates.

If you have any questions purely of an administrative and procedural nature regarding the Proposal, please contact Sodali & Co at the hotline: +852 2632 9736 between 9:00 a.m. and 5:00 p.m. (Hong Kong time) on Hong Kong business days or at Vesync@investor.sodali.com.

OVERSEAS SHAREHOLDERS

General Notice to Overseas Shareholders

The Share Alternative, and the receipt of the TopCo Shares, are subject to the laws and regulations of the jurisdiction in which the Scheme Shareholders are subject. Scheme Shareholders wishing to elect the Share Alternative and receive the TopCo Shares should be aware of the laws and regulations of their jurisdiction and ensure that they are able to elect the Share Alternative and receive the TopCo Shares. Overseas Shareholders should inform themselves about, and observe, any applicable legal, tax or regulatory requirements. It is the responsibility of the person wishing to elect the Share Alternative to satisfy themselves as to the full observance of the laws of those relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes due by such person in such jurisdictions. This Scheme Document is not prepared based on any regulatory requirements or guidance outside of Hong Kong.

As at the Latest Practicable Date, there were 15 overseas Shareholders whose address as shown in the register of members of the Company was outside Hong Kong, and in the British Virgin Islands, the US and the PRC.

Such overseas Shareholders held an aggregate of 761,342,488 Shares (representing approximately 66.81% of the total issued share capital of the Company), among which: (i) the three Shareholders whose address is in the British Virgin Islands held an aggregate of 344,324,748 Shares (representing approximately 30.22% of the total issued share capital of the Company), including an aggregate of 332,636,400 Shares (representing approximately 29.19% of the total issued share capital of the Company) held by Arceus and Caerus (being members of the Founder Group), (ii) the three Shareholders whose address is in the US held an aggregate of 406,584,911 Shares (representing approximately 35.68% of the total issued share capital of the Company), including an aggregate of 406,040,800 Shares (representing approximately 35.63% of the total issued share capital of the Company) held by Karis I and Karis II (being members of the Founder Group), and (iii) the nine Shareholders whose address is in the PRC held an aggregate of 10,432,829 Shares (representing approximately 0.92% of the total issued share capital of the Company).

The Directors have been advised by the relevant local counsels that there are no securities laws or regulations in the US, in the PRC or in the British Virgin Islands, as the case may be, which would prohibit the extending of the Proposal (including the Share Alternative) through the despatch of this Scheme Document to the overseas Shareholders whose address as shown in the register of members of the Company was outside Hong Kong. The Scheme will apply to, and this Scheme Document will be despatched to, such overseas Shareholders

PLEASE NOTE: If you wish to elect the Share Alternative, please ensure that you are legally permitted to elect the Share Alternative and receive the TopCo Shares.

PLEASE NOTE: Disclosures in this section do not, directly or indirectly, constitute legal advice, and none of the Offeror, HoldCo, TopCo, the Company, and their respective advisers, including DBSAC, shall be taken to, or deemed to be, giving any advice, whether legal or otherwise, with respect to any jurisdiction, whether in Hong Kong or overseas.

PLEASE NOTE: Any election of the Share Alternative by the Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, HoldCo, TopCo, the Company, and their respective advisers, including DBSAC, that all relevant laws and regulatory requirements in those jurisdictions to which the overseas Shareholders electing the Share Alternative are subject have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give or be subject to the above warranty and representation. Shareholders and potential investors should consult their professional advisers if in doubt.

Notice to US Scheme Shareholders

The Proposal is extended to the US pursuant to the applicable US rules, in particular, Regulation 14E promulgated pursuant to the Exchange Act or an available exemption therefrom. This Scheme Document does not constitute a prospectus or a prospectus equivalent document. The Scheme Shareholders who are located in the US (the “US Scheme Shareholders”) are advised to carefully read the formal documentation in relation to the Proposal once it has been despatched.

The TopCo Shares which will be issued in connection with the Proposal have not been, and will not be, registered under the Securities Act or under the securities law of any state, district or other jurisdiction of the US, or any other jurisdiction, and no regulatory approval or clearance in respect of the TopCo Shares has been, or will be, applied for in any jurisdiction. The TopCo Shares may not be offered or sold in the US absent registration under the Securities Act or an exemption from registration. It is expected that the TopCo Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 802 thereof.

The Proposal relates to the shares of the TopCo and the Company, which were incorporated in the Cayman Islands with limited liability. The Proposal will be effected under a scheme of arrangement provided for under the Companies Act. Accordingly, the Proposal is subject to the disclosure requirements, rules and practices applicable to Cayman Islands schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in Hong Kong that may not be comparable to the financial statements of US companies.

It may be difficult for US Scheme Shareholders to enforce their rights and any claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their respective officers and directors may be residents of a country other than the US. In addition, most of the assets of the Offeror and the Company are located outside the US. US Scheme Shareholders may not be able to bring a claim against a non-US company or its officers or directors in a non-US court for any violations of the securities laws of the US. Further, it may be difficult for US Scheme Shareholders to effect service of process within the US upon the Offeror or the Company or their respective officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the US.

The exemption under Rule 14d-1(d) of the Exchange Act is available for the Proposal. In accordance with practice and pursuant to Rule 14e-5(b) of the Exchange Act, Offeror hereby discloses that it or its affiliates or nominees, or their respective brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the US, other than pursuant to the Proposal, before or during the period in which the Proposal remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that: (i) any such purchase or arrangement complies with applicable law and is made outside the US; and (ii) if applicable the Final Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases or arrangements will be reported to the SFC and will be available on its website at www.sfc.hk.

Notice to PRC Investors

This Scheme Document is only distributed to individuals/entities within the PRC that hold the Shares subject to the Scheme as described in this Scheme Document. No other person within the PRC may take any action or place any reliance on this Scheme Document or any of its contents. This Scheme Document may not be sent or distributed in the PRC by any means of public media or other public release or announcement. This Scheme Document is for your reference only. It may not be reproduced, distributed, disclosed or passed on to any other person in any manner or published, in whole or in part, for any other purpose. Neither the whole nor any part of this Scheme Document is to be considered or construed as an advisory service for any investment in securities. Subject to the above, the distribution of this Scheme Document does not constitute a public offering of securities as defined in the Securities Law of the PRC (amended on 28 December 2019 and implemented on 1 March 2020), nor does it constitute a non-public offering of securities by means of advertising, public solicitation, or disguised public offering, and shall not be considered or construed as a securities investment advisory service as defined by the PRC law.

Shareholders and beneficial owners of the Shares should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares or the TopCo Shares, as the case may be. It is emphasised that none of the Offeror, HoldCo, TopCo, the Company, DBSAC or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme.

TAXATION

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their election for the Cash Alternative or the Share Alternative. It is emphasised that none of the Offeror, HoldCo, TopCo, the Company, DBSAC or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their election for the Cash Alternative or the Share Alternative.

RECOMMENDATIONS

Your attention is drawn to the following:

- (a) the paragraph headed “*Recommendations*” in the letter from the Board set out in Part IV of this Scheme Document;
- (b) the letter from the Independent Board Committee as set out in Part V of this Scheme Document; and
- (c) the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document.

FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere, in this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, HoldCo, TopCo, DBSAC, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024. The figures for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are extracted from the annual reports of the Group for the years ended 31 December 2022 and 31 December 2023 and the annual results announcement of the Company for the year ended 31 December 2024.

The auditors' reports issued by the auditors of the Group, Ernst & Young, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed below, there are no other items of income or expenses which are material to the Group for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024.

