

**THIS IRREVOCABLE UNDERTAKING** is made on 23 December 2024.

BY:

(1) **CHEN ZHAOJUN** (the “**Covenantor**”).

IN FAVOUR OF

(2) **VICTORY III CO., LTD**, a company incorporated under the laws of the Cayman Islands with limited liability with registration number CT-415836 and whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Offeror**”).

The above are referred to as the “**Parties**” and each a “**Party**”.

**WHEREAS:**

- (A) Vesync Co., Ltd (the “**Company**”) is a company incorporated in the Cayman Islands with limited liability, whose ordinary shares are currently listed on the Stock Exchange (stock code: 2148) with its registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (B) As at the date of this Undertaking, the Covenantor is the sole legal and beneficial owner of 2,000,000 outstanding share options issued by the Company (the “**Relevant Share Options**”).
- (C) The Offeror is considering to privatise the Company through a scheme of arrangement under section 86 of the Companies Act (the “**Scheme**”).
- (D) Upon the terms and subject to the conditions contained in this Undertaking, the Covenantor irrevocably undertakes that no offer needs to be extended to the Covenantor with respect to the Relevant Share Options if the Scheme is launched by the Offeror, and even if such offer is extended to it, the Covenantor will not accept such offer with respect to the Relevant Share Options.
- (E) The Covenantor has agreed to enter into this Undertaking in consideration of the Offeror proceeding with and incurring costs and expenses in connection with the Scheme.

**THE COVENANTOR IRREVOCABLY AND UNCONDITIONALLY UNDERTAKES** as follows:

## **1. INTERPRETATION**

### **1.1 In this Undertaking:**

“**Announcement**” means an announcement to be published jointly by the Offeror and the Company pursuant to Rule

3.5 of the Takeovers Code in respect of the Scheme substantially in the form as set out in the Schedule to this Undertaking

<b>“Applicable Laws”</b>	means with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Authority that is applicable to such persons
<b>“Authorisation”</b>	means any license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate, order, exemption, waiver or approval of any Authority or any other person
<b>“Authority”</b>	means any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange and the SFC) and whether supranational, national, regional or local
<b>“Business Day”</b>	means a day on which the Stock Exchange is open for transaction of the business
<b>“Companies Act”</b>	the Companies Act (2023 Revision) of the Cayman Islands
<b>“Company”</b>	has the meaning ascribed to it under Recital (A)
<b>“Encumbrance”</b>	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Notice”</b>	has the meaning ascribed to it under Clause 9.1
<b>“Offer Period”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“Relevant Share Options”</b>	has the meaning ascribed to it under Recital (B)
<b>“Representative”</b>	means in relation to any person, such person’s affiliates and its and its affiliates’ respective directors, officers, employees, advisers, financiers

	or agents
<b>“Scheme”</b>	has the meaning ascribed to it under Recital (C)
<b>“SFC”</b>	means the Securities and Futures Commission of Hong Kong
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	means the Hong Kong Code on Takeovers and Mergers (as revised from time to time)

1.2 In this Undertaking a reference to:

- 1.2.1 a **“Party”** includes a reference to the Party’s successors, including persons who merge with the Covenantor or is the resultant legal entity of a demerger or liquidation, to the effect that such persons shall be bound by the obligations of the Covenantor under this Undertaking;
- 1.2.2 a clause, paragraph or Recital, unless the context otherwise requires, is a reference to a clause or paragraph of, or Recital to, this Undertaking; and
- 1.2.3 dates and times are references to dates and times in Hong Kong.

1.3 The headings in this Undertaking do not affect its interpretation.

1.4 The Recitals and Schedule to this Undertaking are and form part of this Undertaking as if they were included in the body of this Undertaking.

## 2. **THE COVENANTOR’S UNDERTAKINGS, REPRESENTATION AND WARRANTIES**

- 2.1 The Covenantor hereby irrevocably and unconditionally acknowledges, agrees and undertakes that during the period from the date of this Undertaking to the end of the Offer Period, no offer needs to be extended to the Covenantor with respect to the Relevant Share Options if the Scheme is launched by the Offeror, and even if such offer is extended to it, the Covenantor will not accept such offer with respect to the Relevant Share Options and will waive any right to receive any such offer with respect to the Relevant Share Options under the Takeovers Code from the Offeror.
- 2.2 The Covenantor hereby irrevocably and unconditionally acknowledges, agrees and undertakes that during the period from the date of this Undertaking to the end of the Offer Period, the Covenantor will not exercise the Relevant Share Options.
- 2.3 The Covenantor further irrevocably and unconditionally confirms and agrees that upon the Scheme becoming effective pursuant to the Companies Act, the Relevant Share Options shall be cancelled and lapse automatically and cease to be exercisable.
- 2.4 The Covenantor irrevocably and unconditionally acknowledges, agrees and undertakes that he will do all such acts and things (including, amongst others,

provision of such information in its possession) and execute all such documents to give effect to his obligations and undertakings contained in this Undertaking.

