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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)

**REVISION OF ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTION**

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the section headed “Continuing Connected Transactions” of the Prospectus in relation to the Procurement Framework Agreement entered into between the Company, for itself and on behalf of its subsidiaries (as the customer), and EVE Energy, for itself and on behalf of its subsidiaries (as the supplier), pursuant to which EVE Energy would manufacture battery products for the Group. The Procurement Framework Agreement will lapse on 31 December 2022 unless renewed otherwise.

The Group has received increased orders for certain of its products in excess of its forecast and this has necessitated increased orders for battery products supplied by EVE Energy and/or its subsidiaries. Based on current estimations, the original annual cap for 2022 of RMB360,000,000 which was set out in the Prospectus, will no longer be sufficient. As a result, a revised annual cap was proposed for the maximum aggregate annual procurement amount from EVE Energy under the Procurement Framework Agreement for the year ending 31 December 2022 to RMB685,000,000.

The revised annual cap is determined with reference to the following:

- (i) the increase and anticipated increase in orders for certain of the Group’s products which necessitated increased orders for battery products to be supplied by EVE Energy and/or its subsidiaries in the remaining months of 2022; and
- (ii) the historical transaction amount in respect of the battery products procured from EVE Energy and/or its subsidiaries under the Procurement Framework Agreement.

The Company confirms that as at the date of this announcement, the actual transaction amounts for the procurement from EVE Energy and/or its subsidiaries under the Procurement Framework Agreement have not exceeded the annual cap in respect of these transactions.

Pricing and other terms

The terms of the Procurement Framework Agreement have not been changed or modified in any way and the major terms (including the pricing terms) are set out in the section headed “Procurement Framework Agreement with EVE Energy” in the section headed “Continuing Connected Transactions” of the Prospectus.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAP

The Board has been monitoring the performance of the Procurement Framework Agreement. Taking into account the increased and anticipated increase in orders for certain of the Group’s products which necessitated increased orders for battery products to be supplied by EVE Energy, and the historical transaction amount in respect of the battery products procured from EVE Energy and/or its subsidiaries under Procurement Framework Agreement, the Board envisages that the original annual cap for the products procured from EVE Battery and/or its subsidiaries to the Group will not be sufficient to fulfil the transactions that may take place under the Procurement Framework Agreement for the year ended 31 December 2022. Hence, the Board proposed and resolved to the Revision of Annual Cap to satisfy the increasing demand. The Group will continue to conduct periodic reviews of the annual cap and abide by the pricing policy as described in the Prospectus in procuring battery products from EVE Energy and/or its subsidiaries.

In view of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Revision of Annual Cap arises in the ordinary and usual course of business of the Group, is fair and reasonable, and is based on normal commercial terms or better, and is in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

EVE Energy

EVE Energy is listed on the Shenzhen Stock Exchange with stock code 300014, and, together its subsidiaries, is principally engaged in the manufacture of batteries. So far as the Directors are aware, EVE Energy is a leading battery manufacturer and a supplier of battery products for vaping devices.

The Group

The Group is a global leader in offering vaping technology solutions. We mainly operate two business segments: (1) research, design and manufacturing of closed system vaping devices and vaping components for a number of global leading tobacco companies and independent vaping companies, and (2) research, design, manufacturing and sale of self-branded open system vaping devices, or advanced personal vaporizers, for retail clients.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

EVE Energy is a Controlling Shareholder of the Company and is hence a Connected Person of the Company under the Listing Rules. The transaction contemplated under the Procurement Framework Agreement therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As Dr. Liu Jincheng, a non-executive Director, is also the chairman and legal representative of EVE Energy, he had abstained from voting on the board resolutions approving the Revision of Annual Cap and the transaction contemplated thereunder.

Given all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the revised annual cap for the year ending 31 December 2022 under the Procurement Framework Agreement is less than 5%, and that the Board (including the independent non-executive Directors) has confirmed that the Revision of Annual Cap arises in the ordinary and usual course of business of the Group, is fair and reasonable, and is based on normal commercial terms or better, and is in the interests of the Company and its shareholders as a whole, the Revision of Annual Cap is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Board will continue to monitor the performance of the Procurement Framework Agreement and intend to seek shareholders' approval for annual caps for the upcoming three financial years ending 31 December 2025. If the demand for the Group's products is significantly higher than our current forecast, the Company may seek shareholders' approval for a further revised annual cap for the year ending 31 December 2022.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Board”	board of Directors
“Company”	Smooore International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on The Stock Exchange of Hong Kong Limited
“Connected Person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EVE Energy”	EVE Energy Co., Ltd.* (惠州億緯鋰能股份有限公司), a limited liability company established under the laws of the PRC, listed on the Shenzhen Stock Exchange with stock code 300014, a Controlling Shareholder of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Procurement Framework Agreement”	an agreement entered into between the Company, for and on behalf of its subsidiaries, and EVE Energy, for and on behalf of its subsidiaries, on 19 June 2020, the details of which have been disclosed in pages 270 and 271 of the Prospectus
“Prospectus”	the prospectus of the Company dated 29 June 2020
“PRC”	the People’s Republic of China

“Revision of Annual Cap”	the increase of the annual cap from RMB360,000,000 to RMB685,000,000 for the procurement of battery products from EVE Energy and/or its subsidiaries under the Procurement Framework Agreement for the year ended 31 December 2022
“RMB”	the lawful currency of the PRC
“%”	per cent

English translations of company names in Chinese which are marked with “” are for identification purposes only.*

By order of the Board of
Smoores International Holdings Limited
Mr. Chen Zhiping
Chairman of the Board

Hong Kong, 21 September 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Zhiping, Mr. Xiong Shaoming and Mr. Wang Guisheng; the Non-executive Director of the Company is Dr. Liu Jincheng; and the Independent Non-executive Directors of the Company are Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Liu Jie.