Smoore®

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: 06969)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Directors**") of Smoore International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2025 (the "**Reporting Period**" or the "**Review Period**"). The consolidated financial statements for the Reporting Period have been audited by Deloitte Touche Tohmatsu, the independent auditor of the Company (the "**Auditor**"), and the annual results for the Reporting Period have also been reviewed by the Audit Committee of the Company (the "**Audit Committee**").

FINANCIAL HIGHLIGHTS

	For the year ended/as at 31 December				
	2021	2022	2023	2024	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	13,764,907	12,161,417	11,203,250	11,798,662	**14,256,171**
Gross profit	7,380,584	5,275,050	4,340,911	4,411,969	**4,856,879**
Gross profit margin	53.6%	43.4%	38.7%	37.4%	**34.1%**
Profit before tax	6,209,342	2,954,326	1,936,539	1,655,043	**1,475,684**
Profit for the year	5,286,967	2,510,316	1,645,090	1,303,255	**1,061,599**
Total comprehensive income for the year	5,286,991	2,494,934	1,566,470	1,416,913	**946,022**
Total comprehensive income for the year attributable to shareholders of the Company	5,286,991	2,494,934	1,566,470	1,416,913	**948,241**
Adjusted profit for the year*	5,560,768	2,889,617	1,941,548	1,509,230	**1,529,590**
Adjusted net profit margin	40.4%	23.8%	17.3%	12.8%	**10.7%**
Non-current assets	4,885,534	5,160,544	5,937,532	10,807,950	**12,759,840**
Current assets	17,985,772	19,198,773	19,570,752	16,846,428	**15,777,938**
Current liabilities	3,394,240	3,588,957	3,566,333	5,259,365	**6,129,274**
Net current assets	14,591,532	15,609,816	16,004,419	11,587,063	**9,648,664**
Total assets	22,871,306	24,359,317	25,508,284	27,654,378	**28,537,778**
Total assets less current liabilities	19,477,066	20,770,360	21,941,951	22,395,013	**22,408,504**
Equity attributable to shareholders of the Company	19,246,359	20,377,208	21,409,609	21,897,088	**21,847,529**
Non-controlling interests	—	—	—	7,623	**28,251**
Total equity/net assets	19,246,359	20,377,208	21,409,609	21,904,711	**21,875,780**
Cash and cash equivalents**	11,426,758	9,762,933	5,332,076	5,170,700	**7,322,926**

* The adjustments adopted for deriving the adjusted profit for the year:

	For the year ended/as at 31 December				
	2021	2022	2023	2024	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Profit for the year before adjustment	5,286,967	2,510,316	1,645,090	1,303,255	**1,061,599**
Add：					
Share-based payment expenses related to share option scheme and share award scheme	273,801	379,301	296,458	205,975	**467,991**
Adjusted profit for the year	5,560,768	2,889,617	1,941,548	1,509,230	**1,529,590**

To supplement the Group's financial results prepared in accordance with Hong Kong Financial Reporting Standards, the Group presents adjusted profit for the year as an additional financial measure and perspective. Management believes that, as share-based payment expenses are non-cash in nature, excluding these non-cash expenses from profit for the year can provide both the investors and management with a clearer view of the Group's underlying operating performance.

** Cash and cash equivalents = demand deposits + time deposits with maturities of three months or less as at the end of the year

The Board proposed to declare a final dividend of HK20 cents per ordinary share for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business of the Group During the Review Period

The Group is a global leader in offering atomization technology solutions. During the Review Period, through our innovative and pioneering atomization technology solutions, we mainly operated two business segments: (1) Corporate Client Oriented Business ("**ToB Business**") focuses on the research, design, and manufacturing of vaping products, heat-not-burn ("**HNB**") products, special purpose atomization products and inhalation therapy products for leading global tobacco companies, independent vaping brands, and other corporate clients, and the provision of technological services relating to these products; (2) Self-Branded Business focuses on the research, design, manufacturing, and sales of self-branded electronic vaping products and beauty atomization products.

2025 was a pivotal year for the Group, highlighted by the successful development of our second horizon, the HNB business, and a continued growth in our vaping business. Together, these two business drove record-high revenue for the Group during the Review Period.