	For the year ended 31 December		
	2024	2023	2022
	US\$'000	US\$'000	US\$'000
REVENUE	652,640	585,484	490,378
Cost of sales	<u>(346,062)</u>	<u>(311,112)</u>	<u>(348,089)</u>
Gross profit	306,578	274,372	142,289
Other income and gains	8,967	10,257	4,042
Selling and distribution expenses	(104,234)	(99,217)	(89,239)
Administrative expenses	(92,105)	(83,089)	(69,591)
(Impairment losses)/reversal of impairment losses on financial assets, net	(613)	(382)	204
Other expenses	(3,326)	(12,833)	(8,032)
Finance costs	(3,428)	(1,532)	(1,691)
Share of profits and losses of:			
a joint venture	—	(80)	177
associates	<u>(354)</u>	<u>(24)</u>	<u>—</u>
PROFIT/(LOSS) BEFORE TAX	111,485	87,472	(21,841)
Income tax (expense)/credit	<u>(18,437)</u>	<u>(10,042)</u>	<u>5,524</u>
PROFIT/(LOSS) FOR THE YEAR	<u>93,048</u>	<u>77,430</u>	<u>(16,317)</u>

	For the year ended 31 December		
	2024	2023	2022
	US\$'000	US\$'000	US\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Trade receivables measured at fair value through other comprehensive income:			
Changes in fair value	(554)	—	—
Income tax effect	132	—	—
Share of other comprehensive loss of a joint venture	—	(21)	(1,164)
Share of other comprehensive loss of associates	(285)	—	—
Exchange differences on translation of foreign operations	(4,072)	(487)	(3,055)
Reclassification adjustments for a foreign operation disposed of during the year	—	(2)	—
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(4,779)	(510)	(4,219)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	(1,379)	251	—
Income tax effect	208	(38)	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(1,171)	213	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(5,950)	(297)	(4,219)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	87,098	77,133	(20,536)
Profit/(loss) attributable to:			
Owners of the parent	93,048	77,481	(16,276)
Non-controlling interests	—	(51)	(41)
	<u>93,048</u>	<u>77,430</u>	<u>(16,317)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent	87,098	77,184	(20,495)
Non-controlling interests	—	(51)	(41)
	<u>87,098</u>	<u>77,133</u>	<u>(20,536)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	<u>US8.64 cents</u>	<u>US6.92 cents</u>	<u>US(1.44) cents</u>
Diluted	<u>US8.60 cents</u>	<u>US6.92 cents</u>	<u>US(1.44) cents</u>
Declared dividends (<i>note</i>)	<u>12,235</u>	<u>29,576</u>	<u>—</u>
Declared dividends per ordinary share	<u>HK8.88 cents</u>	<u>HK21.08 cents</u>	<u>—</u>

Note: the amount of the declared dividends is reduced by the amount distributed to the Trustee.

CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 December 2022 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 109 to 193 of the annual report of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 26 April 2023. The 2022 Annual Report is posted on the website of the Company at <https://www.vesync.com/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602333.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2023 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 113 to 200 of the annual report of the Group for the year ended 31 December 2023 (the “**2023 Annual Report**”), which was published on 22 April 2024. The 2023 Annual Report is posted on the website of the Company at <https://www.vesync.com/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0422/2024042201128.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2024 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 2 to 19 of the annual results announcement of the Company for the year ended 31 December 2024 (the “**2024 Annual Results**”), which was published on 17 March 2025. The 2024 Annual Results are posted on the website of the Company at <https://www.vesync.com/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2024 Annual Results:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0317/2025031701708.pdf>

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2022, 2023 and 2024 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

INDEBTEDNESS STATEMENT

As at 31 December 2024, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Scheme Document, the Group had US\$32.44 million in indebtedness, which comprised interest-bearing bank and other borrowings and lease liabilities. As at 31 December 2024, the Group had unutilised banking facilities of approximately US\$93.88 million.

The following table sets forth the breakdown of the Group's indebtedness as at 31 December 2024:

	As at 31 December 2024 <i>US\$'000</i>
Interest-bearing bank and other borrowings	20,759
Lease liabilities	<u>11,678</u>
Total	<u><u>32,437</u></u>

Interest-bearing bank and other borrowings

The Group's bank loans mainly represent loans from commercial banks and our other borrowings represent borrowings from a financial service provider in Shenzhen, the PRC. As at 31 December 2024, the Group had total borrowings of US\$20.76 million.

The following table sets forth the breakdown of the Group's interest-bearing bank and other borrowings as at 31 December 2024.

	As at 31 December 2024		
	Effective interest rate (%)	Maturity	<i>US\$'000</i>
Current			
Bank borrowings — secured (<i>note (a)</i>)	1.00	2025	374
Bank borrowings — unsecured	2.20–5.25	2025	18,799
Current portion of long term bank borrowings — unsecured	1.00	2025	219
Other borrowing — secured (<i>note (b)</i>)	4.96	2025	<u>1,367</u>
Total			<u><u>20,759</u></u>

Notes:

- (a) The bank borrowing of total US\$374,000 is secured by pledged deposits.
- (b) The other borrowing of total US\$1,367,000 is guaranteed by a third party, counter-guaranteed by a subsidiary of the Company and secured by the subsidiary's total assets.

Lease liabilities

The Group's current and non-current lease liabilities were US\$4.72 million and US\$6.96 million respectively. These lease liabilities mainly consisted of rental of offices, warehouses, machinery and equipment such as forklifts and racks used for its operations.

Except as discussed above, and apart from intra-group liabilities and normal trade payables and other payables and accruals in the ordinary course of business, the Directors confirm that the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 31 December 2024.

CONTINGENT LIABILITIES

As is common among businesses, the Company routinely engages in litigation and regulatory inquiries as part of its operations. These legal matters encompass product recalls, consumer protection issues, false advertising claims, and intellectual property disputes associated with the Company's activities. These cases or inquiries are at various stages, from initial investigations and pleadings to resolution phases. On occasion, opposing parties may initiate lawsuits, and the Company remains committed to actively pursuing or defending such claims as part of its standard business practices.

MATERIAL CHANGE

Save as disclosed below, as well as the Proposal and the Scheme as set out in this Scheme Document, the Directors confirm that, as of the Latest Practicable Date, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

Additional tariffs imposed by the US on imports from the PRC

As disclosed in the 2023 Annual Report, the US has imposed additional tariffs on certain goods imported from the PRC since 2018, which involves categories such as air purifiers, vacuum cleaners, water purifiers, ovens and related components. In February 2025, the government of the US announced the increase in tariffs on imports from the PRC to an additional 10%. In March 2025, it was announced that such tariffs on imports from the PRC would further increase by 10%. Due to the Group's strategic focus on the market of the US, all of the Group's products imported into the US market from the PRC, including air purifiers, air humidifiers and air fryers, were included in the list of products subject to the additional tariffs and therefore this is considered a risk factor to the Group. Further details including the response of the Company to this risk of trade dispute between the PRC and the US are set out in the 2023 Annual Report.

FINANCIAL INFORMATION OF TOPCO

TopCo is an unlisted investment holding company newly incorporated in the Cayman Islands with limited liability on 15 November 2024 for the sole purpose of implementing the Proposal. TopCo has not carried on any business or financial activities since its incorporation and is not expected to carry on any business or financial activities other than acting as a holding company of the Company pursuant to and after completion of the Proposal. As at the Latest Practicable Date, TopCo had an issued share capital comprising 786,769,200 TopCo Shares.

HoldCo is a company newly incorporated in the Cayman Islands with limited liability on 15 November 2024 and an investment holding company set up solely for the purposes of implementing the Proposal. As at the Latest Practicable Date, HoldCo was directly wholly-owned by TopCo.

The Offeror is a company newly incorporated in the Cayman Islands with limited liability on 15 November 2024 and an investment holding company set up solely for the purposes of implementing the Proposal. As at the Latest Practicable Date, the Offeror was directly wholly-owned by HoldCo and indirectly wholly-owned by TopCo.

Section 59 of the Companies Act requires Cayman companies to maintain proper books of account necessary to give a true and fair view of the state of such company's affairs and to explain its transactions. As the Offeror, HoldCo, and TopCo have not conducted any business to date, the Offeror, HoldCo and TopCo (a) have not received or expended money; (b) have not sold or purchased goods; and (c) do not have any assets or liabilities (other than share capital issued on incorporation), other than the Acquisition Facility which will only be reflected in the books of account after drawdown of TopCo and its subsidiaries. Accordingly, the books of account of TopCo and its subsidiaries are yet to reflect any significant items. On the basis of the foregoing, the Offeror has applied to the Executive for a waiver from strict compliance with paragraph 12(a) of Schedule I of the Takeovers Code pursuant to which the Offeror is required to disclose its financial information for the last three financial years for which the information has been published or since it was incorporated, and the waiver has been granted.

As at the Latest Practicable Date, being the latest practicable date for the purpose of ascertaining the indebtedness of TopCo prior to the printing of this Scheme Document, save for the Acquisition Facility, TopCo and its subsidiaries had no material indebtedness.

1. RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the sole director of the Offeror in her capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

The sole director of the Offeror and the Founders jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (i) the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each;
- (ii) the Company had 1,139,492,800 Shares in issue and 5,100,000 Share Options under the Share Option Scheme;
- (iii) since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had not issued any new Shares;
- (iv) all of the issued Shares ranked *pari passu* in all respects with each other, including all rights as to dividends, voting and capital; and
- (v) save for the 5,100,000 Share Options granted under the Share Option Scheme, the Company has no outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company.

