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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Smoore International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
AND
RENEWAL OF CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

The notice convening the Extraordinary General Meeting of Smoore International Holdings Limited to be held at First Floor, Building No. 3, No. 16, Dongcai Industrial Zone, Gushu Community, Xixiang Street, Bao'an District, Shenzhen, Guangdong, China on Thursday, 15 December 2022 at 2:00 p.m. is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 2:00 p.m. on Tuesday, 13 December 2022 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.smooreholdings.com>).

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the Extraordinary General Meeting of the Company:

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks, and no handing out of corporate gifts or gift coupons

The Company would like to remind attendees that they should carefully consider the risks of attending the Extraordinary General Meeting, taking into account their own personal circumstances. Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the Extraordinary General Meeting venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the Extraordinary General Meeting by appointing the Chairman of the Extraordinary General Meeting as their proxy and to return their proxy forms by the time specified above, instead of attending the Extraordinary General Meeting in person.

The Company will keep the evolving COVID-19 situation under review and may implement and/or announce additional measures before the date of the Extraordinary General Meeting.

23 November 2022

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Company”	Smooore International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it 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 company established in the PRC in December 2001, listed on the Shenzhen Stock Exchange with stock code 300014, a Controlling Shareholder and one of our suppliers
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at First Floor, Building No. 3, No. 16, Dongcai Industrial Zone, Gushu Community, Xixiang Street, Bao’an District, Shenzhen, Guangdong, China on Thursday, 15 December 2022 at 2:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 39–40 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely, Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Liu Jie, established to make recommendation to the Independent Shareholders in respect of the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than EVE Energy, its associates and Dr. Liu Jincheng, a non-executive Director of the Company, and the chairman and legal representative of EVE Energy
“Latest Practicable Date”	21 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“New 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 4 November 2022
“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

DEFINITIONS

“Proposed Revision of Annual Cap”	the proposed increase of the annual cap from RMB685,000,000 to RMB800,000,000 for the procurement of battery products from EVE Energy and/or its subsidiaries under the Procurement Framework Agreement for the year ending 31 December 2022
“Prospectus”	the prospectus of the Company dated 29 June 2020
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of US\$0.01 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent



Smooore 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)

Executive Directors:

Mr. CHEN Zhiping
Mr. XIONG Shaoming
Mr. WANG Guisheng

Non-executive Director:

Dr. LIU Jincheng

Independent Non-executive Directors:

Mr. ZHONG Shan
Mr. YIM Siu Wing, Simon
Dr. LIU Jie

Registered Office:

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head Office in the PRC:

No. 16, Dongcai Industrial Zone
Gushu Community, Xixiang Street
Bao'an District, Shenzhen
Guangdong, China

Principal Place of Business in Hong Kong:

Office B, 28/F, EGL Tower
No. 83 Hung To Road
Kowloon
Hong Kong

23 November 2022

To the Shareholders

Dear Sir/Madam

**REVISION OF ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTION
AND
RENEWAL OF CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2022 regarding the Proposed Revision of Annual Cap and the renewal of the arrangement under the Procurement Framework Agreement by entering into the New Procurement Framework Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with further information on the Proposed Revision of Annual Cap, the New Procurement Framework Agreement, related information required under the Listing Rules and the resolutions to be proposed at the Extraordinary General Meeting to be held on 15 December 2022.

2. REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the Company's announcement dated 21 September 2022 and 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.

The Group has received 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 annual cap for 2022 of RMB685,000,000 (comprising an original estimate in 2020 of RMB360,000,000, as increased by way of announcement on 21 September 2022 to this annual cap) will not be sufficient. As a result, a revised annual cap of RMB800,000,000 is proposed for the maximum aggregate annual procurement amount from EVE Energy under the Procurement Framework Agreement for the year ending 31 December 2022.

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

- (i) the further increase and anticipated increase in orders for certain of the Group's products, including disposable electronic vaping products, which necessitated increased orders for battery products to be supplied by EVE Energy and/or its subsidiaries in the remaining months of 2022, resulting in an estimated total procurement amount of RMB800,000,000 for the year ending 31 December 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 historical figures of the procurement from EVE Energy under the Procurement Framework Agreement are set out below:

	Year ended 31 December		9 months ended
	2020	2021	30 September 2022
Total procurement amount (RMB)	180,764,000	230,500,000	351,000,000
Historical annual cap (RMB)	240,000,000	300,000,000	685,000,000

LETTER FROM THE BOARD

As mentioned in the Group's 2022 interim report, the first half of 2022 proved somewhat challenging. Despite the complex and dynamic external environment, the Group has maintained its long-term perspective with a focus on the construction of long-term competitiveness. The Group continued to step up efforts in the research and development of core technologies and the improvement of management capability and, specifically, in the first half of 2022, the Group launched a new generation of ceramic coil atomization technology platform Feelm Max to be applied to disposable vaping devices for overseas markets, and correspondingly made available on the overseas market disposable vaping products with higher safety performance and better user experience, which has been recognized by numerous clients in a fast manner and achieved breakthrough sales growth in disposable vaping products. In terms of new product promotion, such efforts resulted in the successful launch of disposable vaping products to overseas markets and such products have notably stood out in the market for their outstanding quality, user experience, safety performance, etc. and quickly won the favour of numerous clients and users immediately after launch. In particular, a large tobacco company client of the Group quickly entered the major European markets through the disposable vaping products produced by the Group and achieved a significant increase in market share in a short period of time. During the first half of 2022, the Group's disposable vaping products realized revenue of RMB319,939,000, representing an increase of 234.5% as compared to RMB95,634,000 for the full year of 2021. With the gradual improvement of the Group's ability in disposable vaping products delivery, we expect the revenue for disposable vaping products for the second half of the year to increase significantly as compared to the first half of the year.

The Group's revenue for the 9 months ended 30 September 2022 from the sale of disposable electronic vaping products are set out below:

	3 months ended 31 March 2022	3 months ended 30 June 2022	3 months ended 30 September 2022
Revenue from the sale of disposable electronic vaping products (RMB)	26,713,000	293,226,000	736,882,000

Note: The abovementioned revenue amounts have been extracted from the Company's unaudited consolidated results for the 9 months ending 30 September 2022.

The Company confirms that as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Reasons for and benefits of the Proposed Revision of Annual Cap

The Board has been monitoring the performance of the Procurement Framework Agreement. Taking into account the further 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 the Procurement Framework Agreement, the Board envisages that the annual cap for the products procured from EVE Battery and/or its subsidiaries by the Group will not be sufficient to fulfil the transactions that may take place under the Procurement Framework Agreement for the year ending 31 December 2022. Hence, the Board proposed to seek Independent Shareholders' approval of the Proposed 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.

