Vesync Co., Ltd

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2148)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2023	2022	Year-on-year change
	(Unaudited)	(Unaudited)	
	US$'000	*US$'000*	
Revenue	**276,932**	223,297	24.0%
Gross profit	**125,118**	87,554	42.9%
Gross profit margin	**45.2%**	39.2%	6.0 p.p.
Profit before tax	**33,620**	16,466	104.2%
Profit for the period attributable to owners of the parent	**32,619**	15,480	110.7%
Profit margin	**11.8%**	6.9%	4.9 p.p.
Earnings per share attributable to ordinary equity holders of the parent			
Basic	**US2.89 cents**	US1.37 cents	110.9%
Diluted	**US2.88 cents**	US1.37 cents	110.2%

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of Vesync Co., Ltd (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the unaudited consolidated interim results of the Group for the six months ended June 30, 2023.

The financial information below is an extract of the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) US$'000	2022 (Unaudited) US$'000
REVENUE	4	**276,932**	223,297
Cost of sales		**(151,814)**	(135,743)
Gross profit		**125,118**	87,554
Other income and gains	4	**8,581**	3,506
Selling and distribution expenses		**(47,778)**	(37,703)
Administrative expenses		**(43,032)**	(31,028)
Impairment losses on financial assets, net		**(162)**	(36)
Other expenses		**(8,249)**	(4,855)
Finance cost		**(925)**	(880)
Share of profits and losses of a joint venture		**83**	—
Share of profits and losses of an associate		**(16)**	(92)
PROFIT BEFORE TAX	5	**33,620**	16,466
Income tax expense	6	**(1,034)**	(986)
PROFIT FOR THE PERIOD		**32,586**	15,480

	Notes	2023 (Unaudited) US$'000	2022 (Unaudited) US$'000
PROFIT FOR THE PERIOD		**32,586**	15,480
OTHER COMPREHENSIVEINCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of a joint venture		**(404)**	—
Exchange differences on translation of foreign operations		**(2,533)**	(2,657)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(2,937)**	(2,657)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**29,649**	12,823
Profit attributable to:			
Owners of the parent		**32,619**	15,480
Non-controlling interests		**(33)**	—
		32,586	15,480
Total comprehensive income attributable to:			
Owners of the parent		**29,682**	12,823
Non-controlling interests		**(33)**	—
		29,649	12,823
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**US2.89 cents**	US1.37 cents
Diluted		**US2.88 cents**	US1.37 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023 (Unaudited) *US$'000***	31 December 2022 (Audited) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,984**	4,557
Right-of-use assets		**7,970**	10,216
Other intangible assets		**114**	207
Deferred tax assets		**29,288**	28,094
Investment in a joint venture		**10,894**	11,215
Investment in an associate		**984**	1,000
Pledged deposits		**3,887**	3,991
Cash and cash equivalents		**2,768**	—
Equity instruments designated at fair value through other comprehensive income		**1,497**	1,554
Other non-current assets		**—**	395
Total non-current assets		**61,386**	61,229
CURRENT ASSETS			
Inventories		**85,008**	114,647
Trade and notes receivables	*9*	**169,471**	149,217
Prepayments, other receivables and other assets		**20,931**	26,225
Tax recoverable		**239**	10
Right-of-return assets		**2,355**	3,216
Pledged deposits		**26,549**	9,149
Cash and cash equivalents		**113,990**	93,601
Total current assets		**418,543**	396,065
CURRENT LIABILITIES			
Trade and notes payables	*10*	**82,533**	60,751
Other payables and accruals		**35,792**	39,078
Provision		**22,755**	49,010
Interest-bearing bank borrowings		**11,225**	8,495
Lease liabilities		**3,321**	4,128
Tax payable		**6,651**	5,561
Derivative financial liabilities		**39**	1,229
Total current liabilities		**162,316**	168,252
NET CURRENT ASSETS		**256,227**	227,813
TOTAL ASSETS LESS CURRENT LIABILITIES		**317,613**	289,042

	30 June 2023 (Unaudited) US$'000	31 December 2022 (Audited) US$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**483**	741
Lease liabilities	**5,593**	7,308
Provision	**3,086**	3,536
Total non-current liabilities	**9,162**	11,585
Net assets	**308,451**	277,457
EQUITY		
Equity attributable to owners of the parent		
Share capital	**1,500**	1,500
Share premium	**186,955**	186,955
Other reserves	**120,070**	89,043
	308,525	277,498
Non-controlling interests	**(74)**	(41)
Total equity	**308,451**	277,457

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations.

Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has applied the amendment on the treatment of temporary differences arising from lease from beginning, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) ***Revenue from external customers:***

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
North America	**199,017**	171,946
Europe	**65,293**	42,911
Asia	**12,622**	8,440
Total	**276,932**	223,297

The revenue information above is based on the combination of the locations of the Amazon accounts and the locations of the customers.

(b) ***Non-current assets***

	30 June 2023 US$'000 (Unaudited)	31 December 2022 US$'000 (Audited)
North America	**4,929**	5,597
China	**24,978**	25,306
Europe	**75**	92
Other	**2,116**	2,140
Total	**32,098**	33,135

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately US$214,923,000 for the six months ended 30 June 2023 (2022: US$190,198,000), was derived from sales to a single retailer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**276,932**	223,297

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of products	**276,932**	223,297
Timing of revenue recognition		
Goods transferred at a point in time	**276,932**	223,297

(b) ***Performance obligation***

Information about the Group's performance obligation is summarised below:

Sale of products

The performance obligation of sales to retailers is usually satisfied upon delivery of goods and payment is generally due within 30 to 90 days from delivery. The performance obligation of sales to consumers directly is satisfied upon receipt of products by customers and payments are generally received when customers place orders on the platform. The Group provides customers with a right of return within 30 days, sometimes extending up to 90 days.

At the end of the reporting period, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**1,520**	431
Loan forgiveness	**—**	928
Government grants*	**2,433**	972
Others	**99**	963
	4,052	3,294
Gains		
Fair value gains, net:		
Derivative instruments		
— transactions not qualifying as hedges	**1,196**	212
Foreign exchange gains, net	**3,333**	—
	8,581	3,506

* The Group's subsidiary in the United States received Employee Retention Credit of US$2,083,000 upon its keeping employees on their payroll although its business has been financially impacted by COVID-19. The remaining amount represents grants received from the government authorities of Mainland China by the Group's subsidiaries in connection with certain financial support to encourage business development. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**128,242**	102,696
Amazon fulfilment fee	**445**	578
Commission to platform	**937**	1,458
Impairment of trade receivable, net	**162**	37
Impairment of inventories, net	**1,891**	(114)
Foreign exchange difference, net	**(3,333)**	4,168

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Cayman Islands and the BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiary are not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Mainland China

The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

Shenzhen Chenbei is qualified as a High and New Technology Enterprise and was subject to tax at a preferential income tax rate of 15% (2022: 15%) during the period.

Chongqing Xiaodao is located in Western Region and was entitled to a preferential income tax rate of 15% (2022: 15%) during the period, according to the Income Tax Policy for Enterprises in the Large-scale Development of the Western Region.

United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% (2022: 21%) federal corporate income tax rate and 8.84% (2022: 8.84%) California state tax rate have been provided on the taxable income arising in the United States.

Netherlands and Germany

The subsidiary in the Netherlands is entitled to a preferential income tax rate of 19% (2022: 15%) for the taxable income less than or equal to EUR200,000 (2022: EUR390,000) and an income tax rate of 25.8% (2022: 25.8%) for the taxable income over EUR200,000 (2022: EUR390,000). The subsidiary in Germany is entitled to a combined tax rate of 29.13% (2022: 29.13%), consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and a trade tax rate of 13.3%.

Macau

Pursuant to the relevant tax law of the Administrative Especial de Macau, profits tax is provided at the rate of 12% (2022: 12%) on the estimated assessable profits arising in Macau.