3. INFORMATION REGARDING THE TOPCO SHARES

As at the Latest Practicable Date:

- (i) the authorised share capital of the TopCo was US\$50,000 divided into 5,000,000,000 shares of a nominal or par value of US\$0.00001 each;

- (ii) the total issued share(s) of TopCo comprised 786,760,200 TopCo Shares;
- (iii) all of the issued TopCo Shares ranked *pari passu* in all respects with each other, including all rights as to dividends, voting and capital;
- (iv) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by TopCo that carry a right to subscribe for or which are convertible into TopCo Shares;
- (v) since 15 November 2024, being the date of incorporation of TopCo, no new TopCo Shares had been issued by TopCo other than 786,760,200 TopCo Shares issued to the initial shareholders on 15 November 2024;
- (vi) there was no re-organisation of authorised or issued shares of TopCo since 15 November 2024, being the date of incorporation of TopCo; and
- (vii) no TopCo Share had been bought back by TopCo since 15 November 2024, being the date of incorporation of TopCo.

4. MARKET PRICES

(1) In respect of the Company

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) at the end of each month during the Relevant Period:

	Closing price for each Share
	<i>HK\$</i>
28 June 2024	5.05
31 July 2024	4.16
30 August 2024	4.31
30 September 2024	4.75
31 October 2024	3.96
29 November 2024	4.05
10 December 2024 (Last Trading Date)	4.20
31 December 2024	5.29
28 January 2025	5.24
28 February 2025	5.23
28 March 2025 (Latest Practicable Date)	5.44

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$5.44 per Share as quoted on the Stock Exchange on 28 March 2025 and the lowest closing price of the Shares was HK\$3.52 per Share as quoted on the Stock Exchange on 22 November 2024.

(2) In respect of TopCo

There had been no transaction in relation to TopCo Shares which have taken place since its incorporation and up to the Latest Practicable Date other than the issuance of 786,760,200 TopCo Shares to the initial shareholders, being the Founder Group, on 15 November 2024.

5. DISCLOSURE OF INTERESTS, DEALINGS AND OTHER ARRANGEMENTS

(i) Disclosure of interests

(a) Interests of the Directors and chief executives in Shares and underlying Shares

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company in the Shares and underlying Shares, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) or were required to be disclosed pursuant to the requirement of the Takeovers Code were as follows:

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares	Number of underlying Shares	Total	Approximate percentage of interest in the Company
Ms. Yang ^{(2)/(5)}	Founder of a discretionary trust who can influence how the trustee exercises his discretion	406,040,800	—		
	Interests held jointly with another person	372,786,400	1,350,000		
	Beneficial owner	<u>7,933,000</u>	<u>1,150,000</u>		
				789,260,200	69.26%
Mr. Yang Hai ^{(3)/(5)}	Interest of corporation controlled	8,067,200	—		
	Interests held jointly with another person	778,693,000	1,350,000		
	Beneficial owner	<u>—</u>	<u>1,150,000</u>		
				789,260,200	69.26%

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares	Number of underlying Shares	Total	Approximate percentage of interest in the Company
Mr. Yang Yuzheng ⁽⁴⁾⁽⁵⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	364,719,200	—		
	Interests held jointly with another person	422,041,000	2,300,000		
	Beneficial owner	—	200,000		
				789,260,200	69.26%
Mr. Chen ⁽⁶⁾	Beneficial owner	3,681,667	2,483,333	6,165,000	0.54%
Mr. Fong Wo, Felix ⁽⁷⁾	Beneficial owner	—	200,000	200,000	0.02%
Mr. Gu Jiong ⁽⁸⁾	Beneficial owner	—	200,000	200,000	0.02%
Mr. Tan Wen ⁽⁹⁾	Beneficial owner	—	200,000	200,000	0.02%

Notes:

- (1) The calculation is based on the total number of 1,139,492,800 Shares in issue as at the Latest Practicable Date.
- (2) Ms. Yang is an executive Director. As at the Latest Practicable Date, Ms. Yang was directly interested in 7,933,000 Shares and 1,150,000 Share Options.

As at the Latest Practicable Date, each of Karis I and Karis II was directly interested in 243,624,800 and 162,416,000 Shares, respectively.

Karis I is wholly-owned by North Point Trust Company LLC, as trustee of the Karis I Annuity Trusts and the Family Trust I. The Karis I Annuity Trusts were established by Ms. Yang for the ultimate benefit of the Family Trust I, pursuant to certain arrangements. The Family Trust I was established by Ms. Yang as the settlor, and the beneficiaries of which are any children and issue of Ms. Yang. Pursuant to the Karis I Annuity Trusts and the Family Trust I, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company LLC as trustee of the Karis I Annuity Trust and the Family Trust I, and as the sole manager of Karis I, has the authority to make all business decisions in relation to Karis I. Ms. Yang is deemed to be interested in Karis I, and is therefore deemed to be interested in any Shares in which Karis I is interested by virtue of Part XV of the SFO.

Karis II is owned by North Point Trust Company LLC, as trustee of the Karis II Annuity Trusts and the Family Trust II, and Ms. Yang. The Karis II Annuity Trusts were established by Ms. Yang for the ultimate benefit of the Family Trust II, pursuant to certain arrangements. The Family Trust II was established by Ms. Yang as the settlor, and the beneficiaries of which are Mr. Ryan Xu, being Ms. Yang's child, and any charitable organisations to be subsequently determined by the independent trustee (if any) at its discretion. Pursuant to the Karis II Annuity Trusts and the Family Trust II, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company LLC as trustee of the Karis II Annuity Trusts and the Family Trust II, and as the sole

manager of Karis II, has the authority to make all business decisions in relation to Karis II. Ms. Yang is deemed to be interested in Karis II, and is therefore deemed to be interested in any Shares in which Karis II is interested by virtue of Part XV of the SFO.

Ms. Yang Lin is interested in 1,150,000 share options granted to her under the Share Option Scheme to subscribe for 1,150,000 Shares.

- (3) As at the Latest Practicable Date, Arceus held 8,067,200 Shares. Arceus is wholly owned by Mr. Yang Hai. Mr. Yang Hai is therefore deemed to be interested in any Shares in which Arceus is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, Mr. Yang Hai was also interested in 1,150,000 Share Options.
- (4) As at the Latest Practicable Date, Caerus held 364,719,200 Shares. Caerus is wholly owned by Acevation Trust. Mr. Yang Yuzheng is the trustor of Acevation Trust, and retains the right to revoke and amend the trust agreement during his lifetime. Accordingly, Mr. Yang Yuzheng is deemed to be interested in both Acevation Trust and Caerus, and is therefore deemed to be interested in any Shares in which each of Acevation Trust and Caerus is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, Mr. Yang Yuzheng was also interested in 200,000 Share Options.
- (5) Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng are family members of each other (namely, (i) Ms. Yang and Mr. Yang Hai are siblings and (ii) Mr. Yang Yuzheng is the father of Ms. Yang and Mr. Yang Hai) and are therefore deemed to be interested in any Shares in which each other is interested by virtue of Part XV of the SFO. As at the Latest Practicable Date, the total number of Shares collectively owned by Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng was 786,760,200, representing approximately 69.04% of the issued share capital of the Company as at the Latest Practicable Date.
- (6) Mr. Chen is an executive Director, the chief financial officer and the vice president of the Company. As at the Latest Practicable Date, Mr. Chen held 3,681,667 Shares, 2,000,000 Share Options and 483,333 share awards granted under the Share Award Scheme. Mr. Chen is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal. The Shares held by Mr. Chen will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.
- (7) Mr. Fong Wo, Felix is interested in 200,000 Share Options granted to him under the Share Option Scheme to subscribe for 200,000 Shares.
- (8) Mr. Gu Jiong is interested in 200,000 Share Options granted to him under the Share Option Scheme to subscribe for 200,000 Shares.
- (9) Mr. Tan Wen is interested in 200,000 Share Options granted to him under the Share Option Scheme to subscribe for 200,000 Shares.

Save as disclosed above, so far as the Directors are aware, none of the Directors or chief executive of the Company had any interest in the Shares and underlying Shares (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code or required to be disclosed pursuant to the Takeovers Code as at the Latest Practicable Date.

(b) *Interests of the Offeror and the Offeror Concert Parties in the Shares*

Save as disclosed in the section headed “*Shareholding Structure of the Company*” in Part VII — Explanatory Memorandum of this Scheme Document and the holdings by the DBS Group conducted in the normal course of business for and on behalf of its non-discretionary clients, as at the Latest Practicable Date, none of the Offeror, its sole director and any Offeror Concert Parties (i) had any interest in the Shares; or (ii) owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

As at the Latest Practicable Date, save as disclosed in the section headed “*Shareholding Structure of the Company*” in Part VII — Explanatory Memorandum of this Scheme Document, none of the persons who have irrevocably committed themselves to vote for the Proposal, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. Save as disclosed in paragraph 5. (ii)(b) of this Appendix below, none of such persons has dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.

(c) *Interests of the Offeror and the Offeror Concert Parties, the Directors and the Company in the TopCo Shares*

As at the Latest Practicable Date, save as disclosed in the sections headed “*Shareholding Structure of the Company*” and “*Information on the Group, the Offeror, HoldCo and TopCo*” in Part VII — Explanatory Memorandum of this Scheme Document, none of the Offeror, its sole director and any Offeror Concert Parties, the Company or any of the Directors owned or controlled any shares or any convertible securities, warrants, options or derivatives in respect of the TopCo Shares.