During the Review Period, the Group achieved revenue of approximately RMB14,256 million, representing a year-on-year increase of approximately 20.8%. The ToB business contributed approximately RMB11,344 million, representing a year-on-year increase of approximately 21.7%. The ToB business primarily includes sales of vaping products, HNB products, and special purpose atomization products. Our vaping business recorded growth during the Review Period, benefited from external enhanced legal enforcement against non-compliant products and strengthened internal ODM capabilities that enable agile customers to respond swiftly to market dynamics. The second horizon, our HNB business, also began to deliver results and generated revenue of exceeding RMB1.2 billion. The Group supported a strategic customer in launching premium HNB products across several global key markets, marking our first scalable HNB shipments and the successful commercialization of our decade-long investment in HNB technology. The self-branded business recorded revenue of approximately RMB2,912 million, representing a year-on-year increase of approximately 17.6%, primarily driven by our self-branded vaping business. During the Review Period, our proprietary vaping brand, VAPORRESSO, delivered another year of growth, driven by flagship product iterations, expanded channel coverage, and continued market share gains.

During the Review Period, research and development ("**R&D**") expenses were approximately RMB1,523 million, representing a year-on-year decrease of approximately 3.1%, reflecting enhanced R&D efficiency. The Group regards science and technology as core drivers of enterprise development and a key differentiator, while maintaining a disciplined focus on efficiency and accelerating the commercialization of its technology. Accordingly, the Group prioritized investment in key areas that are expected to deliver greater returns in the future.

During the Review Period, administrative expenses were approximately RMB1,286 million, representing a year-on-year increase of approximately 40.6%. The increase was primarily due to higher non-cash share-based payment expenses and legal and compliance service related expenses. In the fourth quarter of 2024, the Group granted share options and share awards under its share option and share award schemes, resulting in increased share-based payment expenses during the Review Period. The Group regards these grants as a strategic investment to enhance employee incentives, strengthen retention, and align interests with long-term performance.

During the Review Period, selling and distribution expenses were approximately RMB913 million, representing a year-on-year decrease of approximately 0.7%. The Group deepened engagement with end-users to enhance market insights and strengthened collaboration with distributors to expand channel coverage. In addition to product development and manufacturing, the Group provided partners with marketing, branding, and channel operations support. This integrated go-to-market model has begun to show early positive results.

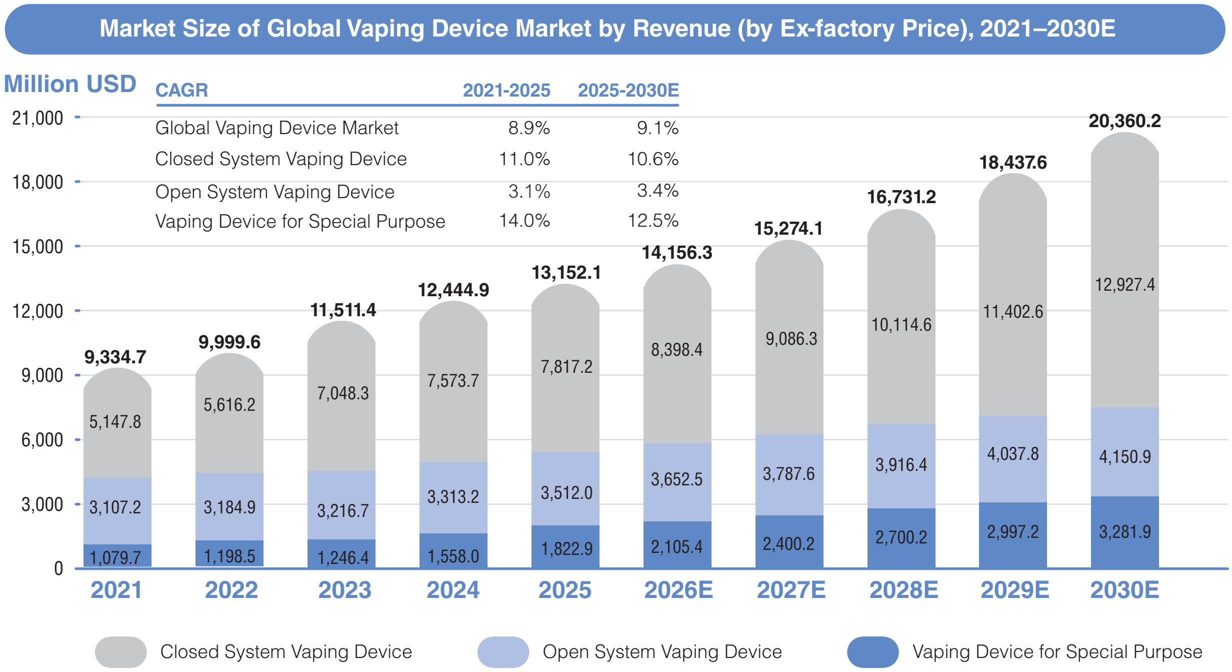
The Group's profit for the Review Period was approximately RMB1,062 million, reflecting a year-on-year decrease of approximately 18.5%. If the non-cash share-based payment expenses are added back, the adjusted profit for the year was approximately RMB1,530 million, reflecting an approximately1.3% increase compared to the same period last year.