- 2.5 The Covenantor understands that, in accordance with the Listing Rules and the Takeovers Code, particulars of this Undertaking and if required, his discloseable holdings of, and dealings in, relevant securities of the Company will need to be publicly disclosed and will also be contained in the Announcement, any subsequent announcements and documents in relation to the Scheme, and a composite document in relation to the Scheme and that copies of this Undertaking will be available for inspection until the end of the Offer Period. The Covenantor consents to the issue of the Announcement and related documents regarding the Scheme incorporating references to the Covenantor, his holdings of, and dealings in, relevant securities of the Company (if required) and to this Undertaking (including the relevant terms contained therein) and the Covenantor acknowledges that, this Undertaking will be made available for inspection during the Offer Period and the particulars of this Undertaking will be contained in the relevant composite document(s) to the extent required by the Takeovers Code or the Listing Rules. The Covenantor further consents to any disclosure contemplated under this Clause 2.5 in relation to the Scheme and undertakes to provide the Offeror with all such information, including, without limitation, information in relation to his interests in the securities of the Company, as the Offeror may reasonably require to comply with all applicable legal or regulatory requirements in connection with the Scheme. For the avoidance of doubt, “relevant securities” and “dealings” shall have the meanings as referred to in the Takeovers Code.
- 2.6 The Covenantor represents, warrants and confirms that (a) he has full power and authority to enter into this Undertaking and to give the representations, warranties and undertakings and to perform the obligations herein, and (b) all actions, conditions and things required to be taken, fulfilled and done in order to: (i) enable him to lawfully enter into, exercise its rights and perform and comply with his obligations hereunder; and (ii) ensure that such obligations are valid, legally binding and enforceable, have been taken, fulfilled and done.
- 2.7 The Covenantor hereby represents, warrants and undertakes that as the date of this Undertaking, the Covenantor is the legal and beneficial owner of the Relevant Share Options free and clear of any Encumbrance.

### **3. TERMINATION**

- 3.1 This Undertaking shall terminate immediately upon the Scheme having been withdrawn, lapsed or otherwise not becoming effective, whichever the earlier.
- 3.2 In the event of the termination of this Undertaking, this Undertaking shall terminate in all respects with immediate effect, and no Party shall have any obligations and liabilities hereunder or any claim under this Undertaking against any other Party, save that:
- 3.2.1 the provisions of Clauses 1 (Interpretation), 3 (Termination), 4 (Confidential Information), 5 (Specific Performance), 6 (Assignment), 7 (Costs), 8 (General), 9 (Notices), 10 (Governing Law and Jurisdiction) and 11 (Dispute) hereof shall continue to apply in full force and effect thereafter; and

- 3.2.2 such termination shall be without prejudice to a Party's accrued rights and remedies, obligations and liabilities under this Undertaking as at the date of such termination.

#### **4. CONFIDENTIAL INFORMATION**

Save with the prior written consent of the Offeror, the Covenantor shall keep secret and at all times treat and cause to be treated as confidential the possibility, terms and conditions of the Scheme and any related matters and the existence and terms of this Undertaking until the Announcement is released, provided that nothing in this Clause 4 shall restrict the disclosure of information by or on behalf of the Covenantor: (1) if required by Applicable Laws or the requirements of the SFC or the Stock Exchange or any other Authority; (2) to any Authority on a confidential basis for the purpose of applying for any tax reporting matters or obtaining any Authorisations required in relation to the Scheme; or (3) to the Covenantor's Representatives on a need to know and strictly confidential basis, provided that such Representative (i) is under a similar obligation of confidentiality; or (ii) is otherwise under a binding professional obligation of confidentiality.

#### **5. SPECIFIC PERFORMANCE**

The Covenantor agrees that, if he fails to perform any of the undertakings under Clause 2, or breaches any of his obligations under this Undertaking, accordingly the Parties to whom any such breached obligation is owed shall be entitled to the remedy of specific performance and other equitable relief for any such breach.

#### **6. ASSIGNMENT**

This Undertaking is personal to the parties to it. None of the Parties shall assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this Undertaking whether in whole or in part.

#### **7. COSTS**

Each Party shall pay its own costs relating to the negotiation, preparation, execution and performance by it of this Undertaking.

#### **8. GENERAL**

- 8.1 A variation of or amendment to this Undertaking is only valid if it is in writing and signed by or on behalf of each Party.
- 8.2 The failure to exercise or delay in exercising a right or remedy provided by this Undertaking or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Undertaking or by law prevents further exercise of the right or remedy or, the exercise of another right or remedy.
- 8.3 Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Undertaking.

- 8.4 Any date, time or period referred to in this Undertaking shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- 8.5 The Covenantor has been given a realistic opportunity to consider whether or not he should give this Undertaking and has received independent advice about the nature of this Undertaking.
- 8.6 The Parties do not intend that any term of this Undertaking shall be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person who is not a party to this Undertaking.

## **9. NOTICES**

- 9.1 A notice or other communication under or in connection with this Undertaking (a “**Notice**”) shall be:
- 9.1.1 in writing; and
- 9.1.2 delivered personally or by fax or email to the Party due to receive the Notice to the address, fax number or email address set out in Clause 9.3 or to another address, person, fax number or email address specified by a Party by not less than seven days’ written notice to the other Parties received before the Notice was despatched.
- 9.2 Unless there is evidence that it was received earlier, a Notice is deemed given if:
- 9.2.1 delivered personally, when left at the address referred to in Clause 9.3;
- 9.2.2 sent by fax, when confirmation of its error-free transmission has been recorded by the sender’s fax machine; and
- 9.2.3 sent by email, at the time when it is sent, provided that in each case where delivery by hand or by fax occurs after 6:00 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9:00 a.m. on the next following Business Day.
- 9.3 For the purposes of this Clause 9, Notices should be sent as follows:
- 9.3.1 in the case of the Offeror, to:
- |                |  |
|----------------|--|
| Address:       | 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong |
| Attention:     | Philip CHEN  |
| Email address: | philip.chen@vesync.com   |
- 9.3.2 in the case of the Covenantor, to:
- |            |  |
|------------|--|
| Address:   | F5, Building F3, TCL International E City, No. 1001, Zhongshanyuan Road, Nanshan District, Shenzhen, Guangdong Province, China |
| Attention: | Philip CHEN  |

Email address: philip.chen@vesync.com

**10. GOVERNING LAW AND JURISDICTION**

This Undertaking is governed by and construed in accordance with the laws of Hong Kong.