As at the Latest Practicable Date, none of the persons who have irrevocably committed themselves to vote for the Proposal, owned or controlled any TopCo Shares or any convertible securities, warrants, options or derivatives in respect of any TopCo Shares. None of such persons has dealt for value in any TopCo Shares or any convertible securities, warrants, options or derivatives in respect of the TopCo Shares since the incorporation of the TopCo.

(d) *Other information*

As at the Latest Practicable Date, none of the Offeror or the Offeror Concert Parties had borrowed or lent any of the Shares or the TopCo Shares or any convertible securities, warrants, options or derivatives in respect of any of the Shares or the TopCo Shares.

As at the Latest Practicable Date, the Offeror Concert Parties (other than the Trustee) have indicated that if the Scheme is approved at the Court Meeting, the Shares held by them will be voted in favour of the special resolution to (1) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (2) contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror. The Offeror Concert Parties will not be voting on the Investor Arrangement at the EGM.

As at the Latest Practicable Date, other than Ms. Yang, Mr. Yang Hai, Mr. Yang Yuzheng and Mr. Chen (all of whom are the Offeror Concert Parties), no other Directors hold any Shares.

As at the Latest Practicable Date and during the Relevant Period, no Shares, no TopCo Shares, and no convertible securities, warrants, options or derivatives in respect of the Shares or the TopCo Shares, were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no fund manager (other than exempt fund managers) connected with the Company had dealt for value in any of the Shares, the TopCo Shares or any convertible securities, warrants, options or derivatives in respect of any of the Shares or the TopCo Shares.

As at the Latest Practicable Date, neither the Company nor any Director had borrowed or lent (as the case may be) any of the Shares or the TopCo Shares, or any convertible securities, warrants, options or derivatives in respect of the Shares or the TopCo Shares, save for any borrowed shares which have been either on-lent or sold.

As at the Latest Practicable Date, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

(ii) Dealings in the Company's securities or TopCo's securities

During the Relevant Period:

- (a) save as disclosed below and save for the dealings in the Shares by the DBS Group conducted in the normal course of business for and on behalf of its non-discretionary clients, none of the Offeror, its sole director, any Offeror Concert Parties, the Company or the Directors had dealt for value in any of the Shares or the TopCo Shares or any convertible securities, warrants, options or derivatives in respect of any of the Shares or the TopCo Shares. A full list of all dealings for value by Mr. Chen and the Trustee on a non-aggregated basis during the Relevant Period will be made available for inspection in the manner described in Appendix IV — Documents on Display to this Scheme Document; and

Date of Transaction		Name of Offeror Concert Parties	Number of Shares bought	Price paid for each Share (HK\$)	
<i>Aggregated on a weekly basis (where applicable)</i>				Highest Price (where applicable)	Lowest Price (where applicable)
Start	End				
27 June 2024	3 July 2024	Trustee	400,000	5.28	5.22
18 July 2024	24 July 2024	Trustee	300,000	4.48	4.37
25 July 2024	31 July 2024	Trustee	450,000	4.32	4.18
22 August 2024	28 August 2024	Trustee	150,000	4.40	4.36
29 August 2024	4 September 2024	Mr. Chen	200,000	4.18	4.044
29 August 2024	4 September 2024	Trustee	598,000	4.41	4.33
19 September 2024	25 September 2024	Trustee	688,000	4.28	4.11
26 September 2024	2 October 2024	Trustee	180,000	4.30	4.28

- (b) save as disclosed in (a) above, none of the persons who have irrevocably committed themselves to vote for or against the Proposal has dealt for value in any of the Shares or the TopCo Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or the TopCo Shares.

(iii) Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) the emoluments of the sole director of each of the Offeror, HoldCo and TopCo would not be affected by or amended as a result of the Proposal or by any other associated transaction;

- (b) save as disclosed in the paragraph headed “(b) *Interests of the Offeror and Offeror Concert Parties in the Shares*” in this section, none of the Offeror or the Offeror Concert Parties owned or controlled or directed any existing holding of voting rights and rights over shares in the Company, or any convertible securities, warrants or options in the Company;
- (c) save for the 5,100,000 outstanding Share Options granted, none of the Offeror and the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;
- (d) none of the Offeror and the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) save as (i) disclosed in the paragraph headed “(ii) *Dealings in the Company’s securities or TopCo’s securities*” in this section ; and (ii) the dealings in the Shares by the DBS Group conducted in the normal course of business for and on behalf of its non-discretionary clients, the Offeror and the Offeror Concert Parties had not dealt for value in the Shares during the Relevant Period and there were no outstanding convertible securities, warrants, options or derivatives in respect of the Shares which had been entered into by the Offeror or any of the Offeror Concert Parties and the Offeror;
- (f) (i) no subsidiary of the Company, (ii) no pension fund of the Company or of a subsidiary of the Company and (iii) no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned, controlled or had, during the Relevant Period, dealt for value in (as the case may be) any Shares or TopCo Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or the TopCo Shares;
- (g) save for the Proposal and the Irrevocable Undertakings as set out under the section headed “*Irrevocable Undertakings*” in Part VII — Explanatory Memorandum of this Scheme Document, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between any person and (A) the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties. Save as disclosed in the section headed “*Shareholding Structure of the Company*” of Part IV — Letter from the Board and the section headed “*Information on the Group, the Offeror, HoldCo and TopCo*” in Part VII — Explanatory Memorandum of this Scheme Document, none of the

parties to the Proposal and the Irrevocable Undertakings owned or controlled any Shares or TopCo Shares, or any convertible securities, warrants, options or derivatives in respect of any Shares or TopCo Shares. The dealings in any Shares or TopCo Shares or convertible securities, warrants, options or derivatives in respect of the Shares or the TopCo Shares by the parties to the Proposal and the Irrevocable Undertakings (which are Offeror Concert Parties) during the Relevant Period are disclosed in paragraph 5.(ii)(b) of this Appendix above;

- (h) save for the Irrevocable Undertakings as set out under the section headed “*Irrevocable Undertakings*” in Part VII — Explanatory Memorandum of this Scheme Document, there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (i) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (j) save for the Irrevocable Undertakings as set out under the section headed “*Irrevocable Undertakings*” in Part VII — Explanatory Memorandum of this Scheme Document, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties;
- (k) save for the security over the Shares as held by the Offeror upon completion of the Proposal granted by the Offeror to DBS Bank (Hong Kong) Limited, which forms part of the security package under the Acquisition Facility, the Offeror had no intention to transfer, charge or pledge any securities in the Company received pursuant to the Scheme to any other person, and had no agreement, arrangement or understanding with any third party to do so;
- (l) save for the cash consideration under the Cash Alternative and the share consideration under the Share Alternative, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation and extinguishment of the Scheme Shares (as applicable);
- (m) save for the Investor Arrangement, there was no understanding, arrangement, agreement or special deal between the Offeror or the Offeror Concert Parties on the one hand, and the Scheme Shareholders or any person acting in concert with the Scheme Shareholders on the other hand;
- (n) there was no agreement, arrangement or understanding between the Director and any other person who is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;

- (o) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or the Offeror Concert Parties and any of the Director, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposal; and
- (p) save for the Investor Arrangement, there was no understanding, arrangement, agreement or special deal between any Shareholder and (A) the Offeror or the Offeror Concert Parties or (B) the Company, its subsidiaries or associated companies.

6. MATERIAL LITIGATION

(1) In respect of TopCo

As at the Latest Practicable Date, neither TopCo nor any of its subsidiaries was engaged in any material litigation and no material litigation or claim of material importance was pending or threatened by or against TopCo or any of its subsidiaries.

(2) In respect of the Company

As at the Latest Practicable Date, no member of the Group was engaged in any material litigation and no litigation or claim of material importance was pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

(1) In respect of TopCo

Save for the agreement with respect to the Acquisition Facility dated 23 December 2024, no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by TopCo or any of its subsidiaries) had been entered by TopCo and/or any of its subsidiaries from the date of its incorporation (i.e., 15 November 2024) up to and including the Latest Practicable Date.

(2) In respect of the Company

Save for the receivables discounting agreement and the supplementary agreement entered into between Etekcitey Corporation (“**Etekcitey**”), a wholly-owned subsidiary of the Company, and The Hongkong and Shanghai Banking Corporation Limited (the “**Bank**”) on 19 June 2024 and 7 January 2025, respectively, pursuant to which the Bank agreed to provide Etekcitey with discount services for non-recourse receivables up to a revolving limit of US\$90,000,000 in discounted balance of eligible receivables, no contracts (not being contracts entered in the ordinary course of the business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two (2) years before the Announcement Date up to and including the Latest Practicable Date that were or might be material.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract that has more than 12 months to run irrespective of the notice period.