Industry Overview

The Group is a global leader in offering atomization technology solutions. During the Review Period, the Group continued to focus on electronic vaping products, HNB products, special purpose atomization products, inhalation therapy and beauty atomization products. According to the independent market research report issued by industry consultant Frost & Sullivan ("**Sullivan**") in March 2026 (the "**Sullivan Report**"), the global vaping device market size increased at a compound growth rate of approximately 8.9% at ex-factory prices from 2021 to 2025, and is expected to increase at an estimated compound growth rate of approximately 9.1% from 2025 to 2030.

The global market size of closed system vaping devices has maintained a compound growth rate of approximately 11.0% at ex-factory price from 2021 to 2025, and is expected to grow at a compound growth rate of approximately 10.6% from 2025 to 2030. The global market size of open system vaping devices has maintained a compound growth rate of approximately 3.1% at ex-factory price from 2021 to 2025, and is expected to grow at a compound growth rate of approximately 3.4% from 2025 to 2030. According to the Sullivan Report, in 2025, the Group maintained its position as the world's largest manufacturer of vaping devices and its market share was approximately 14.5% (2024: approximately 13.1%).

According to the Sullivan Report, global retail sales of HNB sticks reached approximately 204.1 billion units in 2025. Global retail sales grew at a compound annual growth rate of about 14.1% from 2021 to 2025 and are projected to expand at a compound growth rate of roughly 11.5% from 2025 to 2030.


Market Size of Global Vaping Device Market by Revenue (by Ex-factory Price), 2021–2030E
Million USD
CAGR
2021-2025
2025-2030E
Global Vaping Device Market 8.9% 9.1%
Closed System Vaping Device 11.0% 10.6%
Open System Vaping Device 3.1% 3.4%
Vaping Device for Special Purpose 14.0% 12.5%
21,000
18,000
15,000
12,000
9,000
6,000
3,000
0
9,334.7
9,999.6
11,511.4
12,444.9
13,152.1
14,156.3
15,274.1
16,731.2
18,437.6
20,360.2
5,147.8
5,616.2
7,048.3
7,573.7
7,817.2
8,398.4
9,086.3
10,114.6
11,402.6
12,927.4
3,107.2
3,184.9
3,216.7
3,313.2
3,512.0
3,652.5
3,787.6
3,916.4
4,037.8
4,150.9
1,079.7
1,198.5
1,246.4
1,558.0
1,822.9
2,105.4
2,400.2
2,700.2
2,997.2
3,281.9
2021
2022
2023
2024
2025
2026E
2027E
2028E
2029E
2030E
Closed System Vaping Device
Open System Vaping Device
Vaping Device for Special Purpose

* E=estimated


Global Retail Sales Volume of HNB sticks, 2021–2030E
Billion Unit
CAGR
2021-2025
2025-2030E
HNB Sticks 14.1% 11.5%
400
350
300
250
200
150
100
50
0
120.4
152.7
172.8
188.8
204.1
225.5
250.3
279.1
312.6
351.7
2021
2022
2023
2024
2025
2026E
2027E
2028E
2029E
2030E

BUSINESS REVIEW

Sales and Marketing

In 2025, the Group generated record revenue and the majority of its revenue was from electronic vaping products, with supplemented contributions from mainly HNB products and special purpose atomization products.