3. RENEWAL OF CONTINUING CONNECTED TRANSACTION

In light of the expiry of the term of the Procurement Framework Agreement on 31 December 2022 and to ensure compliance with Chapter 14A of the Listing Rules, the Directors proposed to renew the arrangement by entering into the New Procurement Framework Agreement.

The New Procurement Framework Agreement

The principal terms of the New Procurement Framework Agreement are set out below:

- Date: 4 November 2022
- Parties: (1) EVE Energy, for itself and on behalf of its subsidiaries (as the supplier); and
(2) the Company, for itself and on behalf of its subsidiaries (as the customer).
- Subject matter: The Company (and its subsidiaries) to procure, and EVE Energy (and its subsidiaries) to supply, battery products.
- Term: Subject to the approval of the New Procurement Framework Agreement to be granted by resolution of the Independent Shareholders at the Extraordinary General Meeting, effective from 1 January 2023 and ending on 31 December 2025.

LETTER FROM THE BOARD

Payment terms: The payment terms are not provided under the New Procurement Framework Agreement and will be determined from time to time for each procurement with reference to the historical and the then ongoing arrangements between EVE Energy and the Group and the prevailing market practice.

Pricing policy

The procurement prices for the procurement under the New Procurement Framework Agreement will be determined with reference to the prevailing market price. To ascertain the prevailing market price for the batteries provided by EVE Energy, the Group will obtain comparable batteries quotations from no less than 2 independent third party suppliers shortlisted by us, in order to determine whether viable alternatives of comparable quality are available, before procuring batteries from EVE Energy unless where EVE Energy was specifically designated by the Group's customer as the supplier of the batteries. Where considered appropriate, the Group may consider whether to engage into further negotiation with EVE Energy and these independent third party suppliers to obtain a better price. For similar products, the Group will compare quotations from EVE Energy with other independent third party suppliers to ensure the reasonableness of the procurement prices.

Proposed annual caps and historical figures

The Company proposes to seek approval from the Independent Shareholders for the annual caps under the New Procurement Framework Agreement as follows:

	Financial year ending 31 December		
	2023	2024	2025
Annual cap (RMB)	4,500,000,000	6,000,000,000	7,500,000,000

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

- (1) the potential and anticipated increase in orders for the Group's products, including disposable electronic vaping products, which necessitated increased orders for battery products to be supplied by EVE Energy and/or its subsidiaries in view of the expected long-term growth in the global atomization market and vaping products; and
- (2) the historical transaction amount in respect of the battery products procured from EVE Energy and/or its subsidiaries under the Procurement Framework Agreement.

The increase in sales of disposable electronic vaping products has been referred to above. To recap, upon the Group's launch of a new generation of ceramic coil atomization technology platform Feelm Max to be applied to disposable vaping devices for overseas markets in the first half of 2022, the Group has achieved breakthrough sales growth in disposable vaping

LETTER FROM THE BOARD

products. The increase in revenue from the sale of disposable electronic vaping products from the 3 months ended 31 March 2022 to the 3 months ended 30 June 2022 represented a 997.7% increase, and the revenue increase from the 3 months ended 30 June 2022 to the 3 months ended 30 September 2022 represented a 151.3% increase.

As disclosed in the Group's 2022 interim report, in response to the market demand, the Group launched many new disposable vaping products in major overseas markets in the first half of 2022. Relying on the Group's accumulated technological and manufacturing leadership, especially in the newly launched ceramic heating element technology platform for disposable vaping products, these products have notably stood out in the market for their outstanding quality, user experience, safety performance, etc. and quickly won the favour of numerous clients and users immediately after launch. Specifically, given the disposable and one time use nature of disposable electronic vaping products, the number of batteries required would increase when compared to other electronic vaping products where the battery can be reused over a longer product life.

As a global leader in offering vaping technology solutions and the world's largest manufacturer of vaping devices in 2021, it is the Group's strategy to build on its leading technology and manufacturing capabilities to achieve further breakthrough in terms of revenue and market share in the disposable electronic vaping products market. The Company expects continued growth in its sales in the disposable vaping products market.

Based on the above, the Directors (including the independent non-executive Directors) considered that the proposed annual caps above is fair and reasonable.

Reasons for and benefits of the New Procurement Framework Agreement

EVE Energy has good reputation for its battery products which can meet the quality standards required by us and our customers. EVE Energy has been a long term and reliable supplier of our Group.

In view of the aforesaid, the Directors (including the independent non-executive Directors whose opinion will be given after receiving advice from the Independent Financial Adviser) are of the view that the terms of the New Procurement Framework Agreement is 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.

4. OTHER RELATED INFORMATION

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 transactions contemplated under each of the Procurement Framework Agreement and the New Procurement Framework Agreement therefore constitutes 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 Proposed Revision of Annual Cap, the New Procurement Framework Agreement and the transactions contemplated thereunder.

Given 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 exceed 5%, the Proposed Revision of Annual Cap is subject to the circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Similarly, given the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps for the three years ending 31 December 2023, 2024 and 2025 under the New Procurement Framework Agreement exceed 5%, the New

LETTER FROM THE BOARD

Procurement Framework Agreement and the transactions contemplated thereunder is subject to the circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In light of EVE Energy's involvement in the transactions contemplated under the Procurement Framework Agreement and the New Procurement Framework Agreement, EVE Energy and its associates will abstain from voting on the resolutions to approve the Proposed Revision of Annual Cap and the terms of and the proposed annual caps in relation to the transactions under the New Procurement Framework Agreement at the Extraordinary General Meeting. Since Dr. Liu Jincheng, a non-executive Director, is also the chairman and legal representative of EVE Energy, he will also abstain from voting on the resolutions at the Extraordinary General Meeting.

As at the Latest Practicable Date, EVE Energy is interested 1,901,520,000 Shares, being 31.29% of the total number of issued Shares. These are shares beneficially owned by EVE Battery Investment Ltd. EVE Battery Investment Ltd is wholly owned by EVE Asia Co., Limited, which is a wholly owned subsidiary of EVE Energy.

As at the Latest Practicable Date, Dr. Liu Jincheng is interested in 1,950,240,000 Shares, being 32.09% of the total number of issued Shares. Dr. Liu Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which directly holds 48,720,000 Shares. In addition, Dr. Liu through EVE Energy and EVE Asia Co., Limited controls EVE Battery Investment Ltd., which directly holds 1,901,520,000 Shares. Accordingly, Dr. Liu is deemed to be interested in an aggregate of 1,950,240,000 Shares.

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Zhong Shan, Mr. Yin Siu Wing, Simon and Dr. Liu Jie, has been established to advise the Independent Shareholders in relation to the Proposed Revision of Annual Cap and the New Procurement Framework Agreement.

The letter from the Independent Board Committee to the Independent Shareholders is set out at Appendix I of this circular.

Independent Financial Adviser

Altus Capital Limited has been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Proposed Revision of Annual Cap and the New Procurement Framework Agreement.