**11. DISPUTE**

Any dispute arising from or in connection with this Undertaking shall be submitted to the Hong Kong International Arbitration Centre (“**HKIAC**”) for arbitration under the HKIAC Administered Arbitration Rules in force when the Notice of the Arbitration is submitted.

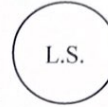
*[Intentionally left blank]*

This Undertaking has been executed as a deed as of the date above.

**SIGNED AND DELIVERED**

as a **DEED** for and on behalf of  
**CHEN ZHAOJUN**  
by its duly authorised representative  
in the presence of:

)  
)  
)  
)  
)



\_\_\_\_\_

罗丽艳

Signature of witness

Li Yan Luo

Name of witness

7-3D, MingJiaFuJin,  
Shenzhen, China

Address of witness



This Undertaking has been executed as a deed as of the date above.

**SIGNED, SEALED AND DELIVERED**

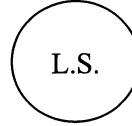
as a **DEED** in the name of

**VICTORY III CO., LTD**

by its duly authorised representative

in the presence of:

)  
)  
)  
)  
)  
)



\_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Arthur Sun".

Signature of witness

\_\_\_\_\_  
Arthur Sun

Name of witness

\_\_\_\_\_  
1775 Flisk Way

Address of witness

\_\_\_\_\_  
Suite 150

\_\_\_\_\_  
Tustin, CA 92782


A large, stylized handwritten signature in cursive script, possibly reading "Dan".

## **Schedule – Announcement**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and is not intended to and does not constitute, or form part of, any offer to purchase or subscribe for or an invitation to purchase or subscribe for any securities of the Offeror or the Company or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law or regulation.*

**VICTORY III CO., LTD**  
*(incorporated in the Cayman Islands with  
limited liability)*

  
**Vesync Co., Ltd**  
*(incorporated in the Cayman Islands with  
limited liability)*  
**(Stock Code: 2148)**

**JOINT ANNOUNCEMENT**

**(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**

SFC1213Q1

**(2) PROPOSED WITHDRAWAL OF LISTING**

**(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT**

**(4) IRREVOCABLE UNDERTAKINGS BY THE IU SHAREHOLDERS TO  
APPROVE THE PROPOSAL AND ELECT THE SHARE ALTERNATIVE**

**AND**

**(5) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to the Offeror**



## INTRODUCTION

On 23 December 2024, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

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## 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.

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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.

**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 date of this announcement, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the date of this announcement, 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 this announcement, the 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.

As at the date of this announcement, TopCo has 786,760,200 shares in issue. The actual number of new TopCo Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. If all the Scheme Shareholders elect the Share Alternative, 352,732,600 new TopCo Shares will be issued, representing approximately 30.96% of the enlarged issued share capital of TopCo upon completion of the Proposal.

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

- 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;
- a premium of approximately 150.62% over the Group's audited net asset value attributable to the Shareholders of approximately HK\$2.23 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of US\$327,516,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the date of this announcement; and
- a premium of approximately 144.33% over the Group's unaudited net asset value attributable to the Shareholders of approximately HK\$2.29 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of US\$335,946,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for illustrative purposes) as at 30 June 2024 and the Shares in issue as at the date of this announcement.

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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 all the Conditions as described in the section headed "3. *Conditions to the Proposal and the Scheme*". All of the 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.

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 of 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.

### IRREVOCABLE UNDERTAKINGS<sup>1</sup>

On 23 December 2024, the Offeror received an Irrevocable Undertaking 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 to refrain from voting 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), (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 [185,643,698] IU Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represent approximately [16.29]% of the issued share capital of the Company as at the date of this announcement.

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) all of the other Scheme Shareholders elect the Cash Alternative, and (d) 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 [80.91]% and [19.09]%, 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.

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<sup>1</sup> **Note to Draft:** To update based on the final list of IU shareholders.

## SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the date of this announcement, the Company has 1,139,492,800 Shares in issue, all of which are Scheme Shares.

As at the date of this announcement, the Offeror does not hold any Shares and the Offeror Concert Parties hold in aggregate 952,956,950 Shares, representing approximately 83.63% of the issued share capital of the Company.

## 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 it/him 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) all of the other Scheme Shareholders will elect the Cash Alternative, and (d) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$[935,697,852].

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SFC1218Q8

SFC1219Q5

The Offeror is financing the entire cash amount required for the Proposal from the Acquisition Facility.

A copy of the Acquisition Facility will be available for inspection as a document on display at the time of despatch of the 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.]

## SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

The Investor shall be entitled to certain rights under the TopCo Articles, details of which are set out in the section headed “2. *Terms of the Proposal*” in this announcement.

The Offeror is of the view that it is important to offer the Investor Arrangement to the Investor in order to encourage the Investor to elect the Share Alternative and thereby retaining its interest in the Group after completion of the Proposal, so that the Investor 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. The Offeror will (before the despatch of the Scheme Document) make 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.

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Accordingly, as set out in Condition (f) in the section headed “3. *Conditions to the Proposal*”

*and the Scheme*”, 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 Concert Parties will not be voting on the Investor Arrangement at the EGM.

## **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 are not interested in the Proposal, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the terms of 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 and a director of the Offeror. Accordingly, Mr. Yang Yuzheng is excluded from the Independent Board Committee.

## **COURT MEETING AND EGM**

As at the date of this announcement, the Offeror does 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.

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As at the date of this announcement, the Offeror Concert Parties hold in aggregate 952,956,950 Shares, representing approximately 83.63% 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.

