Smoore International Holdings Limited
思 摩 爾 國 際 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6969)

PROFIT UPDATE IN RESPECT OF THE SIX MONTHS ENDED 30 JUNE 2020

This announcement is made by Smoore International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") announces that, based on the latest information currently available and the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the "**Period**"), it is expected that the profit and total comprehensive income for the Period will decrease by approximately 89.1% to 94.0% compared to that of the six months ended 30 June 2019 ("**Comparable Period**"), which is mainly due to fair value changes in financial instruments, being non-recurring and non-cash items in the Company's financial statements. The losses on fair value changes in financial instruments, listing expenses and share-based payment expenses were approximately RMB1,231 million in aggregate (of which approximately RMB1,058 million were fair value changes in financial instruments).

On an adjusted net profit[1] basis, the Group is expected to record a profit in the range of approximately RMB1,286 million and RMB1,331 million for the Period compared to a profit of approximately RMB931 million for the Comparable Period, representing an increase ranging from approximately 38.1% to 42.9%. As stated in the Prospectus and other than share based payments in connection with employee incentive schemes, due to the non-recurring and non-cash nature of the abovementioned items, management does not view such items as key operating or financial metric internally when

[1] The Company derives adjusted net profit from profit and total comprehensive income for the year by adding back listing expenses, share-based payment expenses, loss on fair value changes of convertible promissory notes and loss on fair value changes of convertible preferred shares.

reviewing the performance of the Group. Therefore, the elimination of the impacts of such items in the calculation of adjusted net profit can better reflect the underlying operating performance of the Group as well as facilitate period to period comparison of operating performance.

While the Prospectus included disclosure regarding the potential impact of fair value changes on financial instruments — see, for example, page 75 of the Prospectus: "Risk Factors — Fair value changes in our financial instruments issued to investors and related valuation uncertainty may materially affect our business, financial conditions and results of operation." — the Company has now been able to make a preliminary quantification of the relevant fair value changes and other non-recurring items as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
	RMB million	*RMB million*
Loss on fair value changes of convertible preferred shares	(1,019)	—
Loss on fair value changes of convertible promissory notes	(38)	—
Listing expenses	(25)	(10)
Share-based payment expenses	(149)	—
	(1,231)	(10)

The Company is still in the progress of finalising the financial results of the Group for the Period. The information contained in this announcement is only based on the preliminary review on the financial statements of the Group, which have not been confirmed or reviewed by the independent auditors and/or the audit committee of the Company. The actual interim results of the Group for the Period may differ from the information disclosed in this announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and to read carefully the interim results announcement of the Group for the six months ended 30 June 2020 which is expected to be released by the end of August 2020.

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

Hong Kong, 20 July 2020

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