The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders are set out in Appendix II of this circular.

LETTER FROM THE BOARD

5. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Extraordinary General Meeting is set out on pages 39–40 of this circular. The Register of Members of the Company will be closed from Monday, 12 December 2022 to Thursday, 15 December 2022, both days inclusive, for the entitlement to attend and vote at the Extraordinary General Meeting, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 9 December 2022.

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the Extraordinary General Meeting. An announcement on the poll results will be published by the Company on websites of the Company and the Stock Exchange after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.smooreholdings.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 2:00 p.m. on Tuesday, 13 December 2022 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

7. RECOMMENDATION

Taking into account the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and all other factors stated above as a whole, the Directors (including the independent non-executive Directors) are of the opinion that the Proposed Revision of Annual Cap and the terms of the New Procurement Framework Agreement are on normal commercial terms, are fair and reasonable, are in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

As such, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

By order of the Board
Smoore International Holdings Limited
Mr. CHEN Zhiping
Chairman of the Board

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in relation to the Proposed Revision of Annual Cap and the New Procurement Framework Agreement, the transactions contemplated thereunder and the relevant annual caps as set out in the circular.



Smooore 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 AND RENEWAL OF CONTINUING CONNECTED TRANSACTION

23 November 2022

To the Independent Shareholders

Dear Sir/Madam,

We refer to the circular issued by Smooore International Holdings Limited to the Shareholders dated 23 November 2022 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise you on (a) the Proposed Revision of Annual Cap, and (b) the terms of the New Procurement Framework Agreement, the transactions contemplated thereunder and the relevant annual cap as set out in the Circular, as to their fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve them.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 16–31 of the Circular.

RECOMMENDATION

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to (a) the Proposed Revision of Annual Cap, and (b) the terms of the New Procurement Framework Agreement, the transactions contemplated thereunder and the relevant annual cap as set out in the Circular.

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that both (a) the Proposed Revision of Annual Cap, and (b) the terms of the New Procurement Framework Agreement, the transactions contemplated thereunder and the relevant annual cap as set out in the Circular, are fair and reasonable and that the continuing connected transactions contemplated under the Procurement Framework Agreement and the New Procurement Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to support and to vote in favour of the resolutions to approve (a) the Proposed Revision of Annual Cap, and (b) the terms of the New Procurement Framework Agreement, the transactions contemplated thereunder and the relevant annual cap as set out in the Circular.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Smoore International Holdings Limited
Zhong Shan
Yim Siu Wing, Simon
Liu Jie
Independent Non-executive Directors

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps), which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

23 November 2022

To the Independent Board Committee and the Independent Shareholders

Smoores International Holdings Limited

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Hong Kong

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps), details of which are set out in the “Letter from the Board” contained in the circular dated 23 November 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Company’s announcement dated 21 September 2022 and 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 come to the end of its existing term on 31 December 2022. Based on the current estimations, the annual cap for 2022 of RMB685,000,000 (comprising an original estimate in 2020 of RMB360,000,000 per year, as increased by way of announcement on 21 September 2022 to this annual cap) will not 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 RMB800,000,000.

In addition, in light of the expiry of the term of the Procurement Framework Agreement on 31 December 2022 and to ensure compliance with Chapter 14A of the Listing Rules, the Directors proposed to renew the arrangement by entering into the New Procurement Framework Agreement for a term of three years commencing from 1 January 2023 and expiring on 31 December 2025. The proposed annual caps for the years ending 31 December 2023, 2024 and 2025 are RMB4,500,000,000, RMB6,000,000,000 and RMB7,500,000,000 respectively (the “**Proposed Annual Caps**”).

LISTING RULES IMPLICATIONS

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

Given 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 exceed 5%, the Proposed Revision of Annual Cap is subject to the circular, independent financial advice and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Similarly, given the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps for the three years ending 31 December 2023, 2024 and 2025 under the New Procurement Framework Agreement exceed 5%, the New Procurement Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are subject to the circular, independent financial advice and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of all the independent non-executive Directors namely Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Liu Jie has been established to advise the Independent Shareholders as to (i) whether the New Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the New Procurement Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; (iii) whether the Proposed Revision of Annual Cap and the Proposed Annual Caps have been fairly and reasonably arrived at; and (iv) how

the Independent Shareholders should vote in respect of the resolutions to be proposed at the Extraordinary General Meeting after taking into account the recommendation from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the New Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the New Procurement Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; (iii) whether the Proposed Revision of Annual Cap and the Proposed Annual Caps have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the resolutions to be proposed at the Extraordinary General Meeting.

We have not acted as an independent financial adviser or financial adviser for the Company's other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that the remuneration for our engagement to opine on the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are at market level and not conditional upon successful passing of the resolutions to be proposed at the Extraordinary General Meeting, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Procurement Framework Agreement; (ii) the New Procurement Framework Agreement; (iii) the relevant section of the prospectus of the Company dated 29 June 2020 relating to the continuing connected transaction contemplated under the Procurement Framework Agreement; (iv) the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"); (v) the interim report of the Company for the six months ended 30 June 2022 (the "**2022 Interim Report**"); (vi) the announcement of the Company dated 21 September 2022 in relation to the revision of annual cap for the transactions contemplated under the Procurement Framework Agreement for 2022; and (vii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the Extraordinary General Meeting. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of

giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1. Principal businesses of the Group and EVE Energy

Information of the Group

The Group is a global leader in offering vaping technology solutions mainly through 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.

Information of EVE Energy

EVE Energy is a Controlling Shareholder of the Company. According to the 2021 Annual Report, it was also one of the Group's top five suppliers during the year ended 31 December 2021. EVE Energy is listed on the Shenzhen Stock Exchange with stock code 300014, and, together with its subsidiaries, are 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.

1.2. The previous procurement framework agreement

According to the Prospectus, due to EVE Energy having been a long term and reliable supplier of the Group since 2011 and its good reputation in meeting the quality standards for battery products required by the Group and its customers, the Company entered into the Procurement Framework Agreement with EVE Energy on 19 June 2020 prior to the Company's listing on the Main Board of the Stock Exchange on 10 July 2020 (the "Listing") in compliance with Chapter 14A of the Listing Rules.

As the Procurement Framework Agreement will expire on 31 December 2022, the Company entered into the New Procurement Framework Agreement with EVE Energy on 4 November 2022 to continue such long-term relationship. Subject to the approval by the Independent Shareholders at the Extraordinary General Meeting, the New Procurement Framework Agreement is expected to take effect from 1 January 2023 and be valid until 31 December 2025.

2. Reasons for and benefits of the Proposed Revision of Annual Cap and the New Procurement Framework Agreement

Taking into account the principal activities of the Group and EVE Energy as described in the paragraph headed "1.1. Principal businesses of the Group and EVE Energy" above, we believe that it is in the ordinary and usual course of business of the Group to purchase battery products from suppliers (including EVE Energy and/or its subsidiaries) for its production of vaping devices.