Name	Date of service agreement/letter of appointment	Expiry date of the initial term of the service agreement/letter of appointment	Fixed annual remuneration payable under the contract (excluding arrangements of pension payments)
Ms. Yang	1 December 2023	1 December 2026	HK\$50,000
Yang Hai	1 December 2023	1 December 2026	HK\$50,000
Mr. Chen	1 December 2023 1 October 2023 13 July 2024	1 December 2026 30 September 2026 (<i>Note</i>) N/A (<i>Note</i>)	An aggregate annual fixed remuneration payable under the three contracts: HK\$2,056,000
Yang Yuzheng	18 December 2023	18 December 2026	HK\$150,000
Fong Wo, Felix	18 December 2023	18 December 2026	HK\$300,000
Gu Jiong	18 December 2023	18 December 2026	HK\$300,000
Tan Wen	18 December 2023	18 December 2026	HK\$250,000

Note: On 1 October 2023, Mr. Chen entered into an employment agreement with VeSync (Singapore) PTE. LTD., a wholly-owned subsidiary of the Company, for the appointment of global general manager. On 13 July 2024, Mr. Chen entered into a service agreement with Shenzhen Chenbei Technology Co., Ltd. (深圳市晨北科技有限公司)*, a wholly-owned subsidiary of the Company, for the appointment of chief financial officer.

The discretionary bonuses for the executive Directors are subject to the Company's sole discretion. Save as disclosed above, there has been no other variable remuneration payable to the Directors.

9. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have been named in this Scheme Document or have given opinion or advice which is contained in this Scheme Document:

Name	Qualification
DBS Asia Capital Limited	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Somerley Capital Limited	a licensed corporation registered under the SFC, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFC

As at the Latest Practicable Date, the above experts had given and had not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its letters and opinions (as the case may be) and/or references to its name, opinions, reports and/or letters (as the case may be) in the form and context in which they respectively appear.

10. MISCELLANEOUS

- (i) The registered office of the Offeror and TopCo is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Each of the Offeror and TopCo does not have a principal office in Hong Kong. The sole director of the Offeror and TopCo is Ms. Yang.
- (ii) The Offeror is ultimately controlled by the Founder Group. The shareholding structure of the Offeror is disclosed in the section headed “*Information on the Group, the Offeror, HoldCo and TopCo*” in Part VII — Explanatory Memorandum of this Scheme Document.
- (iii) DBSAC is the financial adviser to the Offeror in relation to the Proposal, and its registered office is at 73/F, The Center, 99 Queen’s Road Central, Central, Hong Kong.

(iv) The principal members of the Offeror Concert Parties are as follows:

Name of Principal Members	Registered Office/ Correspondence Address	Director	Ultimate Beneficial Owner
Karis I	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America	Ms. Yang	Ms. Yang
Karis II	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America	Ms. Yang	Ms. Yang
Arceus	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110	Mr. Yang Hai	Mr. Yang Hai
Caerus	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110	Mr. Yang Yuzheng	Mr. Yang Yuzheng
Ms. Yang	F5, Building F3, TCL Int't City, No.1001, Zhong-shanyuan Rd., Nanshan District, Shenzhen, Guangdong Province, China	—	—
Mr. Yang Hai	F5, Building F3, TCL Int't City, No.1001, Zhong-shanyuan Rd., Nanshan District, Shenzhen, Guangdong Province, China	—	—
Mr. Yang Yuzheng	F5, Building F3, TCL Int't City, No.1001, Zhong-shanyuan Rd., Nanshan District, Shenzhen, Guangdong Province, China	—	—

(v) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(vi) The principal place of business of Company in Hong Kong is situated at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

(vii) The Board comprises Ms. Yang Lin, Mr. Yang Hai and Mr. Chen Zhaojun as executive Directors, Mr. Yang Yuzheng as non-executive Director, and Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Tan Wen as independent non-executive Directors.

(viii) The chief financial officer the Company is Mr. Chen who passed the exam of certified public accountants in the PRC in October 2006 and has been a member of the Association of Chartered Certified Accountants since February 2015.

- (ix) The company secretary of the Company is Ms. Zhang Xiao, who has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2019.
- (x) The principal share registrar and transfer office of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (xi) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (xii) The principal place of business of the Independent Financial Adviser is 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy and Election Form shall prevail over the Chinese language text.

* *For identification purpose only*

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier, (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) at the principal place of business of the Company at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong; (ii) on the website of the Company (<https://www.vesync.com/>); and (iii) on the website of the SFC (www.sfc.hk):

- (a) the memorandum and articles of association of the Company;
- (b) the TopCo Articles;
- (c) the annual reports containing the audited consolidated financial statements of the Company for each of the two years ended 31 December 2022 and 31 December 2023, and the annual results announcement containing the audited consolidated financial statements of the Company for the year ended 31 December 2024;
- (d) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (g) written consents referred to in the section headed "*Consents and Qualifications of Experts*" in Appendix III — General Information to this Scheme Document;
- (h) the material contracts referred to in the paragraph headed "*Material Contracts*" in Appendix III — General Information to this Scheme Document;
- (i) the service contracts referred to in the paragraph headed "*Service Contracts*" in Appendix III — General Information to this Scheme Document;
- (j) a full list of all dealings for value by Mr. Chen and the Trustee referred to in the section headed "*Dealings in the Company's securities or TopCo's securities*" in Appendix III — General Information to this Scheme Document;
- (k) the letter from DBSAC setting out the estimate of value of the TopCo Shares, the text of which is set out in Appendix V — Estimate of Value of TopCo Shares to this Scheme Document;
- (l) the Irrevocable Undertakings;
- (m) the Option IUs; and
- (n) this Scheme Document.

The sole director of the Offeror

31 March 2025

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

ESTIMATE OF VALUE OF TOPCO SHARES

Dear Sirs,

We refer to the document of even date jointly issued by Vesync Co., Ltd (the “**Company**”) and Victory III Co., Ltd (the “**Offeror**”) (the “**Scheme Document**”) of which this letter forms part. Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the Scheme Document.

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of value of the TopCo Shares (the “**Estimate of Value**”). Under the Proposal, the Scheme Shareholders may elect to receive (i) the **Cash Alternative**: cash of HK\$5.60 for every Scheme Share; or (ii) the **Share Alternative**: one TopCo Share for every Scheme Share held. The TopCo Shares are unlisted and there is therefore no reference for a publicly traded price.

PURPOSE

The Estimate of Value has been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasised that the Estimate of Value contained herein is an estimated value of each TopCo Share based on certain assumptions and therefore does not necessarily reflect the actual value of TopCo Shares. This letter is not addressed to any third party and the contents of this letter may not be used or relied upon by any third party for any purpose whatsoever; and DBSAC expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Scheme Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to DBSAC be made, without our prior written consent.

This letter sets out an Estimate of Value of each TopCo Share assuming the Proposal has become effective and such TopCo Share is in issue as at the date of this letter.

The Estimate of Value does not represent the value that a holder of a TopCo Share may realise on any future sale — and such a value may be higher or lower than the figure in this letter. DBSAC assumes no obligation to update, revise or reaffirm the Estimate of Value based upon circumstances

or events occurring after the date hereof. Additionally, the Estimate of Value is based on the announced value of HK\$5.60 per Scheme Share under the Cash Alternative, on which DBSAC expresses no opinion and gives no representation.

In providing the Estimate of Value, DBSAC expresses no opinion and makes no recommendation to any person as to whether they should vote in favour of the Proposal or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further, DBSAC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of shares comprised in the Share Alternative as referenced in the Proposal.