The income tax expense of the Group during the period is analysed as follows:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current		
— Mainland China	**751**	226
— Hong Kong	**57**	126
— Macau	**—**	573
— United States	**634**	3,979
— Netherlands and Germany	**786**	167
Deferred	**(1,194)**	(4,085)
Total tax charge for the period	**1,034**	986

7. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Final ordinary declared and paid — Nil (2022: HK 6.40 cents) per ordinary share	**—**	9,256
Final special declared and paid — Nil (2022: HK 6.40 cents) per ordinary share	**—**	9,256

On 21 August 2023, the board of directors declared an interim dividend of HK5.39 cents (equivalent to approximately US0.69 cents) per ordinary share for the period ended 30 June 2023 to the shareholders of the Company, amounting to a total of approximately HK$62,696,000 (equivalent to approximately US$8,000,000) (six months ended 30 June 2022: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,130,042,000 (2022: 1,129,064,500) in issued during the period.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares into ordinary shares arising from awarded shares and share options granted by the Company.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**32,619**	15,480
Shares		
Weighted average number of ordinary shares during the period used in the basic earnings per share calculation	**1,130,042,000**	1,129,064,500
Effect of dilution — weighted average number of ordinary shares arising from shares awarded	**1,171,013**	2,419,898
	1,131,213,013	1,131,484,398

9. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Less than 3 months	**162,210**	143,250
Between 3 and 6 months	**4,343**	1,019
Between 6 and 12 months	**878**	3,322
Between 1 and 2 years	**2,040**	1,626
	169,471	149,217

10. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the transaction date, is as follows:

	30 June 2023	31 December 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 3 months	**58,655**	59,794
3 to 12 months	**23,625**	512
Over 12 months	**253**	445
	82,533	60,751

11. EVENTS AFTER THE REPORTING PERIOD

There were no other significant events that required additional disclosure or adjustments occurred after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

With our mission to "build a better living", we are dedicated to continuously improving consumers' daily lives in small but meaningful ways with innovative and user-friendly products. We primarily design, develop and sell small home appliances under our three core brands, namely, "Levoit" for home environment appliances; "Cosori" for kitchen appliances and dining ware; and "Etekcity" for health monitoring devices, outdoor recreation products and personal care products. To make things more convenient, efficient and enjoyable for our users, our VeSync App enables users to achieve centralized control of smart home devices and also provides them with professional content and services to offer a more efficient and personalized product experience for our users.

Over the past two years, we continued to invest in and upgrade our product development capabilities. We expanded our veteran management and team, adhered to independent technology development and innovative design, continually optimized our product development process. Despite the pressure on our operating profit margin from the investment in product development in the short term, we believe that our perseverance to withstand the pressures would enable us to benefit from such investments in the long term. In 2023 our business operations witnessed positive changes brought by such perseverance.

During the first half of 2023, we witnessed continuous growth in sales revenue and further improvement in profitability, marking the beginning of a new round of growth. The Group recorded revenue of approximately US$276.9 million, with a gross profit of approximately US$125.1 million and a profit attributable to the owners of the parent amounting to approximately US$32.6 million (2022: US$15.5 million), representing an increase of approximately 24.0%, 42.9%, and 110.7%, respectively, as compared to that of the same period in 2022. As a result of the Group's continuous efforts to enhance and accumulate its capabilities in various aspects, including but not limited to channel development, regional expansion, product excellence, operational efficiency, and brand promotion, we have achieved favorable market performance and significantly improved profitability in the first half of 2023.

In terms of channel development, the revenue from Amazon channel and non-Amazon channels in the first half of 2023 increased by approximately 13.9% and 87.7%, respectively, as compared to that of the same period in 2022. Revenue from non-Amazon channels to total revenue in the first half of 2023 increased to approximately 20.5% from approximately 13.7% in the same period in 2022, representing an increase of 6.8 percentage points. In the North American market, we have continued to increase the category of products available in mainstream retailers. According to the information available to the Company, a total of 37 products have been on the stores' shelf of major retailers as of June 30, 2023, which led to an increase in revenue from store sales. Compared with the same period in 2022, the Company's growth in revenue derived from Walmart and Target, the major retailers, increased by more than 500% and 60%, respectively. In the European market, our products have been available in over

2,500 stores of mainstream retailers in more than 10 countries, including Northern Europe, Spain, Hungary and Germany. In the Asia-Pacific market, our products have been sold in over 1,000 stores of mainstream retailers in Singapore, Malaysia and Thailand, Japan, and the Middle East, etc..

In terms of regional expansion, the sales from the European market reached approximately US$65.3 million, representing an increase of approximately 52.2% as compared to that of the same period in 2022. Our Cosori kitchen appliances continued to gain momentum in the European market. According to the Company's internal statistics, in the first half of 2023, Cosori air fryers achieved a high ranking in Amazon's major European site channels and rapidly expanded store numbers in non-Amazon channels. The Asian market is also experiencing rapid growth, with sales of approximately US$12.6 million, an increase of approximately 49.5% compared to that of the same period in 2022.