According to the "Letter from the Board" of the Circular, taking into account the expected increase in orders for certain of the Group's products (namely disposable electronic vaping products as further elaborated below) which necessitated increased orders for battery products to be supplied by EVE Energy, the Management believes that the existing annual cap will not be sufficient and therefore, proposed an increase in annual cap for 2022.

We understand from the Management that the Group has successfully launched disposable electronic vaping products to overseas markets in the first half of 2022. The revenue from the sale of disposable electronic vaping products have grown significantly from approximately RMB95,634,000 in the full year of 2021 to approximately RMB319,939,000 in the first six months of 2022 (representing an approximately 234.5% increase), leading to a substantial increase in orders for battery products supplied by EVE Energy to support the increasing demand. According to the paragraph headed "2. Revision of annual cap for continuing connected transaction" in the "Letter from the Board" of the Circular, the Group has received orders for certain of its products in excess of its original 2022 forecast, which has necessitated increased orders for battery products supplied by EVE Energy and/or its subsidiaries, the Management believes that the current annual cap for transactions contemplated under the Procurement Framework Agreement of RMB685,000,000 for 2022 will not be sufficient. As a result, a revised annual cap of RMB800,000,000 was proposed for 2022 as the maximum aggregate annual procurement amount from EVE Energy under the Procurement Framework Agreement.

In view of the actual usage and the anticipated increase in demand, the revision of annual cap for 2022 is to cater for the business needs of the Group. Therefore, the Management believes and we concur that the Proposed Revision of Annual Cap is in the interests of the Company and its Shareholders as a whole. For our view on the fairness and reasonableness of the Proposed Revision of Annual Cap, please refer to the paragraph headed “4.2. Proposed Revision of Annual Cap and the Proposed Annual Caps” below.

As the Procurement Framework Agreement will expire on 31 December 2022, the New Procurement Framework Agreement represents a continuation of the existing arrangement in respect of the Group’s procurement of battery products from EVE Energy and/or its subsidiaries during the Group’s ordinary and usual course of business. With reference to the Prospectus, the Group has been procuring battery products from EVE Energy for over a decade. With the long-term business relationship and proven track record in business transactions between the Group and EVE Energy, we understand from the Management that the battery products manufactured by EVE Energy have been always of high quality satisfying the Group’s and its customers’ need with relatively competitive prices. In view of the past operational convenience and benefits brought to the Group, the continuity of the business relationship with EVE Energy is beneficial to the long-term development of the Group. As such, the Management believes and we concur that the transactions contemplated under the New Procurement Framework Agreement will continue to be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

3. The New Procurement Framework Agreement

To assess the fairness and reasonableness of the New Procurement Framework Agreement, we have considered the followings:

3.1. Principal terms of the New Procurement Framework Agreement

The principal terms of the New Procurement Framework Agreement are summarised below. For details, please refer to the paragraph headed “The New Procurement Framework Agreement” in the “Letter from the Board” of the Circular.

Subject matter: The Company (and its subsidiaries) to procure, and EVE Energy (and its subsidiaries) to supply, battery products.

Term: Subject to the approval of the New Procurement Framework Agreement to be granted by resolution of the Independent Shareholders at the Extraordinary General Meeting, effective from 1 January 2023 and ending on 31 December 2025.

Pricing policy: The procurement prices for the procurement under the New Procurement Framework Agreement will be determined with reference to the prevailing market price. To ascertain the prevailing market price for the batteries provided by EVE Energy, the Group will obtain comparable batteries quotations from no less than two independent third party suppliers shortlisted by the Group, in order to determine whether viable alternatives of comparable quality are available, before procuring batteries from EVE Energy unless where EVE Energy was specifically designated by the Group's customer as the supplier of the batteries. Where considered appropriate, the Group may consider whether to engage into further negotiation with EVE Energy and these independent third party suppliers to obtain a better price. For similar products, the Group will compare quotations from EVE Energy with other independent third party suppliers to ensure the reasonableness of the procurement prices.

We noted that the Group has established internal control measures to monitor the implementation of pricing policy of the transactions contemplated under the New Procurement Framework Agreement including comparing the procurement price with independent third party suppliers to ensure the pricings and terms offered by EVE Energy are fair, reasonable and no less favourable than those available from independent third party suppliers.

In this regard, we have obtained the full list of transactions entered into between the Group and EVE Energy and/or its subsidiaries during the two years ended 31 December 2021 and the nine months ended 30 September 2022 and selected a total of 30 samples of transactions contemplated under the Procurement Framework Agreement for review (the "**Procurement Samples**"). The Procurement Samples are selected based on (i) top five procurement transactions (in terms of procurement amount); and (ii) five randomly selected procurement transactions, for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 respectively. We have compared the unit prices and payment terms of the Procurement Samples with the unit prices and payment terms offered by independent third party suppliers corresponding to each of the Procurement Samples provided by the Company (where applicable, except for those transactions where the suppliers of the relevant battery products had been determined before the Listing or where EVE Energy was specifically designated by the customer as the battery products supplier) and noted that the unit prices and payment terms offered by EVE Energy and/or its subsidiaries were no less favourable than those offered by independent third party suppliers. Considering the Procurement Samples obtained and reviewed cover the period of Procurement Framework Agreement as well as various types of battery products procured from EVE Energy, we believe the sample size is sufficient. As such, we are of the view that the Group's internal control had been adhered to comply with the aforementioned pricing policy for the procurement transactions conducted with EVE Energy and/or its subsidiaries. We also believe

there exist procedures to ensure the transactions contemplated under the New Procurement Framework Agreement will be continuously carried out on normal commercial terms and with reference to the aforementioned pricing policy and accordingly, fair and reasonable.

In addition, we have also considered the fact that the New Procurement Framework Agreement does not create any obligation on the Group to procure battery products from EVE Energy and/or its subsidiaries. As such, the Group will have the flexibility to opt for other suppliers if pricings and terms are more favourable than those offered by EVE Energy and/or its subsidiaries.

In light of the above, we consider the terms of the New Procurement Framework Agreement are on normal commercial terms and are fair and reasonable.

3.2. Internal control measures

We have obtained and reviewed the Group's internal control measures in relation to the New Procurement Framework Agreement and noted that the procurement department of the Group will obtain quotations for comparable batteries from no less than two independent third party suppliers shortlisted and approved by the Group (where applicable) to ascertain the prices of batteries provided by EVE Energy are no less favourable to the Group than those available from independent third parties. The Group will also compare the prices of batteries provided by EVE Energy with the prices the Group agreed with other independent third party suppliers for similar products to ensure the terms with EVE Energy are no less favourable to the Group than those available from independent third party suppliers.