ASSUMPTIONS

For the purposes of our analysis, we have made the following assumptions:

- i. There exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- ii. As at the date of this letter, the Proposal has become effective;
- iii. The TopCo Shares issued in connection with the Proposal, together with the 786,760,200 TopCo Shares held by the Founder Group as at the Latest Practicable Date, comprise the entire issued share capital of TopCo and no person has any right to acquire or subscribe for any share or loan capital of TopCo other than the TopCo Shares issued in connection with the Proposal. Such shares have been issued pursuant to the Proposal free from all encumbrances, credited as fully-paid, non-assessable, and ranking *pari passu* with all issued shares in TopCo, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;
- iv. The Offeror, HoldCo and TopCo were incorporated for the purpose of the Proposal and do not carry on any business or financial activities other than acting as holding companies of the Company pursuant to and after completion of the Proposal. As such, we have assumed that when the Proposal becomes effective, the turnover, profits, assets and liabilities (on a consolidated basis) of the Offeror, HoldCo and TopCo will be the same as the Company, save for the Acquisition Facility and any cash balance that may remain in the Offeror that was not required to finance the amount payable in cash to Scheme Shareholders under the Proposal;
- v. Any Shares in the issued share capital of the Company acquired by the Offeror have been acquired free from all liens, options and third-party rights and together with the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of this letter;

- vi. The Shares subject to the Proposal comprise the entire issued share capital of the Company and, no person other than the Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date;
- vii. No dividend or other distribution (whether in cash or in kind) shall be declared, made or paid by the Company to the Shareholders between the date of the Announcement and the Effective Date, and any further dividend or distribution shall be subject to the consent of the Offeror;
- viii. The Offeror, HoldCo, TopCo and the Company exist on a continuing basis;
- ix. The TopCo Shares are unlisted and are valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability and shareholders' rights of an unlisted share, and no methodological analysis can be undertaken for the purposes of estimating such a discount, for the purposes of calculating our range of Estimate of Value, we are adopting 0% and 30% discount to an equivalent listed security for deriving the top end value and bottom end value of the TopCo Share, respectively. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involves unlisted shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted shares. In evaluating the level of discount applied, we have identified an exhaustive list of comparable privatisation cases in Hong Kong since 2013, adopting the following selection criteria: (i) the transaction involved offering of both cash or share alternative; (ii) the share alternative involved offering of unlisted shares. Considering unlisted shares lack marketability and/or shareholders' rights, a discount of 30% was applied to derive the bottom end value of the unlisted shares under the share alternative in each of the respective cases:

Date of scheme/ composite document	Company (stock code)	Discount applied
23 December 2024	Shanghai Henlius Biotech, Inc. (2696)	30%
2 July 2024	L'Occitane Holding S.A. (973)	30%
22 September 2023	Trigiant Group Limited (1300)	30%
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
10 November 2021	Lee Hing Development Limited (68)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%
20 June 2019	China Power Clean Energy Development Company Limited (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%
23 July 2013	Yashili International Holdings Ltd (1230)	30%

- x. We have relied on and assumed, without independent verification, the accuracy and completeness of the information reviewed by us (including but not limited to the management accounts of the Offeror, HoldCo and TopCo as of the Latest Practicable Date, which specify the amount of cash, assets, indebtedness and liabilities that are expected to remain in the Offeror, HoldCo and TopCo respectively, immediately following the Proposal becoming effective) for the purposes of the Estimate of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. We have not made any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. The Estimate of Value is necessarily based on financial, economic, market, regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimate of Value contained in this letter;
- xi. An exchange rate of US\$1.00:HK\$7.7742, which was the exchange rate as at the Last Trading Date; and
- xii. The Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the Company's annual results announcement for the fiscal year ended 31 December 2024, which were published on 17 March 2025 (the "**Last Accounts**"). Neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business.

METHODOLOGY

In our Estimate of Value, we derive ranges of value for TopCo Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights of an unlisted share, particularly around the fact that independent shareholders will not be able to nominate directors or approve reserved matters until certain ownership thresholds are reached.

The estimated value of the TopCo Shares is equal to the total estimated value of the Shares and the amount of cash, assets, indebtedness and liabilities (other than the Shares) that are expected to remain in the Offeror. As such, at the top end of our range, the total value of the TopCo Shares is assumed to be calculated as:

$$(a) - (b) + (c)$$

Where (a), (b) and (c) are defined as follows:

- (a) the estimated value of all of the outstanding Shares, which represents the value of the Shares that the Offeror will own;
- (b) the external debt financing to be incurred by the Offeror for the implementation of the Proposal in the form of the Acquisition Facility; and
- (c) any cash that may remain in the Offeror immediately following the implementation of the Proposal.

Following the implementation of the Proposal, TopCo, on a consolidated basis, will not own any other assets or any other liabilities except for the Shares, the external debt financing incurred by the Offeror for the implementation of the Proposal in the form of the Acquisition Facility, and the cash that may remain in Offeror immediately following the implementation of the Proposal. As a result, the estimated value of the TopCo Shares is equal to (a) - (b) + (c).

In deriving a value for (a) at the top end of the range, we have used a value of HK\$5.60 per Share, based on the announced value of HK\$5.60 per Share under the Cash Alternative on which DBSAC expresses no opinion or representation. The Offeror, HoldCo and TopCo were incorporated for the purpose of the Proposal and do not carry on any business or financial activities other than acting as holding companies of the Company pursuant to and after completion of the Proposal. Based on the Offeror's financing structure for implementing the Proposal, the external debt financing put in place amounts to approximately HK\$1,014 million, being the value for (b). It is currently estimated that: (i) where all Scheme Shareholders (except the Founder Group who will receive Founder Cancellation Consideration in exchange for cancellation of their Scheme Shares) elect the Share alternative, the Offeror's cash on hand immediately following the implementation of the Proposal would be approximately HK\$1,014,000,000; and (ii) where all Scheme Shareholders

(except for (x) the Founder Group who will receive Founder Cancellation Consideration in exchange for cancellation of their Scheme Shares; (y) the IU Shareholders who have irrevocably undertaken to elect the Share Alternative for the cancellation of all of the IU Shares held or owned by them; and (z) the Trustee who will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions) elect the Cash Alternative, the Offeror's cash on hand immediately following the implementation of the Proposal would be approximately HK\$76,421,109, assuming the full amount of the external debt financing stated above is used to pay the aggregate Cash Alternative and before all fees and expenses incurred by the Offeror in connection with the Proposal have been paid. The exact value of the cash on hand is dependent on the level of acceptance of the Share Alternative and, as such, this range of values has been used in deriving a value for (c).

As stated above, we have derived the lower end of the range for the estimate of value for each TopCo Share, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders' rights of an unlisted share, particularly around the fact that independent shareholders will not be able to nominate directors or approve reserved matters until certain ownership thresholds are reached.

The valuation of unlisted securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the TopCo Shares might actually trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of a TopCo Share to a third party; or (iii) the amount that might be realised by a holder of a TopCo Share on liquidation of TopCo. Our Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of TopCo and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of a TopCo Share will not be higher or lower than the Estimate of Value.

	(i) where all Scheme Shareholders (except for the Founder Group who will receive Founder Cancellation Consideration in exchange for cancellation of their Scheme Shares) elect the Share alternative	(ii) where all Scheme Shareholders (except for (x) the Founder Group who will receive Founder Cancellation Consideration in exchange for cancellation of their Scheme Shares; (y) the IU Shareholders who have irrevocably undertaken to elect the Share Alternative for the cancellation of all of the IU Shares held or owned by them; and (z) the Trustee who will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions) elect the Cash Alternative
(a) the estimated value of all of the outstanding Shares	HK\$6,381,159,680	HK\$6,381,159,680
(b) the external debt financing to be incurred by the Offeror for the implementation of the Proposal in form of the Acquisition Facility	HK\$1,014,000,000	HK\$1,014,000,000
(c) any cash that may remain in the Offeror immediately following implementation of the Proposal	HK\$1,014,000,000	HK\$76,421,109
Total end value of the TopCo Shares	HK\$6,381,159,680	HK\$5,443,580,789
Number of TopCo Shares in issue immediately following implementation of the Proposal	1,139,492,800	972,067,998
Top end value per TopCo Share	HK\$5.60	HK\$5.60
Bottom end value per TopCo Share (Assuming a 30% discount for non-marketability of the TopCo Shares)	HK\$3.92	HK\$3.92

Under both scenarios shown above, each of the TopCo Shares has an estimated value of HK\$5.60 at the top end of the range and an estimated value of HK\$3.92 at the bottom end of the range. For all scenarios in between the two shown above, where a proportion of the Scheme Shareholders (except for (i) the Founder Group who will receive Founder Cancellation Consideration in exchange for cancellation of their Scheme Shares; (ii) the IU Shareholders who have irrevocably undertaken to elect the Share Alternative for the cancellation of all of the IU Shares held or owned by them; and (iii) the Trustee who will elect the Share Alternative as the only form of Cancellation Consideration with respect to all of the Unvested Shares held by it, pursuant to the terms of the Share Award Scheme, the Board Resolutions and the Board Instructions) elect the Cash Alternative or elect either of the Cash Alternative or the Shares Alternative, the Estimate of Value for each of the TopCo Shares remains the same at HK\$5.60 at the top end of the range and HK\$3.92 at the bottom end of the range.

In determining the Estimate of Value, we have not taken into account, among other things, any financial projections of the Company.

No account has been taken of any potential transaction costs that a holder of the Shares may incur in regard to accepting the Share Alternative, or in any attempted or actual sale of TopCo Shares.

No account has been taken of any potential transaction costs that a holder of TopCo Shares may incur, or any potential costs that might be associated with a sale of a TopCo Share to a third party or a liquidation of TopCo, which might be expected to reduce any return to a holder of TopCo Shares upon the occurrence of such an event.

The taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders.

We have produced the Estimate of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above.

ESTIMATE OF VALUE

On the basis of the above assumptions and methodologies adopted by us and subject to the foregoing, the Estimate of Value as defined in this letter is within a range of HK\$3.92 to HK\$5.60 for each TopCo Share. This Estimate of Value does not represent a formal opinion by DBSAC of the value of a TopCo Share or a Share.

Under the Share Alternative, each Shareholder is entitled to receive one TopCo Share for every Scheme Share held. This implies a value of approximately HK\$3.92 to HK\$5.60 for each Share.

GENERAL

DBSAC is acting as the financial adviser to Offeror in relation to the Proposal and no one else in connection with the Proposal. DBSAC will not be responsible to anyone other than Offeror for providing advice in relation to the Proposal, the contents of the Scheme Document or any other matters referred to in the Scheme Document.

Shareholders are urged to read carefully all the information contained in the Scheme Document.

The value of a TopCo Share may be impacted by the factors described in this letter.

Further, in providing the Estimate of Value, DBSAC expresses no opinion or recommendation to any person as to whether they should vote for or against the Scheme or whether they should make any election to choose the Cash Alternative or the Share Alternative. Shareholders are recommended to seek their own independent financial advice. Further, DBSAC expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of TopCo Shares comprised in the Share Alternative as referenced in the Proposal.

Yours faithfully,
For an on behalf of
DBS Asia Capital Limited
Eric Chen
Managing Director

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

CAUSE NO. FSD 0043 OF 2025 (JAJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2025 REVISION)

**AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023 (AS
REVISED)**

AND IN THE MATTER OF VESYNC CO., LTD

SCHEME OF ARRANGEMENT

Between

VESYNC CO., LTD

and

THE SCHEME SHAREHOLDERS

(as defined below)

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code and “concert party” shall be construed accordingly
“Beneficial Owner”	beneficial owner(s) of the Shares registered in the name of the Registered Owner(s)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cash Alternative”	the cash consideration alternative under the Scheme, being HK\$5.60 in cash for every Scheme Share
“Company”	Vesync Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2148)

“Companies Act”	the Companies Act (2025 Revision) of the Cayman Islands, as amended from time to time
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “ <i>Conditions to the Proposal and the Scheme</i> ” in Part VII — Explanatory Memorandum of the Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix VII to the Scheme Document
“Court Order”	the order of the Grand Court sanctioning the Scheme as required by the Companies Act
“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to DBSAC
“DBSAC”	DBS Asia Capital Limited, the financial adviser to the Offeror in connection with the Proposal, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Director(s)”	the director(s) of the Company
“Disinterested Share(s)”	Shares in issue at the Scheme Record Date, other than those beneficially owned by the Offeror and the Offeror Concert Parties or those who are interested or involved in the Investor Arrangement. For the avoidance of doubt, Disinterested Shares include Shares in issue at the Scheme Record Date which are held by any member of the DBS Group on a non-discretionary and non-proprietary basis for and on behalf of its clients
“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the DBS Group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the Court Order is delivered to the Registrar of Companies for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Tuesday, 6 May 2025 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Company to be convened at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, or any adjournment thereof, for the purposes of considering and (if thought fit) approving all resolutions necessary for the implementation of the Proposal, notice of which is set out in Appendix VIII to this Scheme Document
“Election Form”	the blue form of election to be completed by the Scheme Shareholders for election of the Cash Alternative or the Share Alternative, which is despatched to the Shareholders together with this Scheme Document
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to advise the Disinterested Shareholders in respect of the Proposal, the Scheme and the Investor Arrangement

“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Investor Arrangement. Somerley Capital Limited is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Investor Arrangement”	the arrangement under the TopCo Articles that is only available to the Investor and its affiliates, details of which are set out in the section headed “ <i>Special Deal relating to the Investor Arrangement</i> ” of Part IV — Letter from the Board of the Scheme Document
“Latest Practicable Date”	28 March 2025, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Long Stop Date”	26 September 2025 or such later date the Offeror may determine, subject to the consent of DBSAC (whose consent shall not be unreasonably withheld) and the permissions of the Grand Court and/or the Executive (as applicable)
“Offeror”	Victory III Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, which is directly wholly-owned by HoldCo and indirectly wholly-owned by TopCo
“Offeror Concert Party(ies)”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including but not limited to the Founder Group, TopCo, HoldCo, the Investor (including the affiliates of the Investor as contemplated under the section headed “ <i>Irrevocable Undertakings</i> ” of Part IV — Letter from the Board of the Scheme Document), Mr. Chen and the Trustee
“PRC”	the People’s Republic of China, which, for the purposes of the Scheme, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in Part VII — Explanatory Memorandum of the Scheme Document
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Scheme”	a scheme of arrangement to be proposed under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document of the Company and the Offeror issued to, among others, the Scheme Shareholders, including each of the letters, statements, memorandum, appendixes and notices in it
“Scheme Record Date”	Tuesday, 6 May 2025, or such other date as shall be announced to the Shareholders, being the record date for determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	Share(s) other than those held by the Offeror
“Scheme Shareholder(s)”	holder(s) of Scheme Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Alternative”	one TopCo Share which will be issued as fully paid and ranking <i>pari passu</i> with other shares of TopCo then in issue for every Scheme Share held

“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TopCo”	Victory I Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability
“TopCo Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of TopCo
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“%”	per cent

- (B) The Company was incorporated as an exempted company limited by shares on 9 January 2019 in the Cayman Islands under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each, and the Company had 1,139,492,800 Shares in issue. Since 18 December 2020, the Shares have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of this Scheme is for Offeror to hold the entire issued share capital of the Company upon the completion of the Scheme, and for the Shares to be delisted from the Stock Exchange. This is proposed to be achieved by the steps as set out in this Scheme below.
- (F) As at the Latest Practicable Date, the Offeror does not legally and beneficially own, control or have direction over any Shares, and the Offeror Concert Parties hold in aggregate 952,621,050 Shares, representing approximately 83.60% of the issued share capital of the Company. Save for these 952,621,050 Shares referred to above, the Offeror and the Offeror Concert Parties were not interested in Shares as at the Latest Practicable Date.
- (G) The Shares held by the Offeror Concert Parties will form part of the Scheme Shares. Nevertheless, in accordance with the Takeovers Code, votes of these Shares will not be counted for the purpose of satisfying the additional requirements under Rule 2.10 of the Takeovers Code. The Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting.

- (H) The Offeror has agreed to appear by Conyers Dill & Pearman at the hearing of the petition to sanction the Scheme. The Offeror has provided an undertaking to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

THE SCHEME

PART I

CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) the Scheme Shares shall be cancelled and extinguished and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except for the right to receive the Cancellation Consideration;
 - (b) contemporaneously with the cancellation and extinguishment of the Scheme Shares referred to in paragraph (a) above, the issued share capital of the Company shall be maintained by the issuance to the Offeror, credited as fully paid, of the same number of new Shares which is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par the new Shares issued to the Offeror referred to in paragraph (b) above.

PART II

CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Consideration to each Scheme Shareholder. Scheme Shareholders shall be entitled, at their election, to the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holding of the Scheme Shares held as at the Effective Date. Scheme Shareholders who do not make any election or whose elections are invalid shall only be entitled to receive the Cash Alternative. No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative will be rounded up to the nearest cent. Fractions of the TopCo Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded down to the nearest whole number.

PART III**ELECTION FORM**

3. (a) The election for the Cash Alternative or the Share Alternative referred to in Part II above may be made by the Scheme Shareholders in respect of their entire holdings of Scheme Shares, and such election shall be made by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a corporation, signed by one of its directors or a duly authorised signatory as further detailed therein), which shall be lodged with the branch share registrar of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 May 2025 or such later date as shall have been announced to the Shareholders.
- (b) Once lodged with Boardroom Share Registrars (HK) Limited, an Election Form shall be irrevocable and incapable of being withdrawn or amended unless the Offeror and the Company expressly consent in writing to such withdrawal or revocation.
- (c) The Offeror and the Company shall have the right to reject any or all of the Election Forms that they determine to be improperly completed, invalid for any reason or in improper form (and in that case the relevant Scheme Shareholder shall be entitled to receive the Cash Alternative). The Offeror and the Company may treat any Election Form that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, if the Offeror and the Company in their absolute discretion consider the omissions or errors to be immaterial. The Offeror and the Company shall not be required to notify any Scheme Shareholders of any such omissions or errors and shall not incur any liability for failure to give any such notice.