In terms of product share, according to the statistics of NPD Group, Inc. ("**NPD**")[*Note 1*], the sales volume and sales share of Levoit air purifiers in the U.S. market continued to expand and accounted for approximately 39% and 27% of the market share, respectively, increasing by 7 percentage points and 5 percentage points, respectively as compared to that of the same period in 2022, and continuing to rank No. 1 in the U.S. market. After several years of intensive cultivation, Levoit air humidifiers continued the success of air purifier products and grew from the No. 1 in market share of sales on the American Amazon channel to the No. 1 in market share of sales in the U.S. market (according to the statistics of NPD), accounting for about 24% market share. Cosori air fryers achieved the No. 1 ranking in sales share in the Spanish market, accounting for 32.8% of the Spanish market (according to the statistics of GfK[*Note 2*]). In addition, according to the Company's internal statistics, the Company's Etekcity body scales, kitchen scales, luggage scales, and Cosori food dehydrators all won the first place in market share on the American Amazon channel, which fully demonstrates that the Company can keep rapid growth and iteration in terms of user insights and innovation, cross-channel research and development, global value chain control, streamlined and agile operation, and brand expansion, so as to stand out in the competition with other well-known brands.

We continued to invest in product development and quality control, and our product development capability has been strengthened through practice. In the first half of 2023, we launched more new products to meet the diverse and personalized needs of consumers, such as Levoit Vital 100S smart air purifier with high sensitivity and improved purification efficiency, the tower air humidifier that can humidify the air for 100 hours, the tower fan with a high standard of quietness and fast airflow, the electric pressure cooker with directional venting for greater safety, the multi-functional rice cooker with smart and precise temperature control, the 12L small-capacity air fryer oven and the one-person air fryer. These new products supplemented our existing products and further improved our brand's market share.

Note 1: Such data are obtained from NPD's statistics on the air purifiers and air humidifiers in the United States for the first half of 2023. NPD collects point-of-sale data from selected retailers for its U.S. Small Appliance POS Tracking Service. This data is the actual sales from retailers/data partners on a product basis.

Note 2: Such data are obtained from GfK's statistics on sales data for air fryers in Spain for the first half of 2023.

For smart home solution providers, we have gradually evolved from single-product intelligence to multi-scene intelligence to constantly enrich and enhance consumers' experience so as to increase the chances of selling more products. We strengthen the software and products interconnection technologies to create an integrated product experience and provide consumers with professional content and services to make our products more efficient, convenient and personalized, which in turn will contribute to the synergy effects between our hardware product sales, App users and registrations. As of June 30, 2023, the number of activated devices registered with the VeSync App keeps growing rapidly to approximately 5.4 million, with an increase of approximately 1.0 million in the first half of 2023.

As a company with international brands, we operate our brands in multiple dimensions to increase the recognition of our brands among consumers. Online platforms continue to consolidate our brand influence. In addition to increasing the conversion rate of our products by optimizing our promotional strategies on e-commerce platforms, we have also strengthened investments in social media operations with a focus on the operation of our official accounts on Facebook, Youtube, TikTok and other platforms by frequently posting videos of our products and other content, interacting with our fans and cooperating with key opinion leaders to increase our brand exposure. We also organized physical product experience events, participated in international exhibitions and held offline products exhibition to communicate with consumers deeply, thereby increasing their understanding of our brand. In addition, we actively engage into environmental protection to show the positive power. We advocate low carbon and environmental protection through our products, and carry out public welfare activities to help the disadvantaged groups.

FINANCIAL REVIEW

For the first half of 2023, the Group's revenue amounted to approximately US$276.9 million. Gross profit was approximately US$125.1 million, representing a significant increase of approximately 42.9% as compared to that for the six months ended June 30, 2022. The profit attributable to owners of the parent was approximately US$32.6 million, representing an increase of approximately 110.7% as compared to approximately US$15.5 million for the six months ended June 30, 2022. The basic earnings per share was approximately US2.89 cents (2022: US1.37 cents).

