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Vesync Co., Ltd

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

PROFIT WARNING

This announcement is made by Vesync Co., Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2022 (the “**Relevant Period**”) and information currently available to the Board, the Group expects to record a decrease of approximately 40% to 60% in the profit attributable to owners of the parent for the Relevant Period as compared to that for the six months ended June 30, 2021.

The expected decrease in profit attributable to owners of the parent company for the Relevant Period was mainly due to (i) the significant increase in cost of sales as compared to the corresponding period in 2021, primarily attributable to the rise in freight costs of not less than approximately 70% as compared to the corresponding period in 2021, resulting in a drop in the overall gross profit margin; (ii) the increase in loss resulting from changes in foreign currency exchange rates arose from the depreciation of non-US dollars (such as Euro, British Pound and Japanese Yen, being the currencies of the countries (except the United States) to which the Group sold its products during the Relevant Period) against US dollar of not less than approximately US\$3,000,000, representing an increase of not less than approximately 320% as compared to the corresponding period in 2021; and (iii) the significant increase in staff costs of not less than approximately 70% as compared to the corresponding period in 2021 mainly due to the increase in number of employees of the Group as its business expands.

The rise in international freight rate in 2021 had a significant impact on the Group's cost of sales during the second half of the 2021 and the Relevant Period, thereby reducing the Group's gross profit. The international freight rate has dropped in the Relevant Period in 2022, and it is expected that the impact on the Group's gross profit margin caused by the increase in freight rates in 2021 will be alleviated. The Group's gross profit margin rate for the Relevant Period in 2022 increased by approximately 4 to 6 percentage points as compared to the second half of 2021.

As the Company is in the process of finalizing the interim results of the Group for the Relevant Period, the information contained in this announcement is only based on a preliminary assessment by the management of the Company using information currently available to the Board, including the unaudited consolidated management accounts of the Group for the Relevant Period, which have not been audited nor reviewed by the auditor or the audit committee of the Company and may be subject to change. The interim results of the Group for the Relevant Period are expected to be published by the end of August 2022 in compliance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Vesync Co., Ltd
YANG Lin
Chairperson

Hong Kong, August 15, 2022

As at 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.