In this regard, as mentioned in the paragraph headed "3.1. Principal terms of the New Procurement Framework Agreement" above, we have obtained and reviewed a total of 30 Procurement Samples which are selected based on top five procurement transactions and five randomly selected procurement transactions for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 respectively. We noted that the unit prices and payment terms offered by EVE Energy and/or its subsidiaries were no less favourable than those offered by independent third party suppliers (where applicable). As such, we consider the Group's internal control has been adhered to and comply with the pricing policy for the procurement transactions conducted with EVE Energy and/or its subsidiaries.

Further, the auditors and the independent non-executive Directors will conduct annual review pursuant to the requirements of Chapter 14A. In this regard, we noted from the 2021 Annual Report that the auditors and independent non-executive Directors had conducted annual review of the transactions contemplated under the Procurement Framework Agreement and there were no findings under such annual review.

In view of the above, the Management is of the view and we concur that the Group's internal control measures in relation to the New Procurement Framework Agreement are adequate and reasonable.

4. PROPOSED ANNUAL CAPS

4.1. Existing annual caps and historical variances

The following table summarises (i) the historical amounts of procurement from EVE Energy pursuant to the Procurement Framework Agreement; and (ii) the corresponding annual caps approved, for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 respectively.

	For the year ended 31 December		For the nine months ended
	2020	2021	30 September 2022
Total procurement amount (RMB)	180,764,000	230,500,000	351,000,000
Historical annual cap (RMB)	240,000,000	300,000,000	685,000,000 (for the year ending 31 December 2022)
Utilisation rate	75.3%	76.8%	51.2% ^(Note)

Note: This utilisation rate is calculated based on (i) historical procurement amount for the nine months ended 30 September 2022; and divided by (ii) the historical annual cap for the year ending 31 December 2022.

As shown in the above table, the utilisation rates of historical annual caps were relatively high at approximately 75.3% and 76.8% for the two years ended 31 December 2021 respectively. For the nine months ended 30 September 2022, the actual procurement amount represented approximately 51.2% of the historical annual cap for the year ending 31 December 2022. Whilst the utilisation rate is only around 51.2%, considering amongst others, the Group's procurement amount from EVE Energy in the third quarter of 2022 already exceeded the first six months' figure, the Management expects and we concur that the procurement amount in the fourth quarter will continue to be significant. For our further analysis in relation to the Proposed Revision of Annual Cap, please refer to the paragraph headed "4.2. Proposed Revision of Annual Cap and the Proposed Annual Caps" below.

In terms of actual procurement amount, an increasing trend could be observed since 2020. In 2021, the Group's procurement amount of battery products from EVE Energy was approximately RMB230,500,000, representing an increase of approximately 27.5% from approximately RMB180,764,000 in 2020, which in general in line with the Group's business growth as noted in the 2021 Annual Report.

The procurement amount then increased substantially in 2022 (up to date), which amounted to approximately RMB351,000,000 for the nine months ended 30 September 2022 and represented a significant increase of approximately 52.3% as compared to the full year figure in 2021. We noted from the 2022 Interim Report that the Group's procurement amount from EVE Energy for the six months ended 30 June 2022 was approximately RMB169,781,000, which means in the third quarter alone the Group's procurement amount grew substantially to approximately RMB181,219,000. We understand from the Management that such significant increase in procurement amount of battery products from EVE Energy was mainly derived from the increasing demand for the Group's disposable electronic vaping products, in which the Group firstly launched such products in the overseas markets in the first half of 2022. The Management further advised that since the aforesaid launch of disposable electronic vaping products, the sales of which have grown significantly. In this regard, we noted from the 2022 Interim Report that during the six months ended 30 June 2022, the Group's revenue recognised from disposable products amounted to approximately RMB319,939,000, representing a significant increase of approximately 234.5% as compared to approximately RMB95,634,000 in the full year of 2021. We also noted from the 2022 Interim Report that a large tobacco company client of the Group quickly entered into the major European markets through the disposable products produced by the Group in the first half of 2022 and achieved a significant increase in market share in a short period of time, which in turn drove the Group's substantial demand for battery products from EVE Energy. We have further obtained the quarterly breakdown of the Group's sale of disposable electronic vaping products during the nine months ended 30 September 2022 and noted that the sales (in terms of both quantities and sales amount) have been increasing substantially since the second quarter of 2022 and achieving a quarter-on-quarter ("QoQ") growth of over 100%. As mentioned in the paragraph headed "2. Revision of annual cap for continuing connected transaction" in the "Letter from the Board" of the Circular, the Group's revenue from sale of disposable electronic vaping products increased by approximately 997.7% from approximately RMB26,713,000 in the first quarter of 2022 to approximately RMB293,226,000 in the second quarter of 2022, then further increased by approximately 151.3% to approximately RMB736,882,000 in the third quarter of 2022. Such increase in demand in turn necessitate the Group's increased order for battery products supplied by EVE Energy and/or its subsidiaries.

In view of the recent growth in demand for the Group's products, in particular, the disposable electronic vaping products, the Management has proposed to increase the existing annual cap for 2022 and a higher annual caps for the three years ending 31 December 2025 than the historical annual caps as stated in the above table to cater for the business needs and expansion of the Group.

4.2. Proposed Revision of Annual Cap and the Proposed Annual Caps

The following table sets out the Proposed Revision of Annual Cap and the Proposed Annual Caps.

	For the year ending 31 December			
	2022	2023	2024	2025
Historical annual cap (RMB)	685,000,000	—	—	—
Proposed Revision of Annual Cap (RMB)	800,000,000	—	—	—
Proposed Annual Caps (RMB)	—	4,500,000,000	6,000,000,000	7,500,000,000

Proposed Revision of Annual Cap

In determining the above Proposed Revision of Annual Cap for 2022, we understand from the Management that the Company has taken into consideration:

- (i) the further increase and anticipated increase in orders for certain of the Group's products, including disposable electronic vaping products, which necessitated increased orders for battery products to be supplied by EVE Energy and/or its subsidiaries in the remaining months of 2022, resulting in an estimated total procurement amount of RMB800,000,000 for the year ending 31 December 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.

In assessing the fairness and reasonableness of the Proposed Revision of Annual Cap for 2022, we have discussed with the Management and obtained the relevant workings for review, which show amongst others, the monthly actual and forecasted breakdown of procurement amount of battery products from EVE Energy in 2022.