For the first half of 2023, the Group's overall revenue amounted to approximately US$276.9 million, representing an increase of approximately 24.0% as compared to approximately US$223.3 million recorded for the six months ended June 30, 2022. Our success in channel expansion and regional development for products significantly drove the sales of various home products in terms of quantities sold, including air purifiers, air purifier filters, tower fans, toaster ovens, etc. Our products, such as Levoit air humidifier and air purifier, achieved top 1 in terms of sales amount in the United States according to the statistics of NPD. Cosori air fryers achieved a high ranking in Amazon's major European site channels and expanded stores rapidly in non-Amazon channels.

Business Review by Sales Channel

The following table sets forth the breakdown of revenue by sales channels of the Group:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Amazon channel	**219,586**	192,741
Non-Amazon channels	**57,346**	30,556
Total	**276,932**	223,297

A majority of the Group's revenue from the Amazon channel was generated from the Vendor Central program in the first half of 2023. Under the Vendor Central program, Amazon makes bulk purchase orders from us and then sells to its customers through the Amazon e-commerce marketplace. Non-Amazon channels primarily include chain retailers, other e-commerce marketplaces and our own online shopping websites.

The revenue of the Group generated from Amazon channel increased by approximately 13.9% in the first half of 2023 as compared to that of the first half of 2022 primarily due to the increase in sales volume of air purifiers, air purifier filters, tower fans, toaster ovens, etc.

The revenue of the Group in the non-Amazon channels in the first half of 2023 increased significantly by approximately 87.7% as compared to that of the first half of 2022. The revenue growth of the Group in the chain retailers was primarily due to the significant increase in in-store sales. As the reputation of our brands, products and our track records in chain retailers continues to grow, we have secured favorable shelf positions in key chain retailers. Compared to the same period in 2022, the Company's growth in revenue derived from Walmart and Target, the major retailers, increased by more than 500% and 60%, respectively. In the European market, our products have been available in over 2,500 stores of mainstream retailers in almost 10 countries, including Northern Europe, Spain, Hungary and Germany. In the Asia-Pacific market, our products have been sold in over 1,000 stores of mainstream retailers in Singapore, Malaysia, Thailand, Japan, and the Middle East, etc..

Business Review by Geographic Location

The following table sets forth the breakdown of revenue by geographic locations:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
North America	**199,017**	171,946
Europe	**65,293**	42,911
Asia	**12,622**	8,440
Total	**276,932**	223,297

The revenue generated from the European market increased by approximately 52.2% in the first half of 2023 as compared to that of the first half of 2022, primarily driven by the growth in revenue from Spain, Germany and the United Kingdom. The revenue growth from these European countries was mainly attributable to the increase in sales volume of kitchen appliances and dining ware and from the non-Amazon channels.

The revenue generated from the Asian market increased by approximately 49.5% in the first half of 2023 as compared to that of the first half of 2022, primarily driven by the growth in revenue from Japan.

Business Review by Brand

The following table sets forth the breakdown of revenue by brands of the Group:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Levoit	**145,599**	121,487
Cosori	**94,981**	75,539
Etekcity	**36,071**	26,011
Others	**281**	260
Total	**276,932**	223,297

The revenue generated from the Levoit brand increased by approximately US$24.1 million in the first half of 2023 as compared to that of the corresponding period in 2022, primarily driven by the increase in revenue from air purifiers, air purifier filters and tower fans. Revenue generated from the Cosori brand increased by approximately US$19.4 million or 25.7% as compared to the same period in 2022, mainly driven by air fryer sales in the European market. In addition, Cosori toaster ovens performed well, with their sales increased significantly by approximately 236%. Revenue generated from Etekcity products increased by approximately 38.7%, mainly due to the body scale increased by approximately 39% or US$4.7 million. Our product categories other than air purifiers, air humidifiers and air fryers accounted for an increased proportion of our total revenue, promoting further growth of the company's performance.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended June 30, 2023, the gross profit of the Group was approximately US$125.1 million (2022: approximately US$87.6 million), representing an increase of approximately 42.9% as compared to that of the corresponding period in 2022. The gross profit margin of the Group was approximately 45.2% (2022: 39.2%), representing an increase of 6 percentage points. The increase in gross profit and gross profit margin was primarily attributable to an increase in revenue generated from our products, and the significant decrease in cost of sales resulted from the decrease in international freight rate and other cost savings as compared to that of the first half of 2022.