During the Review Period, the Group achieved a revenue of approximately RMB14,256 million, representing a year-on-year growth of approximately 20.8%. Of this, the corporate client oriented ("**ToB**") business generated revenue of approximately RMB11,344 million, marking a year-on-year growth of approximately 21.7%. This segment accounted for approximately 79.6% of the total revenue during the Review Period (2024: approximately 79.0%). Meanwhile, the self-branded business contributed approximately RMB2,912 million, representing an approximately 17.6% year-on-year increase during the Review Period. This segment accounted for approximately 20.4% of the Group's total revenue during the Review Period (2024: approximately 21.0%).

During the Review Period, the Group's ToB business mainly included sales of electronic vaping products, HNB products and special purpose atomization products and the technical services (primarily from our inhalation therapy business) to corporate customers. The year-on-year revenue increase was primarily driven by the growth of electronic vaping business and more contributions from the sales of HNB products. The ToB business showed varied performance across global regions during the Review Period.

During the Review Period, in Europe and other international markets the Group's ToB business primarily focused on sales of electronic vaping products and HNB products. Regulatory bans on disposable electronic vaping products in major European markets created significant opportunities for compliant participants able to respond swiftly. Leveraging its regulatory foresight, customer-centric product development, and strengthened R&D and manufacturing capabilities, the Group supported key customers in rapidly launching innovative and compliant product offerings to capture demand. These solutions enabled customers to enter new categories and markets, and received positive user feedback and drove strong order growth from those customers in 2025. Concurrently, the HNB business achieved planned milestones. The Group supported a strategic customer in the rollout of premium HNB products across several key markets. HNB business of the Group demonstrated continued growth and generated over RMB1.2 billion in revenue. Together, these developments led to the increase of the Group's ToB revenue in Europe and other international markets to approximately RMB7,060 million, representing a robust year-on-year growth of approximately 38.5%.

During the Review Period, in the U.S. market the Group's ToB business primarily comprised sales of electronic vaping products and special purpose atomization products. The Group's U.S. vaping customers are predominantly global tobacco companies, whose performance is closely linked to enforcement actions against non-compliant products. According to Nielsen Research, the Group's ODM customers collectively held over 40% share of the U.S. market in tracked channels, the strengthened regulatory enforcement against non-compliant products further revived their business performance in the U.S. market. During the Review Period, the special purpose atomization business was optimized across client mix, product portfolio, and organizational structure. Operational efficiency was enhanced through the integration of sales, product, and design functions. Although the revenue for this business declined year-on-year, management believes the initiatives undertaken in 2025 have laid a solid foundation in 2026. Including trans-shipped products through Hong Kong, the Group recorded revenue of approximately RMB4,072 million in the U.S. market, representing a year-on-year increase of approximately 2.1%.

In the Mainland China market, the Group's ToB business primarily focuses on the sale of electronic vaping products. During the Review Period, the business generated approximately RMB212 million in revenue, reflecting a year-on-year decline of approximately 10.9%.

The Group's self-branded business recorded revenue of approximately RMB2,912 million, representing an approximately 17.6% year-on-year increase during the Review Period. The self-branded business mainly included the sale of electronic vaping products and atomization beauty products. The self-branded electronic vaping products maintained its growth momentum during the Review Period.

During the Review Period, the Group's self-branded electronic vaping business in Europe and other markets generated revenue of approximately RMB2,342 million, representing a year-on-year increase of approximately 15.7%, driven by the strong performance of its VAPORESSO brand. VAPORESSO reinforced its market leadership through product innovation, extensive channel coverage, and data-driven user insights. The brand launched the XROS 5 and XROS 5 Mini, the iterations of its bestselling XROS series featuring advanced technology and refined design, which achieved strong market traction, contributed largely to segment revenue, and supported market share gains in key geographies. During the Review Period, VAPORESSO achieved meaningful progress, gaining market share in emerging markets through enhanced penetration of key channels. The Group continued to enhance marketing digitization, sales localization, and point of sale monitoring via its proprietary data platform, further strengthening VAPORESSO's position in major global markets. In the U.S. market, the Group's self-branded business recorded revenue of approximately RMB525 million during the Review Period, representing a year-on-year increase of approximately 23.8%.