We noted from the relevant workings that the Proposed Revision of Annual Cap is calculated based on the sum of (i) actual procurement amount of battery products from EVE Energy for the nine months ended 30 September 2022; and (ii) expected procurement amount of battery products from EVE Energy for the three months ending 31 December 2022. We also noted that the further anticipated increase in procurement amount is mainly related to the procurement of batteries for disposable electronic vaping products; while the procurement of other battery products from EVE Energy is expected to remain relatively stable in the fourth quarter of 2022 on a QoQ basis. According to the Management, the expected procurement amount of batteries for disposable electronic vaping products in the fourth quarter of 2022 is mainly derived based on the historical procurement amounts and the corresponding growth rates during the first to third quarters of 2022 with reference to the growth of the Group's sale of disposable electronic vaping products during the same period of time. In this regard, we have performed analysis on the relevant workings and noted that the procurement amount from EVE Energy in relation to batteries for disposable electronic vaping products has been increasing substantially since the second quarter of 2022 and achieving a QoQ growth of over 100%. As mentioned in the paragraph headed "4.1. Existing annual caps and historical variances" above, the Group's sales of disposable electronic vaping products also achieved similar pace of growth. Further, we noted that a large tobacco company client of the Group has indicated in their latest half year report that they have rapid market roll out plans for their disposable products in Europe in the second half of 2022, which in turn may continue to drive the Group's demand for batteries for disposable electronic vaping products. In light of the above, as well as considering the Group's procurement amount from EVE Energy in the third quarter of 2022 of approximately RMB181,219,000 already exceeded the first six months' figure of approximately RMB169,781,000 as abovementioned, the Management expects and we concur that the procurement amount in the fourth quarter will continue to be significant, which in turn necessitate an increase in maximum procurement amount of battery products from EVE Energy by approximately 16.8% from RMB685,000,000 to RMB800,000,000 to support the business needs.

In addition to the above, considering (i) the Group is not obliged under the Procurement Framework Agreement to use up the Proposed Revision of Annual Cap; (ii) the Proposed Revision of Annual Cap can provide flexibility for the Group to continue procuring battery products from EVE Energy in view of the potential business needs as and when necessary; and (iii) there exists internal control measures to ensure the Group will only procure battery products from EVE Energy when the procurement prices are no less favourable than those offered by independent third party suppliers (where applicable), we are of the view that the Proposed Revision of Annual Cap, which has been determined with reference to the actual procurement amounts from EVE Energy and the corresponding growth rates, as fair and reasonable.

Proposed Annual Caps

In determining the above Proposed Annual Caps for 2023 to 2025, we understand from the Management that the Company has taken into consideration:

- (i) the potential and anticipated increase in orders for the Group's products, including disposable electronic vaping products, which necessitated increased orders for battery products to be supplied by EVE Energy and/or its subsidiaries in view of the expected long-term growth in the global atomization market and vaping products; 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.

In assessing the fairness and reasonableness of the Proposed Annual Caps for 2023 to 2025, we have discussed with the Management and obtained the relevant workings for review, which show amongst others, the calculation basis of the Proposed Annual Caps.

We noted from the relevant workings that the significant increase in procurement amount in 2023 to 2025 is mainly due to the procurement of battery products for disposable electronic vaping products, in which the expected amount accounts for more than 90% of the Proposed Annual Caps. In light of the above, we have discussed with the Management and understand that such growth is mainly determined with reference to (i) the expected growth of the global disposable electronic vaping products market; and (ii) the expected growth of the Group's market share in the global disposable electronic vaping products market. Such expected growth in turn necessitate corresponding increase in demand for battery products to be supplied by EVE Energy.

In respect of the global market growth, we noted from the Management that the Company has from time to time commissioned Frost & Sullivan to conduct market research on the global vaping device market. As an independent market research and consulting company, Frost & Sullivan provides industry consulting services, commercial due diligence, and strategic consulting services to both institutional investors and corporations. We also noted from the Prospectus that Frost & Sullivan was the industry consultant to the Company for the Listing. In this regard, we have obtained and reviewed the latest market research conducted by Frost & Sullivan (the "**Sullivan Research**") and noted that the global market size of disposable electronic vaping products has expanded drastically over the past few years and is expected to grow at a compound growth rate of approximately 33.6% in terms of shipment units from approximately 1.6 billion in 2022 to approximately 3.9 billion in 2025. Also according to the Sullivan Research, such significant growth is mainly due to the increasing popularity of disposable electronic vaping product as it is easy to use, which does not need setting up, refilling or recharging, and it is cheaper in comparison to refillable vaping device. According to the Sullivan Research, Frost & Sullivan has conducted primary research which involved

discussing and conducting interviews with leading industry participants, as well as secondary research which involved reviewing company reports, independent research reports and its own research database.

In respect of the Group's market share growth, we understand from the Management that it is the Group's target to become one of the largest manufacturers in the global disposable electronic vaping products market within the next three years. In this regard, we have obtained the latest available information in relation to the Group's existing market share in the global disposable electronic vaping products market. We noted that in just a few months since the Group first launched its disposable electronic vaping products in the overseas markets in the first half of 2022, the Group has grown rapidly and achieved a double-digit market share based on the total shipment of disposable electronic vaping products in September 2022. In addition, we understand from the Management that it is the strategy of the Group to continue dedicating resources for its expansion in the global disposable electronic vaping products market, with an aim to become one of the top players. We have obtained the competitive landscape information from the Company and noted that the current largest manufacturer in the global disposable electronic vaping products market is an unlisted company based in the PRC, with a market share significantly higher than that of the Group. The Management believes that the Group has the necessary resources, capabilities, experience and technical strength to compete with major competitors in this industry and to continue achieving substantial growth in market share. In this regard, we noted from the 2021 Annual Report that the Group was the world's largest manufacturer of vaping devices in 2021, whose market share has increased from approximately 18.9% in 2020 to approximately 22.8% in 2021. In addition, we also noted from the Sullivan Research that the Group's market share in the global disposable electronic vaping products market in terms of shipment units is expected to be approximately 11.2% in the full year of 2022, and is expected to further increase to around 30% in the next three years. In light of the above, in particular, (i) the Group's actual pace of growth in market share; (ii) the Group's overall strategic focus as abovementioned; and (iii) the Group's consolidated strength as demonstrated by the market ranking, we concur with the Management that it is reasonable to expect further growth of the Group's market share in the global disposable electronic vaping products market in the next three years, which in turn, require additional battery products to support the business expansion.

To sum up, based on the relevant workings and our discussion with the Management, we noted that the expected significant increase in maximum procurement amount of battery products from EVE Energy to RMB4,500,000,000 in 2023 is mainly due to the global market growth as well as the Management's expectation and the Group's target to continue achieving substantial increase in market share in the global disposable electronic vaping products market, in particular, taking into account (i) the expected global market size of disposable electronic vaping products of approximately 2.9 billion units in 2023 as noted in the Sullivan Research; (ii) the Group's targeted market share of around 30%; and (iii) the average unit price of battery products of approximately RMB5.5. Thereafter, the growth of maximum procurement amount of battery products from EVE Energy in 2024 and 2025 are expected to be mainly driven by market growth. In this regard, we noted that the expected year-on-year growth in maximum procurement amount of approximately 33.3% from 2023 to 2024 and approximately 25.0% from 2024 to 2025 are within the expected compound growth rate of global market size of the disposable electronic vaping products of approximately 33.6% as abovementioned, and is therefore, fair and reasonable.