OTHER INCOME AND GAINS

Other income and gains of the Group primarily consist of (i) foreign exchange gains, net; (ii) government grants; and (iii) bank interest income.

The following table sets forth the breakdown of the Group's other income and gains:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Bank interest income	**1,520**	431
Loan forgiveness	**—**	928
Government grants	**2,433**	972
Fair value gains, net	**1,196**	212
Foreign exchange gains, net	**3,333**	—
Others	**99**	963
Total	**8,581**	3,506

For the six months ended June 30, 2023, other income and gains of the Group recorded approximately US$8.6 million (2022: approximately US$3.5 million), representing an increase of approximately 144.8% as compared to that of the corresponding period in 2022. Such increase was driven by (i) the increase in bank interest income; (ii) the increase in government grants; and (iii) the increase in foreign exchange gains resulting from exchange rate fluctuations.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses of the Group primarily consist of (i) marketing and advertising expenses; (ii) commission to platform; (iii) staff cost; and (iv) warehousing expenses.

The following table sets forth the breakdown of the Group's selling and distribution expenses:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Marketing and advertising expenses	**20,924**	14,397
Commission to platform	**937**	1,458
Staff cost	**10,473**	10,233
Warehousing expenses	**12,456**	9,766
Others	**2,988**	1,849
Total	**47,778**	37,703

The Group's selling and distribution expenses increased by approximately 26.7% from approximately US$37.7 million for the six months ended June 30, 2022 to approximately US$47.8 million for six months ended June 30, 2023. Such increase was driven by (i) the increase in marketing and advertising expenses to increase the market presence of the Group's key products and new products; and (ii) the increase in warehousing expenses due to the increase in sales volume.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily consist of (i) research and development expenses; (ii) administrative staff cost; (iii) professional fees; (iv) office expenses; (v) depreciation and amortization; and (vi) traveling and entertainment expenses.

The following table sets forth the breakdown of the Group's administrative expenses:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Research and development	**15,917**	12,328
Administrative staff costs	**11,860**	12,011
Professional fees	**10,291**	1,901
Office expenses	**1,027**	1,733
Depreciation & amortization	**1,844**	2,014
Travelling and entertainment expenses	**293**	257
Others	**1,800**	784
Total	**43,032**	31,028

The Group's administrative expenses increased by approximately 38.7% from approximately US$31.0 million for the six months ended June 30, 2022 to approximately US$43.0 million for the six months ended June 30, 2023, primarily due to (i) the increase in research and development expenses to prepare for product upgrades and new products; and (ii) the increase in professional fees.

OTHER EXPENSES

The Group's other expenses increased to approximately US$8.2 million for the six months ended June 30, 2023 (2022: approximately US$4.9 million). Such increase was mainly due to investment loss.

FINANCE COST

Finance costs of the Group primarily represent (i) interest on bank loans; and (ii) interest on lease liabilities.

The following table sets forth the breakdown of the Group's finance costs:

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Interest on bank loans	**673**	548
Interest on lease liabilities	**252**	332
Total	**925**	880

The Group's finance costs were approximately US$0.9 million in the six months ended June 30, 2023 which remained relatively stable as compared to that of the same period in 2022.

INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Cayman Islands and the BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiary are not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Mainland China

The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

Shenzhen Chenbei is qualified as a High and New Technology Enterprise and was subject to tax at a preferential income tax rate of 15% (2022: 15%) during the period.

Chongqing Xiaodao is located in Western Region and was entitled to a preferential income tax rate of 15% (2022: 15%) during the period, according to the Income Tax Policy for Enterprises in the Large-scale Development of the Western Region.

United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% (2022: 21%) federal corporate income tax rate and 8.84% (2022: 8.84%) California state tax rate have been provided on the taxable income arising in the United States.

Netherlands and Germany

The subsidiary in the Netherlands is entitled to a preferential income tax rate of 19% (2022: 15%) for the taxable income less than or equal to EUR200,000 (2022: EUR390,000) and an income tax rate of 25.8% (2022: 25.8%) for the taxable income over EUR200,000 (2022: EUR390,000). The subsidiary in Germany is entitled to a combined tax rate of 29.13% (2022: 29.13%), consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and a trade tax rate of 13.3%.