During the Review Period, the Group's self-branded business in mainland China focused on the beauty atomization products under the brand MOYAL ("嵐至"). The portfolio comprised the MOYAL home use beauty device for retail consumers and the MOYAL professional device for beauty institutions. During the Review Period, revenue from self-branded business in mainland China was approximately RMB45.0 million, representing a year-on-year increase of approximately 65.8%.

Research and Development

The Group believes its leading technology is the key differentiator underpinning its competitive position. The Group's R&D system operates under a "three-generation-development-model": the development generation concentrates on near-term product development with clear market demand and defined commercialization timelines; the reserve generation focuses on medium-term platform and modular innovations, developing reusable technology platforms, building core competencies and intellectual property, and bridging fundamental research with market-ready applications to underpin the next wave of differentiated products; and the research generation targets long-term frontier and fundamental research. Guided by this model, the Group further improved R&D efficiency, leveraging an optimized R&D management system and a strategy-led framework to accelerate commercialization and enhance returns on innovation.

During the Review Period, the Group prioritized R&D investments in HNB products and inhalation therapy. As certain projects approached commercialization, eligible development expenditures were capitalized in accordance with applicable accounting standards. As a result, R&D expenses for the Review Period were approximately RMB1,523 million, representing a year-on-year decline of approximately 3.1%.

In 2025, multiple R&D projects were successfully commercialized into market-ready products across different business, demonstrating the Group's ability to translate R&D outcomes into market-oriented solutions. Concurrently, the Group continued to invest in prioritized areas expected to drive sustainable growth and long-term returns.

In the HNB business, the Group aims to be a comprehensive product solutions provider for customers by leveraging multiple proprietary technology platforms. A key milestone in 2025 was the successful support of a strategic customer in launching premium HNB products in Japan, Poland, and Italy, the major HNB markets. Co-developed with the customer, the products delivered superior flavor and faster ramp-up, received positive consumer feedback, and demonstrated market share gains across launched markets. In 2026, the Group will continue to support this strategic customer in expanding the products to more markets globally. Concurrently, the Group will accelerate the commercialization of additional technology platforms and support customers roll out products that address various user pain points. The Group remains committed to ongoing R&D initiatives in HNB products to enhance user experience, optimize flavor, and drive user base growth.

During the Review Period, regulatory changes and enforcement in electronic vaping reshaped product design requirements, creating opportunities for solutions that meet both compliance standards and consumer preferences. Leveraging deep understanding of policy trends and consumer insights, the Group advanced cutting-edge technologies in heating, flavor reproduction, and leak prevention, while materially improving R&D efficiency and shortening time-to-market. FEELM, the Group's flagship technology brand, introduced multi-category product solutions built on proprietary innovations, and supported multiple customers in launching compliant products, contributing to market share gains in key markets. The Group's proactive response to evolving market demand and regulation translated into strong order intake from customers. The Group's proprietary brand VAPORESSO iterated its most popular brand XROS, featuring fast charging, enhanced battery capacity, and an upgraded user interface. These products deliver a more consistent and stable vaping experience with richer aroma reproduction, refined flavors, and smoother performance. Following launch, the iterated XROS series achieved solid market traction, further reinforcing the VAPORESSO's leading position across key regions.

During the Review Period, the special purpose atomization products business continued to optimize its product portfolio in line with market trends, while advancing new solutions built on the upgraded technology platform. The business also shortened development cycles and reduced time-to-market, accelerating the commercialization of new products.

The Group's inhalation therapy subsidiary Transpire Bio Inc. ("**Transpire**") has established an inhalation centre of excellence near Miami, Florida, which has full capabilities of product development. In addition, Transpire has collaborated with world-leading contract development and manufacturing organizations ("**CDMO**") to establish manufacturing capabilities for drug-device combination products in the U.S. In December 2025, Transpire's own manufacturing facility in Weston, Florida has received the Establishment Inspection Report ("**EIR**") following a Pre-Approval Inspection ("**PAI**") by the US FDA, evidencing compliance with current good manufacturing practices ("**cGMP**"). Additionally, Transpire has maintained regular communication with US and European drug regulatory agencies to gather valuable feedback.

