

# TARGET

## Intelligence Report

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S A T U R D A Y

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**VESYNC COMPANY LTD:  
TALK ABOUT PUTTING ALL ONE'S EGGS INTO ONE BASKET,  
THEN, READ ON !**

On scanning the rather limited number of products, manufactured and sold, primarily to consumers of The United States of America, one has to scratch one's head, pondering whether or not the products of Vesync Company Ltd (Code: 2148, Main Board, The Stock Exchange of Hongkong) are, really, the state-of-the-art.

Simply put, in this medium's opinion, they are far from being state-of-the-art: They are, in fact, very basic products that have existed for many a moon in one form or another.

Of the 13 products that this Company claims to be selling, not a single one is unique and, for the most part, very similar products have been advertised for many a decade.

To mention just four of the Company's products, there is a stick vacuum cleaner, a dimmable light bulb, an electric kettle, and a toaster oven.

The Company boasts of having a ten-year history, but, on studying its financials, one has the sneaking suspicion that, prior to the 2017 Financial Year, it was operating in the red.

### **The Initial Public Offering (IPO) Of Vesync Company Ltd**

On or about Tuesday, December 8, 2020, Management of Vesync Company Ltd caused to have published its Global Offering Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

Management was desirous of selling a total of 281 million Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK4.68 to a high of \$HK5.52.

Investors of the HKSAR were offered the opportunity to subscribe to 28.10 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investors is deemed, legally and beneficially, to have equity control (the International Offer Shares tranche) – were induced to subscribe to the remaining 252.90 million Offer Shares.

On Thursday, December 17, 2020, Management caused to make a public Announcement in respect of the Offer Price and the Allotment Results.

In that Announcement, it was stated that the Offer Price Per Share had been struck at \$HK5.52 – the highest level of the Indicative Offer Price range – and that Management anticipated, netting about \$HK1,437.20 million from the Global Offering.

With regard to the HKSAR Offer Shares tranche, one was informed that it had *‘been very significantly over-subscribed’*, with Management, having received 357,999 valid applications for a total of 15,127,408,000 Offer Shares, representing approximately 538 times the 28.10 million Offer Shares, initially available under this tranche.

With regard to the International Offer Shares tranche, one was told that it had *‘been significantly oversubscribed, and an over-allocation of 42,150,000 Shares was made in the International Offering.’*

This Announcement went on to state:

*‘The number of International Offer Shares (including the subscription amount of the Cornerstone Investors) subscribed represented approximately 8.58 times of the total number of 252,900,000 International Offer Shares initially available for subscription under the International Offering.’*

At Page 10 of this Announcement, one was told how the Net Proceeds of the Global Offering were presently intended to be utilised:

- Approximately, 30 percent of the Net Proceeds, that is about \$HK431.20 million, *‘is expected to be used for R&D (Research and Development) of new products and upgrade and iteration of existing products’*;
- Approximately, 25 percent of the Net Proceeds, that is about \$HK\$359.30 million, *‘is expected to be used in expanding the Group’s sales channels and geographic coverage, and enhancing the Group’s brand awareness’*;
- Approximately, 25 percent of the Net Proceeds, that is about \$HK359.30 million, *‘is expected to be used to upgrade the VeSync app into a home IoT (Internet of Things) platform’*;
- Approximately, 10 percent of the Net Proceeds, that is about \$HK143.70 million, *‘is expected to be used in developing and launching smart solutions for business customers, including smart security solutions’*; and,
- Approximately, 10 percent of the Net Proceeds, that is about \$HK143.70 million, *‘is expected to be used for the Group’s general working capital.’*

## **The History And Business Of Vesync Company Ltd**

The history of Vesync Company Ltd can be traced back to the incorporation of Etekcity Corporation, a general stock corporation, incorporated in The United States of America on December 5, 2011.

It was Ms Yang Lin (楊琳), at the age of 38 years, who was said to have been the ‘*brains*’ behind the founding of Vesync Company Ltd.

Etekcity Corporation was originally established in order to sell products online through Amazon\*, ‘*with a focus on small home appliances*’, according to Page 115 of the Global Offering Prospectus.

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