Macau

Pursuant to the relevant tax law of the Administrative Especial de Macau, profits tax is provided at the rate of 12% (2022: 12%) on the estimated assessable profits arising in Macau.

Income tax expenses of the Group was approximately US$1.0 million for the six months ended June 30, 2023 which remained relatively stable as compared to that of the same period in 2022.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

As a result of the decrease in global freight rates, the Group had a profit attributable to owners of parent of approximately US$32.6 million for the six months ended June 30, 2023, representing an increase of approximately US$17.1 million or 110.7% as compared to a profit attributable to owners of parent of approximately US$15.5 million for the six months ended June 30, 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal financial instruments comprise (i) bank and other borrowings; (ii) cash generated from operations; and (iii) net proceeds from the Global Offering.

The Group meets its capital needs through cash flows from operations and financing as a result of the net proceeds from the Global Offering. The Group had cash and cash equivalents of approximately US$93.6 million as of December 31, 2022 and approximately US$116.8 million as of June 30, 2023. The cash and cash equivalents of the Group are mainly denominated in RMB, US$ and EUR.

As of June 30, 2023, the Group had total bank borrowings of approximately US$11.7 million (December 31, 2022: approximately US$9.2 million), which were all denominated in US$ and RMB, among which, approximately US$6.5 million of the bank borrowings were at fixed interest rates, and approximately US$5.2 million of the bank borrowings were at floating interest rates.

The following table sets forth a breakdown of the bank borrowings of the Group as of June 30, 2023:

	As of June 30, 2023 *US$'000* **(unaudited)**	As of December 31, 2022 *US$'000* (audited)
Interest-bearing bank borrowings		
— current portion	**11,225**	8,495
— non-current portion	**483**	741
Total	**11,708**	9,236

The following table sets forth the aging analysis of the repayment terms of the Group's interest-bearing bank borrowings as of June 30, 2023:

	As of June 30, 2023 *US$'000* **(unaudited)**	As of December 31, 2022 *US$'000* (audited)
Bank loans repayable:		
Within one year or on demand	**11,225**	8,495
Over one year	**483**	741
Total	**11,708**	9,236

TREASURY POLICY

The Group adopts a prudent approach in its cash management and risk control. Most of the sales are denominated in US$, with the remaining mainly denominated in currencies of the countries to which the Group sells its products. The Group pays subcontractors and suppliers (including those located in the PRC) mainly in US$ and RMB. As a result of the foregoing, the Group's consolidated financial results are affected by currency exchange rate fluctuations. The Group recorded a currency exchange gains of approximately US$3.3 million for the six months ended June 30, 2023 (2022: currency exchange loss of approximately US$4.2 million).

The Group manages its foreign exchange risk by using appropriate financial derivatives, and priority will be given to simple, cost-efficient and effective hedge instruments which meet the HKFRS 9 in performing foreign exchange risk management responsibilities. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

As of June 30, 2023, there were no significant investments held by the Group or future plans for significant investments or capital assets.

The Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2023.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2023, the Group had 1,294 employees in total, in which 1,173 employees were in the PRC, 115 employees were in the United States and 6 employees were in other locations. For the six months ended June 30, 2023, the Group recognized staff costs of US$37.0 million (2022: approximately US$33.5 million).

The Company believes that the ability to recruit and retain experienced and skilled labor is crucial to the Group's growth and development. The Group provides training to its new employees to familiarize them with the working environment and work culture. The Group also provides on-the-job training to the employees, which aims at developing their skills so as to meet the strategic goals and customer requirements. In addition to providing the Group's staff with the opportunities to receive on-the-job trainings, the Group strives to create a harmonious and collegiate working environment for the staff.

The Company also adopted a training policy, pursuant to which training on management skills, technology and other relevant topics are regularly provided to the employees by internal speakers and third-party consultants.

The Group enters into employment agreements with each of the employees in accordance with the applicable laws and regulations. The remuneration packages of the employees generally include basic salaries, bonuses and employee benefits such as medical insurance packages. The Group conducts annual review to identify employees with extraordinary performance and offers them promotions and salary raises.