In addition to the above, considering (i) the Group is not obliged under the New Procurement Framework Agreement to utilise the Proposed Annual Caps; (ii) the Proposed Annual Caps can provide flexibility for the Group to procure battery products from EVE Energy to support its business growth as and when necessary; and (iii) there exists internal control measures to ensure the Group will only procure battery products from EVE Energy when the procurement prices are no less favourable than those offered by independent third party suppliers (where applicable), we are of the view that by determining the Proposed Annual Caps with reference to the expected growth of market size and the Group's market share, as fair and reasonable.

RECOMMENDATION

Having considered the above principal factors, we are of the view of that (i) the New Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the New Procurement Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; and (iii) the Proposed Revision of Annual Cap and the Proposed Annual Caps are fairly and reasonably determined.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the Proposed Revision of Annual Cap and the New Procurement Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors, the table below lists out the Directors or chief executives of the Company who had or deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Name of Directors or chief executives	Notes	Capacity	Number of Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
Chen Zhiping	(2)	Interest in controlled corporation	2,045,635,600	33.66%
	(3)	Interest of concert party	280,201,400	4.61%
	(4)	Beneficial owner	28,073,000	0.46%
	(5)	Others	234,000	0.0038%
Xiong Shaoming	(6)	Interest in controlled corporation	280,201,400	4.61%
	(7)	Interest of concert party	1,997,635,600	32.87%
	(8)	Beneficial owner	234,000	0.0038%
	(9)	Others	76,073,000	1.25%
Liu Jincheng	(10)	Interest in controlled corporation	1,950,240,000	32.09%
	(11)	Interest in controlled corporation (short position)	59,578,907	0.98%

Name of Directors or chief executives	<i>Notes</i>	Capacity	Number of Shares interested	Approximate percentage of the total number of issued Shares <i>(Note 1)</i>
Wang Guisheng	(12)	Interest in controlled corporation	9,600,000	0.16%
	(13)	Beneficial owner	2,533,000	0.041%

Notes:

- (1) The percentage is calculated based on the total number of Shares in issue as at the Latest Practicable Date, which was 6,078,001,220 Shares.
- (2) Mr. Chen Zhiping holds all the issued shares of SMR & Alon Limited and CZPGJ Holding Limited, which in turn directly holds 1,997,635,600 Shares and 48,000,000 Shares respectively. Accordingly, Mr. Chen is deemed to be interested in the 2,045,635,600 Shares held by SMR & Alon Limited and CZPGJ Holding Limited.
- (3) Mr. Chen Zhiping is deemed to be interested in 280,201,400 Shares that Mr. Xiong Shaoming is interested in under the Concert Party Agreement entered into between Mr. Chen Zhiping and Mr. Xiong Shaoming on 11 December 2019 (the “**Concert Party Agreement**”) pursuant to section 317 of the SFO.
- (4) These Shares represent the Shares to be issued upon the exercise of pre-IPO share options of the Company granted to Mr. Chen Zhiping. In addition, subject to the pre-IPO share option scheme of the Company and pursuant to an undertaking dated 1 May 2020, Mr. Chen has irrevocably and unconditionally undertaken to our Company that he would only exercise the pre-IPO share options of the Company granted to and vested with him when the market capitalization of our Company reaches or exceeds HK\$110 billion.
- (5) Mr. Chen Zhiping is deemed to be interested in 234,000 Shares that Mr. Xiong Shaoming is interested in apart from the Concert Party Agreement pursuant to section 318 of the SFO.
- (6) Mr. Xiong Shaoming holds all the issued shares of Andy Xiong Holding Limited, which in turn directly holds 280,201,400 Shares. Accordingly, Mr. Xiong is deemed to be interested in the 280,201,400 Shares held by Andy Xiong Holding Limited.
- (7) Mr. Xiong Shaoming is deemed to be interested in 1,997,635,600 Shares that Mr. Chen Zhiping is interested in under the Concert Party Agreement pursuant to section 317 of the SFO.
- (8) These Shares represent the Shares to be issued upon the exercise of the post-IPO share option scheme of the Company granted to Mr. Xiong Shaoming.
- (9) Mr. Xiong Shaoming is deemed to be interested in 76,073,000 Shares that Mr. Chen Zhiping is interested in apart from the Concert Party Agreement pursuant to section 318 of the SFO.

- (10) Dr. Liu Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which in turn directly holds 48,720,000 Shares. In addition, Dr. Liu through EVE Energy and EVE Asia Co., Limited controls EVE Battery Investment Ltd., which in turn directly holds 1,901,520,000 Shares. Accordingly, Dr. Liu is deemed to be interested in an aggregate of 1,950,240,000 Shares.
- (11) As disclosed in the Company's announcements dated 12 November 2021, 30 June 2022 and 4 November 2022, pursuant to a subscription agreement entered into by EVE Energy and EVE Battery Investment Ltd for US\$350,000,000 Secured Guaranteed Exchangeable Bonds due 2026 (the "**Bonds**"), subject to the right of the issuer of the Bonds (i.e. EVE Battery) to make a cash election, holders of the Bonds are entitled to request EVE Battery and EVE Energy to deliver or procure the delivery of a pro rata share of the Exchange Property (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) upon exercise of their exchange right in respect of their Bonds at an initial exchange price of HK\$46.58 per Share, subject to further adjustment upon occurrence of certain events enumerated in the Terms and Conditions. As at the Latest Practicable Date, the Exchange Property comprise 59,578,907 Shares.
- (12) Mr. Wang Guisheng holds all the issued shares of Sunrise & Rainbow Holding Limited, which directly holds 9,600,000 Shares. Accordingly, Mr. Wang is deemed to be interested in the 9,600,000 Shares held by Sunrise & Rainbow Holding Limited.
- (13) These Shares represent the Shares to be issued upon the exercise of the pre-IPO share option scheme and the post-IPO share option scheme of the Company granted to Mr. Wang Guisheng.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the table below lists out the person (other than the Directors or chief executives of the Company), who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