While maintaining its technological leadership, the Group continues to build up a global intellectual property protection system to continuously strengthen its intellectual property barriers against core technologies and to protect its own product brands and technology brands. During the Review Period, the Group filed 2,056 new patent applications worldwide, including 1,306 patents for invention. As of 31 December 2025, the Group had filed, accumulatively, a total of 11,309 patents worldwide, including 6,066 patents for invention.

During the Review Period, the Group's total research and development expenditure amounted to approximately RMB1,523 million, representing a decrease of approximately 3.1% as compared to last year and a decrease as a percentage of revenue from approximately 13.3% last year to approximately 10.7% in the Review Period.

The research and development expenditures by field were as below:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Research and development of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products)	**1,080,607**	**71.0**	1,034,668	65.8	4.4
Research and development of inhalation therapy and beauty atomization products	**308,144**	**20.2**	392,180	24.9	(21.4)
Research and development of special purpose atomization products and solutions	**134,589**	**8.8**	145,465	9.3	(7.5)
Total	**1,523,340**	**100.0**	1,572,313	100.0	(3.1)

Production, Operation and Management

During the Review Period, amid a shifting global regulatory landscape, the Group's manufacturing system demonstrated strong agility. Timely adjustments to manufacturing strategies enabled rapid responses to evolving market dynamics and consistently on-time delivery.

In 2025, the Group's manufacturing and operations team further strengthened demand-driven production planning and deployment. By optimizing the manufacturing footprint and reallocating resources across plants, the Group improved overall capacity utilization. During the Review Period, the Group defined its key performance indicators ("**KPI**") framework and implemented a structured tracking and benchmarking system. This system identifies best practices in quality control, cost optimization and on-time delivery, and facilitates their cross-plant dissemination and adoption. In parallel, the Group is systematically building a Group-wide operational knowledge repository and driving continuous improvement in operational efficiency.

During the Review Period, the Group's manufacturing and operations team supported major customers' HNB product upgrades, multi-market roll-outs and agile delivery requirements. Leveraging a rigorous quality management system and ongoing advances in automation and digitalisation, the Group enhanced production efficiency, product consistency and end-to-end traceability across the value chain, providing a robust operational foundation for the sustained growth of the HNB business.

The Group continued to uphold the principle that compliance is a core competitive advantage. Ongoing enhancements to our compliance framework and risk controls ensured uninterrupted production, strengthened operational resilience, and further consolidated our industry-leading position, underpinning sustainable growth.

Future Prospects and Strategies

Looking ahead to 2026, the Group will maintain atomization technology as its strategic core and deepen execution across HNB, electronic vaping, special purpose atomization products, inhalation therapy, and beauty atomization. Through these initiatives, the Group seeks to deliver integrated and innovative atomization solutions to customers and end users. The Group believes each of these business offers substantial market potential.

According to the Frost & Sullivan report dated March 2026 (the "**Sullivan Report**"), the global HNB market is expected to reach approximately US$74.21 billion by 2030 on a retail-price basis, representing a projected CAGR of about 10% from 2025 to 2030. Global retail sales of HNB sticks were approximately 204.1 billion units in 2025 and are expected to increase to 351.7 billion units by 2030, implying a CAGR of about 11.5% from 2025 to 2030. HNB products deliver a cigarette-like experience by heating rather than burning tobacco. HNB is positioned by global tobacco companies as an important pillar within their harm-reduction strategies. Despite more than 55 million HNB users worldwide in 2025, unresolved user pain points continue to limit category penetration. Leveraging its technology platforms and accumulated know-how, the Group aims to provide comprehensive product solutions to customers. In 2026, the Group will deepen collaboration with its strategic customer by expanding the rollout of the premium products to more markets globally. In parallel, the Group will accelerate commercialization of its technology platforms to scale adoption and drive growth. The Group will continue to strengthen large-scale, high-efficiency manufacturing to serve diverse customer needs. Through these initiatives, the Group aims to be a trusted partner to customers to convert more tobacco users to HNB, gaining market share.