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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 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.

## **FINANCIAL ADVISER TO THE OFFEROR AND THE INDEPENDENT FINANCIAL ADVISER**

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

The Company will appoint the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with



the Proposal, the Scheme and the Investor Arrangement after the date of this announcement. A further announcement will be made by the Company after the Independent Financial Adviser has been appointed.

### **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among other things, further details of the Proposal, the Scheme and the Investor Arrangement, the expected timetable, an explanatory statement as required under the Companies Act and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Investor Arrangement, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting, a notice of the EGM and other particulars required by the Takeovers Code, together with forms of proxy and consideration election forms in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act, the Grand Court and other applicable laws and regulations.

### **WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, 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.

### **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

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, 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.

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### **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 11 December 2024 pending issuance of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 24 December 2024.

### **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.**

*This announcement is not intended to, and does not, constitute or form part of any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote, approval or acceptance in any jurisdiction pursuant to the Proposal or the Scheme or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law or regulation. The Proposal and the Scheme will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal and the Scheme, including details of how to vote on the Proposal. Any approval, rejection or other response to the Proposal and the Scheme should be made only on the basis of information in the Scheme Document.*

*The availability of the Proposal and the Scheme to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.*

### **NOTICE TO US INVESTORS**

*This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in the US. This announcement does not constitute a prospectus or a prospectus equivalent document. US Scheme Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.*

*In particular, this announcement is not an offer of securities for sale nor a solicitation of an offer to buy securities in the US. 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 other than Hong Kong. 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 Section 3(a)(10) thereof. Neither the Company nor the Offeror intends to make any public offering of securities in the US.*

*The Proposal relates to the shares of TopCo and the Company, which are 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 and practices applicable to Cayman 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.*

***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 Company, the Offeror, any of their respective directors or officers, employees, agents, affiliates or advisers and any other person involved in the Scheme accept any responsibility in relation to the above.*

## 1. INTRODUCTION

On 23 December 2024, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

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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.

## 2. TERMS OF THE PROPOSAL

R3.5(a)

### Cancellation Consideration

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 form of election (a) opting both to receive the Cash Alternative and the Share Alternative; or (b) does not make an election for the Cash Alternative and/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 the Scheme Document to provide their account holder information as part of the consideration election form for the Share Alternative; and the Company will make enquiries under section 329 of the SFO), which will be further detailed in the Scheme Document.

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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.

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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 form of election and the certificate(s) for the Scheme Shares 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 shall 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 constitutional document; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its address proof; (vii) its organisation chart (showing up to its ultimate beneficial owners holding 10% shareholding or more and any intermediate holding companies); (viii) for any of the intermediate holding companies as mentioned in item (b)(vii) above, items (b)(i) to (b)(vi) above of such intermediate holding company; and (ix) items (a) (i) to (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 nature in a prescribed format would be required. 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 date of this announcement, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the date of this announcement, 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 this announcement, the 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.

As at the date of this announcement, TopCo has 786,760,200 shares in issue. The actual number of new TopCo Shares to be issued under the Share Alternative will be determined after the latest time for the election of the Cash Alternative or the Share Alternative. If all the Scheme Shareholders elect the Share Alternative, 352,732,600 new TopCo Shares will be issued, representing approximately 30.96% of the enlarged issued share capital of TopCo upon completion of the Proposal.

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.

R3.5(c)(i)

Save as disclosed in the section headed “5. *Shareholding Structure of the Company*”, none of the Offeror and the Offeror Concert Parties holds any Shares as at the date of

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this announcement.

### **The Cash Alternative**

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

- 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;
- a premium of approximately 150.62% over the Group's audited net asset value attributable to the Shareholders of approximately HK\$2.23 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of US\$327,516,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the date of this announcement; and
- a premium of approximately 144.33% over the Group's unaudited net asset value attributable to the Shareholders of approximately HK\$2.29 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of US\$335,946,000 (based on the exchange rate of US\$1.00:HK\$7.7742 as at Last Trading Date for

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illustrative purposes) as at 30 June 2024 and the Shares in issue as at the date of this announcement.

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.

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### **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 with effect from 15 November 2024, whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. As at the date of this announcement, TopCo has 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 “4. 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 of approximately US\$327,516,000 (being approximately US\$0.29 per Share based on the total number of issued Shares as at 4 December 2024) attributable to Shareholders as at 31 December 2023 as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2023. 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). Details of the estimates of value of the TopCo Shares will be set out in the Scheme Document.

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**”) (a copy of which is

available from <https://www.vesync.com/resources>).

After completion of the Proposal, the board of directors of TopCo 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 board of directors of TopCo.

The Investor (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 board of directors of TopCo 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 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 indirect 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 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.

After completion of the Proposal, (i) the chairman of the board of directors of TopCo, (ii) any two (2) directors of TopCo, (iii) any director of TopCo and the secretary of TopCo or (iv) the board of directors of TopCo 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) customary preemptive rights with respect to new equity issuances by TopCo; and (2) customary right 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 customary tag-along right. If at any time after completion of the Proposal, the Founder Group and the Investor (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 (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.

Further details of the rights of TopCo Shareholders will be set out in the Scheme Document if required. A copy of the TopCo Articles will be available for inspection as a document on display at the time of despatch of the Scheme Document.

**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 (which will be further detailed in the Scheme Document);**
- **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 less likely a 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 date of this announcement, TopCo does 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.**

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### 3. 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:

R3.5(e)

- 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;
- 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 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;
- 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 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 date of this announcement, 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 date of this announcement, other than those set out in Conditions (a) to (f) (inclusive), the Offeror is not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal. As at the date of this announcement, the Offeror is 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.

