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## **Vesync Co., Ltd**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2148)**

### **DISCLOSEABLE TRANSACTION RECEIVABLES DISCOUNTING AGREEMENT**

#### **RECEIVABLES DISCOUNTING AGREEMENT**

The Board wishes to announce that, Etekcitey Corporation (“**Etekcitey**”), a wholly-owned subsidiary of the Company, and the Bank have entered into the Receivables Discounting Agreement on June 19, 2024. Pursuant to which: (i) the Bank has agreed to provide Etekcitey with discount services for non-recourse receivables, up to a maximum of US\$60,000,000 in discounted balance of Eligible Receivables from the date of signing the Receivables Discounting Agreement, and Etekcitey has agreed to assign outstanding amounts from Eligible Receivables with a balance not exceeding US\$60,000,000 to the Bank; and (ii) Etekcitey shall submit notices of outstanding Eligible Receivables and the details of relevant sales invoice to the Bank, and upon approval by the Bank, 70% of the amount applied for in the receivables notice shall be disbursed to Etekcitey.

Pursuant to the Receivables Discounting Agreement, Etekcitey submitted the first receivables notice (“**Receivables Notice I**”) and the second receivables notice (“**Receivables Notice II**”), along with their corresponding sales invoice details, to the Bank on June 20, 2024. The amounts involved were US\$2,933,968.71 and US\$25,008,096.10, respectively. Receivable Notice I and Receivable Notice II had been approved by the Bank. On July 22, 2024, Etekcitey sent the third receivables notice (“**Receivables Notice III**”) and its corresponding sales invoice details, amounting to US\$32,055,141.60 to the Bank, which was subsequently approved by the Bank.

#### **THE IMPLICATIONS OF LISTING RULES**

Pursuant to Rule 14.07 of the Listing Rules, all applicable percentage ratios in respect of the discounting amounts of receivables under Receivables Notice I and Receivables Notice II (on both a stand-alone basis or in aggregate) were less than 5%, and therefore did not constitute a notifiable transaction of the Company.

However, pursuant to Rule 14.22 of the Listing Rules, as the transactions conducted under the Receivables Discounting Agreement were carried out within a 12-month period with the same counterparty (i.e., the Bank), Receivables Notice III should be consolidated with Receivables Notice I and Receivables Notice II for calculation purposes. As a result of the consolidated calculation, one or more of the applicable percentage ratios for the transactions exceeded 5%, yet all applicable percentage ratios were below 25%, the transactions under the Receivables Discounting Agreement constitute discloseable transactions for the Company which were subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **RECEIVABLES DISCOUNTING AGREEMENT**

The principal terms are as follows:

### **Date of signing**

Date of signing of the Receivables Discounting Agreement: June 19, 2024.

### **Parties**

- (1) Etekcitiy, being a wholly-owned subsidiary of the Company, is a company registered in the state of Iowa, the United States and engaged in trading business; and
- (2) The Hongkong and Shanghai Banking Corporation Limited, being a subsidiary of HSBC Holdings plc (the issued shares of which are listed on the Main Board of the Stock Exchange).

The Directors, having made all reasonable enquiries, to the best of their knowledge, information, and belief, the Bank and its ultimate beneficial owners are Independent Third Parties, excluding the Company and its connected persons (as defined in the Listing Rules).

### **Discounted balance of receivables**

Pursuant to the Receivables Discounting Agreement, subject to the satisfaction of all conditions for purchase or Eligible Receivables and other terms, the Bank will purchase all Etekcitiy's Eligible Receivables. Considering that the Buyer will generally deduct a certain trade discount (typically 30% based on historical experience) from the payment amount of the receivables, the Bank will approve the receivables notices and sales invoice lists submitted by Etekcitiy and then pay Etekcitiy 70% of the receivables. The discounted balance of receivables shall not exceed US\$60,000,000.

