



Vesync Co., Ltd

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

Executive Directors:

Ms. Yang Lin (*Chairperson*)
Mr. Yang Hai
Mr. Chen Zhaojun

Non-executive Director:

Mr. Yang Yuzheng

Independent non-executive Directors:

Mr. Fong Wo, Felix
Mr. Gu Jiong
Mr. Tan Wen

Registered Office:

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Principal place of business in

Hong Kong:

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31 March 2025

To the Shareholders

Dear Sir or Madam

**(1) PROPOSAL FOR THE PRIVATISATION OF VESYNC CO., LTD BY
THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING
AND**

(3) SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

INTRODUCTION

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

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

If the Proposal is approved and implemented:

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

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

TERMS OF THE PROPOSAL

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

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

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

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

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

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

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

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

The Cash Alternative

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

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

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

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

Highest and lowest prices

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

The Share Alternative

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conditions to the Proposal and the Scheme

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

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

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

Share Option Scheme

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

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

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

Share Award Scheme

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

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

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

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

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

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

IRREVOCABLE UNDERTAKINGS

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

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

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

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

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

Investor

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

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

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

Trustee

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

Gongjin

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

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

Chen Wangcai Holdings

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

Mr. Chen

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

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

SPECIAL DEAL RELATING TO THE INVESTOR ARRANGEMENT

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

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

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

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

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

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

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

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

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

FINANCIAL RESOURCES

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

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

REASONS FOR, AND BENEFITS OF, THE PROPOSAL

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

INTENTIONS OF THE OFFEROR AND THE COMPANY

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

INFORMATION ON THE GROUP, THE OFFEROR, HOLDCO AND TOPCO

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

WITHDRAWAL OF LISTING OF SHARES

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

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

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

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

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

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

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

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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

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

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

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

ACTIONS TO BE TAKEN

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

SCHEME SHARES, COURT MEETING AND EGM

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

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

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

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

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

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

OVERSEAS SHAREHOLDERS

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

TAXATION

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

RECOMMENDATIONS

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

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

FURTHER INFORMATION

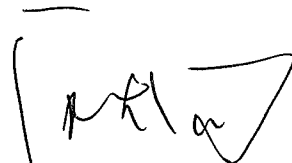
You are urged to read carefully the letters from the Independent Board Committee and the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document,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

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

Yours faithfully
For and on behalf of the board of
Vesync Co., Ltd

Gu Jiong
Independent Non-executive Director

Yours faithfully
For and on behalf of the board of
Vesync Co., Ltd

A handwritten signature in black ink, appearing to be 'Gu Jiong', enclosed within a hand-drawn rectangular box.

Gu Jiong
Independent Non-executive Director