#### **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.**

#### **4. IRREVOCABLE UNDERTAKINGS<sup>2</sup>**

On 23 December 2024, the Offeror received an Irrevocable Undertaking 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

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<sup>2</sup> **Note to Draft:** To update based on the final list of IU shareholders.

undertaken to, among other things, (i) for each of the Investor, the Trustee and [Mr. Chen], (x) provide a separate undertaking to refrain from voting 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), (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 [185,643,698] IU Shares held by the IU Shareholders which are the subject of the Irrevocable Undertakings represent approximately [16.29]% of the issued share capital of the Company as at the date of this announcement. 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 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 this section headed “*Irrevocable Undertakings*”.

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) all of the other Scheme Shareholders elect the Cash Alternative, and (d) 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 [80.91]% and [19.09]%, 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 this announcement, unless such change/amendment has been agreed to by the Investor in writing.

As at the date of this announcement, 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 date of this announcement, the Investor is interested in an aggregate of 94,686,000 Shares, representing approximately 8.31% of the issued share capital of the Company.

As at the date of this announcement, the Offeror understands 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

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 of 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 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 date of this announcement, the Trustee holds 67,829,083 Shares, representing approximately 5.95% of the issued share capital of the Company.

### **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 date of this announcement, Gongjin is interested in an aggregate of 14,398,473 Shares, representing approximately 1.26% 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.

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The Offeror understands from Gongjin that Gongjin may dispose of the remaining [3,710,125] Shares it holds (representing approximately 0.33% of the issued share capital of the Company) after publication of this announcement. Accordingly, such [3,710,125] Shares are not subject to the Irrevocable Undertaking.

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### **[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 date of this announcement, Chen Wangcai Holdings is interested in an aggregate of 8,758,600 Shares, representing approximately 0.77% of the issued share capital of the Company.]

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### **Mr. Chen**

Mr. Chen is an executive Director, the chief financial officer and the vice president of the Company. As at the date of this announcement, Mr. Chen is 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

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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.

## 5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,139,492,800 Shares in issue, all of which are Scheme Shares.

As at the date of this announcement, the Offeror does 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 date of this announcement, the Founder Group directly and indirectly hold 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 67,829,083 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 date of this announcement and immediately upon completion of the Proposal:

Shareholders	As at the date of this announcement <sup>(5)</sup>		Immediately upon completion of the Proposal <sup>(5)</sup>	
	Number of Shares	Number of Shares as a percentage of total number of Shares in issue (%)	Number of Shares	Number of Shares as a percentage of total number of Shares in issue (%)
<b>Offeror and the Offeror Concert Parties</b>				
Offeror	—	—	1,139,492,800	100.00
<b>Founder Group</b>				
Ms. Yang <sup>(1)(4)</sup>	413,973,800	36.33	—	—
Mr. Yang Hai <sup>(2)(4)</sup>	8,067,200	0.71	—	—
Mr. Yang Yuzheng <sup>(3)(4)</sup>	364,719,200	32.01	—	—
<b>Sub-total of Founder Group</b>	<b>786,760,200</b>	<b>69.04</b>	—	—
Investor <sup>(3)</sup>	94,686,000	8.31	—	—
Mr. Chen <sup>(6)</sup>	3,681,667	0.32	—	—
Trustee <sup>(7)</sup>	67,829,083	5.95	—	—
<b>Sub-total of Offeror and the Offeror Concert Parties</b>	<b>952,956,950</b>	<b>83.63</b>	—	—

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<b>Disinterested Shareholders</b>				
Gongjin	14,398,473	1.26		
Chen Wangcai Holdings	8,758,600	0.77		
Other Disinterested Shareholders	163,378,777	14.34	—	—
<b>Sub-total of Disinterested Shareholders</b>	<b>186,535,850</b>	<b>16.37</b>	—	—
<b>Total</b>	<b>1,139,492,800</b>	<b>100.00</b>	<b>1,139,492,800</b>	<b>100.00</b>

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*Notes:*

1. Ms. Yang is an executive Director. As at the date of this announcement, Ms. Yang is directly interested in 7,933,000 Shares and 1,150,000 Share Options.

As at the date of this announcement, each of Karis I and Karis II is 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 wholly-owned by North Point Trust Company LLC, as trustee of the Karis II Annuity Trusts and the Family Trust II. 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 date of this announcement, Arceus holds 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 date of this announcement, Mr. Yang Hai is also interested in 1,150,000 Share Options.
3. As at the date of this announcement, Caerus holds 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 date of this announcement, Mr. Yang Yuzheng is 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 date of this announcement, the total number of Shares collectively owned by Ms. Yang, Mr. Yang Hai and Mr. Yang Yuzheng is 786,760,200, representing approximately 69.04% of the issued share capital of the Company as at the date of this announcement.

5. As at the date of this announcement, HHLR Fund, L.P. is 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 date of this announcement, Mr. Chen holds 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 date of this announcement, the Trustee holds 67,829,083 Shares, amongst which 5,762,083 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 Awards*” below. The 67,829,083 Shares held by the Trustee 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. SFC1219Q4
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 date of this announcement:

- (a) the issued share capital of the Company comprises 1,139,492,800 Shares, and the Company has in issue 5,100,000 Share Options;
- (b) the Offeror does not legally and beneficially own, control or have direction over any Shares, and the Offeror Concert Parties hold in aggregate 952,956,950 Shares, representing approximately 83.63% of the issued share capital of the Company; R3.5(c)(i)
- (c) save as disclosed in this section headed “*5. Shareholding Structure of the Company*”, the Offeror Concert Parties do not legally and beneficially own, control or have direction over any Shares; R3.5(c)(ii)
- (d) save as disclosed in this section headed “*5. Shareholding Structure of the Company*”, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties; R3.5(c)(iv)

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| (e) | none of the Offeror and the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company;                                 | R3.5(d) |
| (f) | none of the Offeror and the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and | R3.5(h) |
| (g) | save as disclosed in this section headed “5. <i>Shareholding Structure of the Company</i> ”, no other Director holds any Shares in the Company.                              |         |

As at the date of this announcement, the Scheme Shares, comprising 1,139,492,800 Shares, represent 100% of the issued Shares.