During the Reporting Period, the Group maintained social insurance for its employees pursuant to the applicable PRC laws and regulations by making contributions to the mandatory social insurance and housing provident funds which provide basic retirement, work-related injury and maternity benefits. Contributions made from the Group to the pension schemes are recognized as expenses when incurred and will not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

In addition, to provide incentive or reward to the employees for their contribution to, and continuing efforts to promote the interests of the Group, the Company has adopted the Share Option Scheme and the Post-IPO Share Award Scheme.

The Remuneration Committee has been established to provide recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management, review the remuneration and ensure that no Directors have determined their own remuneration.

CONTINGENT LIABILITIES

As of June 30, 2023, the Group had no material contingent liabilities (December 31, 2022: Nil).

CHARGES ON ASSETS

As of June 30, 2023, the Group's charges on assets of approximately US$29.3 million were mainly pledged deposits for issuing banker's acceptances to suppliers (December 31, 2022: US$12.0 million).

GEARING RATIO

As of June 30, 2023, the Group's gearing ratio (calculated as the total borrowings (bank borrowings and lease liabilities) divided by total equity as of the end of each period) was approximately 6.7% (December 31, 2022: 7.4%).

FUTURE OUTLOOK

We remain firmly committed to our core belief to foster connected lifestyles and make life better by creating smarter products under the brands of Levoit, Cosori and Etekcity. Going forward in the second half of 2023, we aim to continue focusing on the following strategies: (i) further upgrade our product mix and expand our product portfolio; (ii) expand geographic coverage, especially deepen the market share of Cosori and Levoit products in the European market; (iii) bring greater business potential from other sales channels by enlarging our product portfolio in existing stores, entering into new stores and getting access to more new chain retailers, thus leveraging our brand recognition; and (iv) continue to invest in technologies with an aim to develop VeSync app into a home IoT platform.

We aim to further enhance our product portfolio, in particular, smart home devices in the consumer space, while leveraging our track record for developing relevant, consumer-friendly products in the business-to-business space. In the first half of 2023, we have launched new models of air purifiers, humidifiers and air fryers, as well as new product categories, including tower fans, electric toothbrushes, electric rice cookers and pressure cookers. In the second half of 2023, the Company will not only introduce the next generation of air fryers, ovens, vacuum cleaners, and humidifiers, but also new product categories, including smart food thermometers, smart pet feeders and pet water fountains.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Reporting Period.

INTERIM DIVIDENDS

The Board resolved to declare the payment of an interim ordinary dividend of HK5.39 cents (equivalent to approximately US0.69 cents) per Share (the "**Interim Dividends**") for the Reporting Period (2022: Nil) to be paid on Friday, October 20, 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, October 6, 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to the Interim Dividends, the register of members of the Company will be closed from Thursday, October 5, 2023 to Friday, October 6, 2023, both days inclusive, during which period no transfer of Shares shall be registered. In order to qualify for the Interim Dividends, all transfers of Shares accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, October 4, 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

COMPLIANCE WITH MODEL CODE REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing Directors' securities transactions.

The Company's relevant employees, who because of his/her office or employment, are likely to be in possession of inside information of the Company, are also subject to the Model Code. Having made specific enquiries with all the Directors and the relevant employees, they have confirmed that they have complied with the Model Code during the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintenance of good corporate governance practices and procedures. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in part 2 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairperson and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairperson and chief executive officer and Ms. Yang Lin currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

Save for the deviation from code provision C.2.1 of the CG Code as described above, the Company had complied with all applicable code provisions set out in part 2 of the CG Code during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely, Mr. Gu Jiong (Chairman), Mr. Fong Wo, Felix and Mr. Tan Wen, has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended June 30, 2023, including the accounting principles and practices adopted by the Group.

PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.vesync.com). The 2023 interim report of the Company will be despatched to the Shareholders and published on the same websites in due course.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement only and except where the context requires otherwise, references in this announcement to "China" or "PRC" do not include Hong Kong, Macau and Taiwan
"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)"	the director(s) of the Company

"EUR"	Euros, the lawful currency of the member states of the European Union
"Group" or "our" or "we"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on July 20, 2021
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	six months ended June 30, 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by the then Shareholders on December 1, 2020
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	the ordinary share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" and "U.S."	the United States of America
"US$"	United States dollars, the lawful currency of the United States

"%"	per cent
"IoT"	internet of things

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

Hong Kong, August 21, 2023

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.