### **Term**

The Receivables Discounting Agreement shall commence on the effective date and continue until the earlier of the following conditions is met: (i) the term expires; (ii) upon the occurrence of a termination event stipulated in the Receivables Discounting Agreement, the Bank promptly issues a notice of termination; (iii) the notice of termination by Etekcitiy expires, which should be dispatched three months prior to the scheduled termination date; and (iv) the notice of termination by the Bank expires, which should be dispatched 21 days prior to the scheduled termination date.

### **Type of receivables discounting**

No recourse. If the Buyer fails to pay the Eligible Receivables within the due date due to credit issues, the Bank will not be entitled to make a claim against Etekcitiy in respect of the outstanding payment.

### **Guarantee**

The Company has provided a guarantee in favor of the Bank relating to any repayment event, as defined in the Receivables Discounting Agreement.

### **Assignment of outstanding receivables**

Pursuant to the Receivables Discounting Agreement, the claims and relevant rights relating to the outstanding receivables payments shall be assigned to the Bank, and the Bank shall agree to accept the claims and relevant rights. The Bank shall pay the discounted amount to Etekcitiy upon receipt and approval of the receivables notices submitted by Etekcitiy.

### **Discount rate for receivables**

Pursuant to the Receivables Discounting Agreement, the applicable discount rate for receivables is three-month SOFR + 1% per annum, which is the three-month secured overnight financing rate + 100 basis points per annum (1 basis point is 0.01%) on the date which the discounted amount of receivables is issued.

Discount fee amount = discounted balance of receivables × discount rate × number of days until 3 days from the relevant sale invoices due day or 150 days from the relevant sale invoices day, whichever is the sooner/360, the amount of such discount fee shall be paid by Etekcitiy to the Discounting Bank upon receipt of the discounted amount of receivables.

### **Receivables Notice III**

- (1) Date of Receivables Notice III: July 22, 2024; and
- (2) Sales invoice amount under Receivables Notice III was US\$32,055,141.60.

### **REASONS FOR AND BENEFITS OF ENTERING INTO RECEIVABLES DISCOUNTING AGREEMENT AND RECEIVABLES NOTICE III**

The Receivables Discounting Agreement and Receivables Notice III have been entered into by the Company in the ordinary and usual course of business and are conducive to giving full play to the advantages of all parties. The conclusion of the Receivables Discounting Agreement is conducive to revitalizing the Company's receivables assets, accelerating asset circulation and broadening financing channels.

The terms of the Receivables Discounting Agreement (including discounting proceeds, handling fees and interest) have been entered into after arm's length negotiation between the parties and with reference to prevailing commercial practices. The Directors are of the view that the terms of the Receivables Discounting Agreement are general commercial terms, fair and reasonable, and are in the interests of the Company and the shareholders as a whole.

## **INFORMATION ON THE PARTIES INVOLVED**

- (1) Etekcity, a trading company registered in the state of Iowa, the United States, which is a wholly-owned subsidiary of the Company; and
- (2) The Hongkong and Shanghai Banking Corporation Limited, a commercial bank registered in Hong Kong, and a subsidiary of HSBC Holdings plc (the issued shares of which are listed on the Main Board of the Stock Exchange, stock code: 00005).

## **INFORMATION OF THE GROUP**

The Group is principally engaged in research and development, manufacture and sale of smart household appliances and smart home devices. The Group's products are sold to customers in the United States, Canada, the United Kingdom, France, Germany, Spain, Italy and Japan and dozens of other countries.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Bank”	The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc, the issued shares of which are listed on the Main Board of the Stock Exchange
“Board”	the board of Directors of the Company
“Buyer”	a customer of Etekcity
“Company”	Vesync Co., Ltd, an exempted company with limited liability incorporated in the Cayman Islands on January 9, 2019, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 15, 2020
“Director(s)”	director(s) of the Company
“Eligible Receivables”	the outstanding receivables under contracts for the sale of products to the Buyer
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	any person or company who is not a connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Receivables Discounting Agreement”	the receivables discounting agreement entered into between Etekcity and the Bank on June 19, 2024
“SOFR”	the reference rate of term SOFR (secured overnight financing rate) for the relevant period published by CME Group Benchmark Administration Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, July 22, 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.*