As at the date of this announcement, the Company has 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.

<p>DBSAC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, DBSAC and relevant members of the DBS Group are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by members of the DBS Group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).</p>	<p>SFC1213Q20</p> <p>SFC1218Q2</p>
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Details of holdings, borrowings or lendings of, and dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company held by or entered into by other members of the DBS Group (except in respect of Shares held by exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients of other parts of the DBS Group) will be obtained as soon as possible after the date of this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other members of the DBS Group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this announcement as to holdings, borrowings or lendings of, or dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of members of the DBS Group. Exempt principal traders which are connected for the sole reason that they are under the same control as DBSAC are not presumed to be acting in concert with the Offeror. However, (i) Shares held by members of the DBS Group acting in the capacity of exempt principal traders on behalf of other members of the DBS Group (regardless of whether they are also exempt principal traders) will not be voted at the Court Meeting and the EGM, and (ii) Shares held by members of the DBS Group acting in the capacity of exempt principal traders on behalf of non-discretionary clients (other than members of the DBS Group) will not be voted at the Court Meeting and the EGM unless the Executive allows such Shares to be so voted. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the EGM if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, (ii) there are contractual

arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader), and (iii) the underlying clients of the relevant connected exempt principal trader are not Offeror Concert Parties.

Any dealings in the Shares by the DBS Group during the six months prior to 23 December 2024 (being the date of this announcement and the commencement of the offer period) and since the commencement of the offer period to the latest practicable date prior to the despatch of the Scheme Document (excluding dealings in Shares by DBS Group members who are exempt principal traders or exempt fund managers or dealings in the Shares by DBS Group members for the account of non-discretionary investment clients of the DBS Group) will be disclosed in the Scheme Document and pursuant to Rule 22 of the Takeovers Code.

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### Share Option Scheme

As at the date of this announcement, there are 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 date of this announcement, all of the 5,100,000 outstanding Share Options are held by the Directors, all of whom have given an irrevocable undertaking 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 date of this announcement, the Trustee holds an aggregate of 67,829,083 Shares, of which:

- (a) 5,762,083 Shares are 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 (the “**Awarded Shares**”), comprising 5,680,183 share awards which are granted but yet to be vested and 81,900 share awards which are vested but not yet transferred; and
- (b) 62,067,000 Shares are held to satisfy any future grant of share awards under the Share Award Scheme (the “**Pool Shares**”).

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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. Pursuant to the terms of the Share Award Scheme and the Board Resolutions, none of the Awarded Shares will be transferred to the Share Award Holders prior to completion of the Proposal, even for those share awards which are vested but the underlying Awarded Shares of which have not been transferred. All of the Shares which are held by the Trustee as at the Record Date shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Pursuant to the Irrevocable Undertaking, the Trustee has irrevocably undertaken to elect the Share Alternative in respect of all of the Shares held by it. Conditional upon the Scheme becoming effective, the Trustee will receive 67,829,083 TopCo Shares, which:

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- (a) for the 5,762,083 TopCo Shares which correspond to the Awarded Shares, shall be held on trust by the Trustee for the relevant Share Award Holder and shall be transferred by the Trustee to such Share Award Holder on the vesting date(s) of the respective Awarded Shares (in respect of those share awards which are granted but yet to be vested) or within 7 business days after the Effective Date (in respect of those share awards which are vested but not yet transferred); and
- (b) for the 62,067,000 TopCo Shares which correspond to the Pool Shares, shall remain to be held by the Trustee to satisfy any future grant of share awards by the Board under the Share Award Scheme.

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## 6. 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 it/him 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) all of the other Scheme Shareholders will elect the Cash Alternative, and (d) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$[935,697,852].

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The Offeror is financing the entire cash amount required for the Proposal from the Acquisition Facility.

A copy of the Acquisition Facility will be available for inspection as a document on display at the time of despatch of the 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.]

## 7. SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

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The Investor shall be entitled to certain rights under the TopCo Articles, details of which are set out in the section headed “2. *Terms of the Proposal*” above.

Please refer to the section headed “4. *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 in order to encourage the Investor to elect the Share Alternative and thereby retaining its interest in the Group after completion of the Proposal, so that the Investor 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. The Offeror will (before the despatch of the Scheme Document) make 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.

Accordingly, as set out in Condition (f) in the section headed “3. *Conditions to the Proposal and the Scheme*”, 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 Concert Parties will not be voting on the Investor Arrangement at the EGM.

## **8. 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 incoming 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.

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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 “2. *Terms of the Proposal - The Cash Alternative*” of this announcement, 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.

- (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 date of this announcement. 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 “2. *Terms of the Proposal – The Cancellation Consideration – The Share Alternative*” of this announcement.

***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.

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.

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## 9. INFORMATION ON 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.

