

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:

<b>Date of scheme/ composite document</b>	<b>Company (stock code)</b>	<b>Discount applied</b>
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)	(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
<b>Total end value of the TopCo Shares</b>	<b>HK\$6,381,159,680</b>	<b>HK\$5,443,580,789</b>
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
<b>Bottom end value per TopCo Share (Assuming a 30% discount for non-marketability of the TopCo Shares)</b>	<b>HK\$3.92</b>	<b>HK\$3.92</b>

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*

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Eric Chen.

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