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Smoore International Holdings Limited

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6969)

**PROFIT WARNING
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

This announcement is made by Smoore International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (the “**Period**”).

The board of directors of the Company (the “**Board**”) expected that the profit and total comprehensive income for the Period of the Group will be approximately RMB1,322.4 million to RMB1,554.1 million, representing a decrease by approximately 46.0% to 54.1% as compared to RMB2,878.8 million for the six months ended 30 June 2021 (the “**Comparable Period**”). The decrease was mainly due to: 1) the decrease in revenue as compared to the Comparable Period, which was mainly due to the decrease in revenue from the market in the PRC. In the first quarter of the Period, tightening epidemic prevention and control measures adopted in certain areas in Shenzhen significantly affected production operation in the first quarter. Production operation returned to normal in the second quarter, with revenue increased significantly from the first quarter, but lower than that in the second quarter of the Comparable Period; 2) the decrease in gross profit margin, which mainly resulted from structural changes in products with various gross profit margin; 3) the Group continued to increase investment in research and development, especially the investment in the fundamental research of vaping technology and the field of medical and health, according to its established strategy to enhance long-term competitive advantages and cultivate new growth areas, such that, the research and development expenses in the first half of 2022 increased significantly as compared to the Comparable Period; 4) the Group increased its investment in information systems, organization and procedures, and marketing system construction in the first half of 2022 to cope with future development requirements in the long run and enhance the Group’s management and marketing capabilities, resulting in substantial increase in management expenses and selling expenses as compared to the Comparable Period.

The Group's unaudited profit and total comprehensive income for the period

	2022 <i>(RMB million)</i>	2021	Change
Six months ended 30 June	1,322.4–1,554.1	2,878.8	(46.0%)–(54.1%)

After adjustment, the Group recorded an adjusted net profit¹ as follows:

Unaudited adjusted net profit of the Group

	2022 <i>(RMB million)</i>	2021	Change
Six months ended 30 June	1,374.6–1,606.3	2,975.2	(46.0%)–(53.8%)

The breakdown of adjustment is as follows:

	Six months ended 30 June	
	2022	2021
	<i>(RMB million)</i>	
Share-based payment expenses related to the pre-IPO share option scheme	52.2	96.4

As at the date of this announcement, the Company is still in the process of preparing the interim results of the Group. The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group, which have not been reviewed and confirmed by the independent auditors. The interim results of the Group may differ from the information contained in this announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and to read carefully the interim results announcement of the Group for the six months ended 30 June 2022 which is expected to be released in August 2022.

By Order of the Board
Smoore International Holdings Limited
Mr. Chen Zhiping
Chairman of the Board

Hong Kong, 15 July 2022

As at the date of this announcement, the executive directors are Mr. Chen Zhiping, Mr. Xiong Shaoming and Mr. Wang Guisheng; the non-executive director is Dr. Liu Jincheng; and the independent non-executive directors are Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Liu Jie.

¹ The Company derives adjusted net profit from profit and total comprehensive income for the period by adding back share-based payment expenses related to the pre-IPO share option scheme.