Set out below is a summary of certain audited/unaudited consolidated financial information of the Group for (i) each of the two financial years ended 31 December 2022 and 2023 (as extracted from the annual report of the Company for the year ended 31 December 2023); and (ii) the six months ended 30 June 2023 and 2024 (as extracted from the interim report of the Company for the six months ended 30 June 2023 and 2024):

	For the six months ended 30 June		For the year ended 31 December	
	2024 ( <i>unaudited</i> ) US\$'000	2023 ( <i>unaudited</i> ) US\$'000	2023 ( <i>audited</i> ) US\$'000	2022 ( <i>audited</i> ) US\$'000
Revenue	296,194	276,932	585,484	490,378
Profit (loss) before tax	52,674	33,620	87,472	(21,841)
Profit (loss) for the year / period	44,857	32,586	77,430	(16,317)
Net assets	335,946	308,451	327,516	277,457

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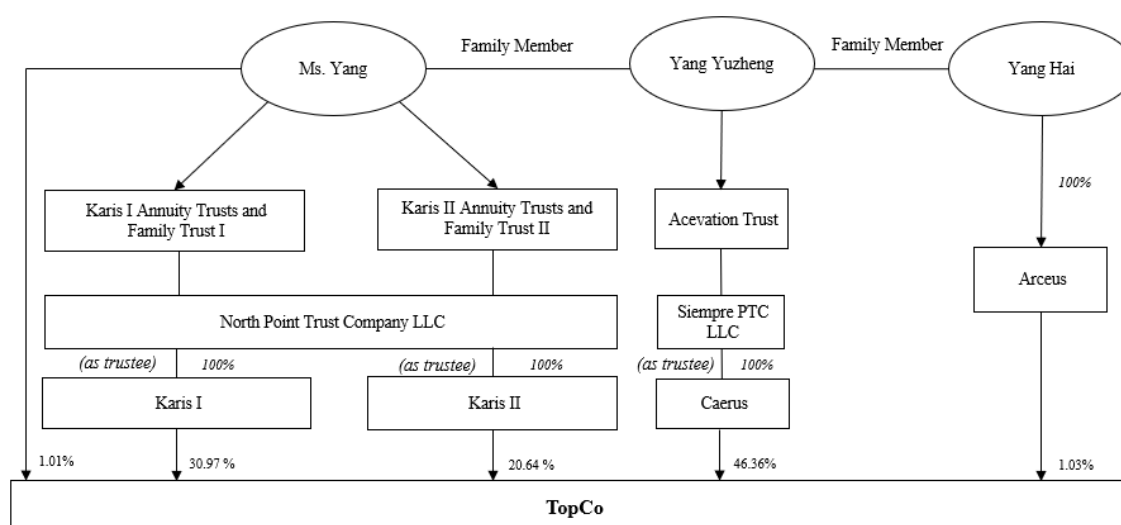


## 10. INFORMATION ON THE OFFEROR, HOLDCO AND TOPCO

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 date of this announcement, the Offeror is directly wholly-owned by HoldCo, which in turn is directly wholly-owned by TopCo. As at the date of this announcement, the entire issued share capital of TopCo, comprising 786,760,200 TopCo Shares, 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. As at the date of this announcement, the ultimate beneficial owners of the Offeror, HoldCo and TopCo are the Founders. A simplified shareholding structure of TopCo as at the date of this announcement is set out below:

R3.5(b)

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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.

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 date of this announcement, the Offeror, HoldCo and TopCo do not have any assets or liabilities other than the Acquisition Facility and expenses incurred in connection with implementing the Proposal.

## 11. 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 Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

## **12. 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, 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.

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If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **13. OVERSEAS SHAREHOLDERS**

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders, wishing to take an action in relation to the Proposal, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction 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 in such jurisdiction.

Any acceptance by such Scheme Shareholders by signing the form of election will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including DBSAC), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders.

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SFC1213Q33

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company and 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 Proposal.

#### **14. SCHEME SHARES, COURT MEETING AND EGM**

As at the date of this announcement, the Offeror does 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 date of this announcement, the Offeror Concert Parties hold in aggregate 952,956,950 Shares, representing approximately 83.63% 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.

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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 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 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.

#### **15. 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 are not interested in the Proposal, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the terms of 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 and a director of the Offeror. Accordingly, Mr. Yang Yuzheng is excluded from the Independent Board Committee.

#### **16. INDEPENDENT FINANCIAL ADVISER**

The Company will appoint the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Investor Arrangement after the date of this announcement. A further announcement will be made by the Company after the Independent Financial Adviser has been appointed.

#### **17. DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among other things, further details of the Proposal, the Scheme and the Investor Arrangement, the expected timetable, an explanatory statement as required under the Companies Act and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Investor Arrangement, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting, a notice of the EGM and other particulars required by the Takeovers Code, together with forms of proxy and consideration election forms in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act, the Grand Court and other applicable laws and regulations.

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The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

#### **18. DISCLOSURE OF DEALINGS**

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror

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and the Company) are hereby reminded to disclose their dealings in any securities of the Company and TopCo under Rule 22 of the Takeovers Code during the offer period.

Save as disclosed below, none of the Offeror and the Offeror Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the date of this announcement and up to and including the date of this announcement:

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- (a) on 29 August 2024, Mr. Chen acquired 200,000 Shares with the highest price of HK\$4.1800 per Share and an average price of HK\$4.1449 per Share respectively; and
- (b) on 18 July 2024, Mr. Chen was granted 725,000 share awards under the Share Award Scheme, among which 241,667 share awards have vested on 18 September 2024.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **19. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this announcement include statements about the expected effects on the Company of the Proposal, the expected timing and scope of the Proposal, and all other statements in this announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements

involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as the novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the date of this announcement.

Any forward-looking statement contained in this announcement based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

## **20. GENERAL**

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

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal, the Scheme and the Investor Arrangement are fair and reasonable and in the interests of the Shareholders as a whole.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the date of this announcement.

R3.5(c)(iii)

Save for the Proposal and the Irrevocable Undertakings, there are no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal.