PART IV**GENERAL**

4. (a) As soon as possible and in any event within seven (7) Business Days following the Effective Date (the “**Latest Date of Despatch**”), the Offeror shall (i) post or cause to be posted cheques representing the sums payable to the Scheme Shareholders who have validly elected the Cash Alternative and the Scheme Shareholders whose elections for the Share Alternative were invalid; and (ii) procure that TopCo allot and issue new TopCo Shares and, upon request, issue physical share certificates to the Scheme Shareholders who have validly elected the Share Alternative pursuant to paragraph 2 of this Scheme. If any severe weather condition is in effect at 12:00 noon and/or thereafter on the Latest Date of Despatch, the despatch of the cheques for the cash entitlement in respect of the Cash Alternative or physical share certificates for the TopCo Shares in respect of the Share Alternative may be postponed to the next Business Day (that does not have any

severe weather condition at 12:00 noon or thereafter). For this purpose, “severe weather” refers to the scenario where a tropical cyclone warning signal number 8 or above is hoisted, or “extreme conditions” announced by the Hong Kong Government or a black rainstorm warning is/are in force in Hong Kong.

- (b) Unless otherwise indicated in writing to the Hong Kong branch share registrar of the Company, being Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, all cheques and certificates for shares in TopCo to be despatched to Scheme Shareholders shall be sent by ordinary post in postage pre-paid envelopes addressed to Scheme Shareholders at their respective registered addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 4(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All cheques and certificates for the TopCo Shares shall be posted at the risk of the addressees and none of TopCo, HoldCo, the Offeror, the Company, DBSAC, the Independent Financial Adviser, the Share Registrar of the Company and the Share Registrar of TopCo and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in receipt.
- (e) On or after the day being six (6) calendar months after the posting of the cheques pursuant to this paragraph 4(b) of this Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies for those entitled under the terms of this Scheme until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its

nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of six (6) years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under this Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 4 of this Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
- (g) The preceding sub-paragraphs of this paragraph 4 shall take effect subject to any prohibition or condition imposed by law.
- (h) Upon cancellation of the Scheme Shares, the register of members of the Company shall be updated to reflect such cancellation.

5. As from and including the Effective Date:

- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
- (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
- (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.

6. Subject to the Conditions having been fulfilled or waived, as applicable, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act.

7. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.

8. The Offeror and the Company may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may see fit to approve or impose.

9. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.
10. The Scheme shall be governed by the laws of the Cayman Islands.

31 March 2025

IN THE GRAND COURT OF THE CAYMAN
ISLANDS FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0043 OF 2025 (JAJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023 (AS
REVISED)

AND IN THE MATTER OF VESYNC CO., LTD

NOTICE OF THE COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 21 March 2025 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting of the Scheme Shareholders (as defined in the Scheme, as further defined below) (the “**Court Meeting**”) to be convened for the purpose of considering and, if thought fit, approving, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Wednesday, 23 April 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory memorandum (the “**Explanatory Memorandum**”) explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document can also be obtained by any person entitled to attend the Court Meeting during usual business hours on any day prior to the day appointed for the Court Meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) from the Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

Any Scheme Shareholders entitled to attend and vote at the Court Meeting may attend and vote in person at the Court Meeting or he/she may appoint another person, whether a member of the Company or not, as his/her proxy to attend and vote in his/her stead. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A **pink** form of proxy for use at the Court Meeting is enclosed with the Scheme Document.

In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme Share. A Scheme Shareholder which is a corporation may by resolution of its directors or other governing body

authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

It is requested that the **pink** form of proxy, together with the letter or power of attorney or other authority (if any) under which it is signed or a certified copy of such authority (in the case of a corporation either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same), be lodged at Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although these documents may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept them).

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Court Meeting or any adjournment thereof after having lodged his/her form of proxy, his/her form of proxy will be revoked by operation of law.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Wednesday, 16 April 2025 to Wednesday, 23 April 2025, and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar as stated above before 4:30 p.m. on Tuesday, 15 April 2025.

By the Order, the Court has appointed Mr. Fong Wo, Felix, an independent non-executive Director, or failing him, Mr. Gu Jiong, an independent non-executive Director, or failing him, any other director of the Company as at the date of the Court Meeting who is not an Offeror Concert Party (as defined in the Scheme Document), to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to the subsequent sanction of the Court as set out in the Explanatory Memorandum contained in the Scheme Document.

By Order of the Court
Vesync Co., Ltd

Dated 31 March 2025

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

Principal place of business in the United States

Building C, Suite A
Phase I of the Anaheim Concourse
1202 N. Miller Street
Anaheim, California 92806
United States

Principal place of business in the People's Republic of China:

501-502, Block F3
TCL International E City
1001 Zhongshan Park Road
Nanshan District
Shenzhen City
Guangdong Province
PRC

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document of the Company dated 31 March 2025 of which this notice forms part (the "**Scheme Document**") shall have the same meanings when used in this notice.
- (ii) Voting at the Court Meeting will be taken by way of a poll.
- (iii) A Scheme Shareholder entitled to attend and vote at the Court Meeting shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Court Meeting. A proxy need not be a member of the Company.
- (iv) A **pink** form of proxy for use at the Court Meeting (the "**Form of Proxy**") is enclosed with the Scheme Document.
- (v) In order to be valid, the Form of Proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited (the "**Share Registrar**") at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by 10:00 a.m. on Monday, 21 April 2025 or not less than 48 hours before the time for holding any adjourned meeting but if the Form of Proxy is not so lodged, it, together with the power of

attorney or other authority under which it is signed (if any) may be handed to the chairman of the Court Meeting at the Court Meeting and the chairman of the Court Meeting shall have absolute discretion whether or not to accept them.

- (vi) Completion and return of the **pink** Form of Proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Court Meeting after having lodged his/her Form of Proxy, his/her Form of Proxy will be revoked by operation of law.
- (vii) In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme Share.
- (viii) In order to ascertain the entitlement to attend and vote at the Court Meeting, the register of members of the Company will be closed from Wednesday, 16 April 2025 to Wednesday, 23 April 2025, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Court Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by 4:30 p.m. on Tuesday, 15 April 2025.
- (ix) If a typhoon signal no. 8 or above is hoisted, or “extreme conditions” caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.vesync.com) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.



Vesync Co., Ltd

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Vesync Co., Ltd (the “**Company**”) will be held at 10:30 a.m. on Wednesday, 23 April 2025 (or immediately after the conclusion or adjournment of the meeting of the holders of the Scheme Shares (as defined in the Scheme referred to below) convened at the direction of the Grand Court of the Cayman Islands for the same day and place) at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out below:

SPECIAL RESOLUTION

1. “**THAT**, for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 31 March 2025 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), (i) any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document), and (ii) contemporaneously therewith the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares (as defined in the Scheme Document) by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror, be and is hereby approved.”

ORDINARY RESOLUTION

2. “**THAT** the Investor Arrangement (as defined in the Scheme Document), which constitutes a special deal under Rule 25 of the Takeovers Code (as defined in the Scheme Document), be and is hereby approved.”

On behalf of the Board

Vesync Co., Ltd

Gu Jiong

Independent Non-executive Director

Hong Kong, 31 March 2025

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

Principal place of business in the United States

Building C, Suite A
Phase I of the Anaheim Concourse
1202 N. Miller Street
Anaheim, California 92806
United States

Principal place of business in the People's Republic of China:

501-502, Block F3
TCL International E City
1001 Zhongshan Park Road
Nanshan District
Shenzhen City
Guangdong Province
PRC

Notes:

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document of the Company dated 31 March 2025 of which this notice forms part (the "**Scheme Document**") shall have the same meanings when used in this notice.
- (ii) Voting at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Code on Takeovers and Mergers, and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (iii) A member entitled to attend and vote at the EGM convened by this notice shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. A proxy need not be a member of the Company.
- (iv) A **white** form of proxy for use at the EGM (the "**Form of Proxy**") is enclosed with the Scheme Document.
- (v) In order to be valid, the Form of Proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited (the "**Share Registrar**") at 2103B, 21/F, 148

Electric Road, North Point, Hong Kong by 10:30 a.m. on Monday, 21 April 2025 (Hong Kong time) or not less than 48 hours before the time appointed for holding any adjourned meeting failing which the Form of Proxy will not be valid.

- (vi) Completion and return of the **white** Form of Proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof. In the event that a member attends and votes at the EGM after having lodged his/her Form of Proxy, his/her Form of Proxy will be revoked by operation of law.
- (vii) In the case of joint holders of a Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
- (viii) In order to ascertain the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 April 2025 to Wednesday, 23 April 2025, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by 4:30 p.m. on Tuesday, 15 April 2025.
- (ix) If a typhoon signal no. 8 or above is hoisted, or “extreme conditions” caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.vesync.com) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date hereof, the board of Directors comprises Ms. Yang Lin, Mr. Yang Hai and Mr. Chen Zhaojun as executive Directors, Mr. Yang Yuzheng as non-executive Director, and Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Tan Wen as independent non-executive Directors.