Name of substantial Shareholders	Notes	Capacity	Number of Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
SMR & Alon Limited	(2)	Beneficial owner	1,997,635,600	32.87%
Zhao Zihan	(3)	Interest of spouse	2,354,144,000	38.73%
Andy Xiong Holding Limited	(4)	Beneficial owner	280,201,400	4.61%
Han Xiao	(5)	Interest of spouse	2,354,144,000	38.73%
EVE Battery Investment Ltd	(6) (7)	Beneficial owner Beneficial owner (short position)	1,901,520,000 59,578,907	31.29% 0.98%
EVE Asia Co., Limited	(6) (7)	Interest in controlling corporation Interest in controlling corporation (short position)	1,901,520,000 59,578,907	31.29% 0.98%
EVE Energy	(6) (7)	Interest in controlling corporation Interest in controlling corporation (short position)	1,901,520,000 59,578,907	31.29% 0.98%
Luo Jinhong	(8) (7)	Interest of Spouse Interest of Spouse (short position)	1,950,240,000 59,578,907	32.09% 0.98%

Notes:

- (1) The percentage is calculated based on the total number of Shares in issue as at the Latest Practicable Date, which was 6,078,001,220 Shares.
- (2) SMR & Alon Limited is beneficially wholly owned by Mr. Chen Zhiping. Mr Chen is also a director of SMR & Alon Limited.
- (3) Ms. Zhao Zihan is the spouse of Mr. Chen Zhiping and is deemed to be interested in the same number of Shares in which Mr. Chen is interested in.
- (4) Andy Xiong Holding Limited is beneficially wholly owned by Mr. Xiong Shaoming. Mr. Xiong is also a director of Andy Xiong Holding Limited.

- (5) Ms. Han Xiao is the spouse of Mr. Xiong Shaoming and is deemed to be interested in the same number of Shares in which Mr. Xiong is interested in.
- (6) EVE Battery Investment Ltd is wholly owned by EVE Asia Co., Limited, which is a wholly owned subsidiary of EVE Energy. EVE Energy is controlled by Dr. Liu Jincheng and Ms. Luo Jinhong (spouse of Dr. Liu). Dr. Liu is a director, the chairman and the legal representative of EVE Energy, and a director of EVE Asia Co. Limited and EVE Battery Investment Ltd.
- (7) As disclosed in the Company's announcements dated 12 November 2021, 30 June 2022 and 4 November 2022, pursuant to a subscription agreement entered into by EVE Energy and EVE Battery Investment Ltd for US\$350,000,000 Secured Guaranteed Exchangeable Bonds due 2026 (the "**Bonds**"), subject to the right of the issuer of the Bonds (i.e. EVE Battery) to make a cash election, holders of the Bonds are entitled to request EVE Battery and EVE Energy to deliver or procure the delivery of a pro rata share of the Exchange Property (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) upon exercise of their exchange right in respect of their Bonds at an initial exchange price of HK\$46.58 per Share, subject to further adjustment upon occurrence of certain events enumerated in the Terms and Conditions. As at the Latest Practicable Date, the Exchange Property comprise 59,578,907 Shares.
- (8) Ms. Luo Jinhong is the spouse of Dr. Liu Jincheng and is deemed to be interested in the same number of Shares in which Dr. Liu is interested in.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date:

- (a) no other person (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group; and
- (b) none of the Directors was a director or employee of a company who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder).

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, save as disclosed below, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group:

The Group has entered into the Procurement Framework Agreement, New Procurement Framework Agreement and the Joint Research and Development Agreement (details of which was disclosed in the Company's announcement dated 17 May 2022) with EVE Energy, of which Dr. Liu Jincheng, a non-executive Director, is the chairman and legal representative.

7. MATERIAL ADVERSE CHANGE

The Directors are of the opinion that, save as disclosed in the 2022 interim report of the Company and the announcement titled "Financial Update for the period ended 30 September 2022" dated 14 October 2022 of the Company, there has not been any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up.

8. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter as set out in this circular and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to, or was proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (<http://www.smooreholdings.com>) for a period of 14 days from the date of this circular:

- (a) the Procurement Framework Agreement; and
- (b) the New Procurement Framework Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Smooore 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)

Notice is hereby given that the Extraordinary General Meeting of Smooore International Holdings Limited (the “**Company**”) will be held at First Floor, Building No. 3, No. 16, Dongcai Industrial Zone, Gushu Community, Xixiang Street, Bao’an District, Shenzhen, Guangdong, China on Thursday, 15 December 2022 at 2:00 p.m. to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. “**THAT** the proposed increase of annual cap from RMB685,000,000 to RMB800,000,000 for the year ending 31 December 2022 in relation to the transactions under the procurement framework agreement (the “**Agreement**”) dated 19 June 2020 between Smooore International Holdings Limited (the “**Company**”), for itself and on behalf of its subsidiaries (the “**Group**”), and EVE Energy Co., Ltd.* (惠州億緯鋰能股份有限公司), for itself and on behalf of its subsidiaries (the “**EVE Energy Group**”), for the procurement of battery products by the Group from the EVE Energy Group (the “**Proposed Revision of Annual Cap**”) be and are hereby approved and confirmed; and the directors of the Company be and are hereby authorised to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the Proposed Revision of Annual Cap.”
2. “**THAT** the terms of and proposed annual caps in relation to the transactions under the new procurement framework agreement (the “**New Agreement**”, a copy of which marked “A” has been tabled before the meeting and initialled by the chairman of the meeting for the purpose of identification) dated 4 November 2022 between Smooore International Holdings Limited (the “**Company**”), for itself and on behalf of its subsidiaries (the “**Group**”), and EVE Energy Co., Ltd.* (惠州億緯鋰能股份有限公司), for itself and on behalf of its subsidiaries (the “**EVE Energy Group**”), for the procurement of battery products by the Group from the EVE Energy Group from 1 January 2023 to 31 December 2025 be and are hereby approved and confirmed; and the directors of the Company be and are hereby authorised to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the New Agreement and otherwise in connection with the implementation of the transactions contemplated thereunder including without limitation to any amendment or supplement thereof.”

By order of the Board
Mr. Chen Zhiping
Chairman of the Board

Hong Kong, 23 November 2022

* *For identification only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 2:00 p.m. on Tuesday, 13 December 2022 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Monday, 12 December 2022 to Thursday, 15 December 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 December 2022.
5. A circular containing further details concerning items 1 and 2 set out in the above notice will be sent to all shareholders of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the Extraordinary General Meeting of the Company:
 - (i) Compulsory temperature screening/checks
 - (ii) Submission of Health Declaration Form
 - (iii) Wearing of surgical face mask
 - (iv) No provision of refreshments or drinks, and no handing out of corporate gifts or gift coupons

The Company would like to remind attendees that they should carefully consider the risks of attending the Extraordinary General Meeting, taking into account their own personal circumstances. Attendees who do not comply with the precautionary measures referred to in (i) to (iii) above may be denied entry to the Extraordinary General Meeting venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the Extraordinary General Meeting by appointing the Chairman of the Extraordinary General Meeting as their proxy and to return their proxy forms by the time specified above, instead of attending the Extraordinary General Meeting in person.

The Company will keep the evolving COVID-19 situation under review and may implement and/or announce additional measures before the date of the Extraordinary General Meeting.