R3.5(f)

Save for the Irrevocable Undertakings, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

R3.5(g)

Save for the Investor Arrangement, there is no understanding, arrangement or agreement or special deal between (i) any Shareholder of the Company; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

R3.5(j)

Save for the Cancellation Consideration, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror Concert Parties to the Scheme Shareholders in connection with the Proposal.

R3.5(i)

## 21. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 11 December 2024 pending issuance of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 24 December 2024.

## 22. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition Facility”	a loan facility of up to HK\$[●] granted by DBS Bank (Hong Kong) Limited as lender to the Offeror as borrower, taken out for the purpose of financing the Proposal	SFC1213Q38
“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly	
“Arceus”	Arceus Co., Ltd, a company incorporated in the British Virgin Islands, the ultimate beneficial owner of which is Mr. Yang Hai	SFC1213Q39
“associate”	has the meaning ascribed to it in the Takeovers Code	
“Awarded Shares”	has the meaning ascribed to it in the section headed “5. <i>Shareholding Structure of the Company</i> ” in this announcement	
“Board”	the board of directors of the Company	

“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	
“Caerus”	Caerus Co., Ltd, a company incorporated in the British Virgin Islands, the ultimate beneficial owner of which is Mr. Yang Yuzheng	SFC1213Q39
“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 Hong Kong Securities Clearing Company Limited	
“Chen Wangcai Holdings”	Chen Wangcai Holdings Limited, the ultimate beneficial owner of which is Mr. Wu Chak Man	SFC1219Q6
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands (as amended or revised)	
“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 “3. <i>Conditions to the Proposal and the Scheme</i> ” of this announcement	
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof	
“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 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	SFC1213Q40 SFC1218Q15



	Shares include Shares in issue at the 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 becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering and (if thought fit) approving all resolutions necessary for the implementation of the Proposal, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“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
“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
“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
“Gongjin”	The Gongjin Limited, the ultimate beneficial owner of which is Ms. Jiang Junxiu
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company, its subsidiaries and its operating entities
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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”	the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Investor Arrangement
“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, details of which are set out in the section headed “2. <i>Terms of the Proposal</i> ” in this announcement
“Irrevocable Undertakings”	the irrevocable undertakings given by the IU Shareholders, each received by the Offeror on 23 December 2024 in respect of an aggregate of [185,643,698] 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 [3,710,125] Shares held by it as at the date of this announcement)
“Karis I”	Karis I LLC, a company incorporated in the State of Delaware, the US, the ultimate beneficial owner of which is Ms. Yang

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“Karis I Annuity Trusts”	collectively, 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, Lin Yang Trust VII, 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 listed in the section headed “2. <i>Terms of the Proposal</i> ” in this announcement
“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 this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	22 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)
“Minimum Holding Requirement”	has the meaning ascribed to it in the section headed “2. <i>Terms of the Proposal</i> ” in this announcement
“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 date of this announcement, being 23 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 acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert”

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Parties”		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 “4. <i>Irrevocable Undertakings</i> ” in this announcement), Mr. Chen and the Trustee	SFC1219Q8
“Pool Shares”		has the meaning ascribed to it in the section headed “5. <i>Shareholding Structure of the Company</i> ” in this announcement	
“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 this announcement	SFC1213Q1 SFC1213Q42
“Qualified Sale”	Trade	a Trade Sale which will generate an internal rate of return exceeding the prescribed hurdle rate to the Investor on its investment in TopCo	SFC1213Q10
“Record Date”		the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme	
“Relevant Authorities”		appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions	
“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 to be issued by the Company and the Offeror containing, among other things, further details of the Proposal, the Scheme and the Investor Arrangement together with the additional information specified in the section headed “17. <i>Despatch of Scheme Document</i> ” of this announcement	
“Scheme Share(s)”		Share(s) in issue on the Record Date held by the Shareholders	
“Scheme Shareholder(s)”		the registered holder(s) of Scheme Shares as at the Record Date	
“Securities Act”		the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder	

“SFO”		the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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”	Award	the holders of unvested Awarded Shares
“Share Award Scheme”	Award	the share award scheme of the Company adopted on 20 July 2021
“Share Option(s)”		the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	Option	the share option scheme adopted by the Company on 1 December 2020
“Share(s)”		ordinary share(s) in the share capital of the Company
“Shareholder(s)”		registered holder(s) of the Shares
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
“Takeovers Code”		the Code on Takeovers and Mergers in Hong Kong
“TopCo”		Victory I Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, whose shareholding as at the date of this announcement is detailed in the section headed “10. Information on the Offeror, HoldCo and TopCo” in this announcement
“TopCo Articles”		has the meaning ascribed to it in the section headed “2. Terms of the Proposal” in this announcement
“TopCo Group”		has the meaning ascribed to it in the section headed “2. Terms of the Proposal” in this announcement
“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
“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

“Trustee”	SWCS Trust Limited, a company incorporated in Hong Kong, which holds Shares for the benefit of the Share Award Holders
“US”	United States of America
“US\$”	US dollar(s), the lawful currency of the US

By Order of the board of  
**Victory III Co., Ltd**  
**Yang Lin**  
*Director*

By Order of the board of  
**Vesync Co., Ltd**  
**Gu Jiong**  
*Independent Non-executive Director*

Hong Kong, 23 December 2024

*As of the date of this announcement, 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (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 announcement (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 announcement, the omission of which would make any statements in this announcement misleading.*

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*As at the date of this announcement, the sole director of the Offeror is Ms. Yang Lin.*

*The sole director of the Offeror and the Founders jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (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 announcement (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 announcement, the omission of which would make any statement in this announcement misleading.*

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