According to the Sullivan Report, the global electronic vaping market is expected to reach approximately US$97.14 billion by 2030 on a retail-price basis, representing a projected CAGR of about 8% from 2025 to 2030. Global regulatory frameworks are increasingly shaping product design and competition landscape, favoring compliant participants with strong policy foresight, robust R&D capabilities, and manufacturing excellence. The evolving regulatory environment is expected to drive industry consolidation, and to increase market share of leading compliant players. In 2026, the Group will further strengthen its compliance capabilities and collaborate with customers to introduce consumer-centric products aligned with long-term regulatory trends. The Group will expand its customer base, optimize operations and manufacturing for agile, cost-efficient production, and boost R&D efficiency to expedite commercialization and shorten time-to-market. The Group will also deepen partnerships with selected customers, extending beyond R&D and manufacturing to provide comprehensive support in marketing, brand promotion, and channel development.

According to Sullivan Report, the global market for special purpose atomization products will reach approximately USD3.28 billion in 2030 based on ex-factory prices, with a projected compound growth rate of approximately 12.5% from 2025 to 2030. In 2026, the Group will prioritize cultivating high-value customers and launching innovative products aligned with prevailing market trends. The Group will continue to invest in and upgrade its technology platforms, guided by market insights. In addition, the Group will optimize its organizational structure to integrate R&D, production, procurement, and sales, ensuring full support for frontline sales.

With the global rise in respiratory diseases, the inhalable drugs market is poised for significant growth. According to a 2023 report by Market Research Future, the global market for pulmonary drugs and drug delivery devices was valued at approximately USD56.01 billion in 2022 and is projected to reach around USD93.28 billion by 2030, reflecting a robust compound annual growth rate. Transpire is dedicated to developing complex generic drugs of leading asthma and COPD products used in the U.S. and Europe. This initiative aims to reduce costs while maintaining the same standards of safety and efficacy, making these treatments more accessible and affordable for a broader range of patients. In 2026, Transpire will steadily advance its development of drug-device combination products for the treatment of respiratory diseases in accordance with the established product development plan. Transpire will evaluate opportunities to cooperate with international pharmaceutical companies by leveraging its strong R&D and industrialization capabilities to maximize value of its technology platforms and pipeline products. Transpire will also continue to improve its R&D efficiency to ensure that the entire process of product development, marketing authorization application and commercialization is steadily advanced.

In beauty atomization, we are committed to providing users with a new skin care that is more effective and safer. According to Euromonitor, an international market research firm, the market size of skin care products in mainland China was approximately RMB278.5 billion in 2025 in terms of retail price, with a compound growth rate of approximately 2.4% from 2025 to 2029, and is expected to reach approximately RMB305.7 billion by 2029. These dynamics highlight attractive opportunities in skincare industry, supported by rising consumer demand for innovative, high-quality solutions. In 2026, the Group will focus on accelerating sales and increasing consumables repurchase across both home-use and professional products. We will closely monitor industry developments and operating performance to ensure disciplined capital deployment.

The Group remains committed to the principle that "science and technology are the primary productive forces" in its R&D initiatives. In 2026, the Group will further enhance R&D efficiency and accelerate technology commercialization. R&D in HNB products will remain a priority, with a focus on strengthening barriers to entry and advancing market deployment. The Group expects to expand its provision of total solutions to HNB customers to address existing user pain points. In the electronic vaping business, it will collaborate with ODM partners to roll out regulatory-compliant product solutions and capture emerging market opportunities.

As the Group expands globally, understanding local user preferences and market dynamics remains a strategic priority. The Group continues to invest in localized operations, channel expansion and market intelligence. In 2026, it will maintain focus on these areas to drive revenue growth, supported by rigorous sales performance monitoring and disciplined capital allocation to enhance returns on investment. The Group will also deepen partnerships with selected customers by providing integrated, one-stop solutions spanning R&D, manufacturing, branding, marketing and promotion, enabling partners to navigate rapidly evolving market conditions and achieve sustainable, long-term growth.

In manufacturing and operations, the Group will priorities cost optimization, automation, compliance and sustainability. It will implement performance-linked incentives to drive cost reduction and efficiency gains. In parallel, the Group will advance automation capabilities, optimize capacity planning and allocation, and expand its global footprint to reinforce manufacturing leadership. The Group will strengthen comprehensive compliance governance to ensure uninterrupted production and support resilient, sustainable growth. The Group will also refine product design and manufacturing processes to reduce waste and hazardous substances, delivering more environmentally friendly products, and enhance energy management to lower consumption and reduce carbon emissions, supporting its ESG commitments.

In 2026, the Group will continue to advance key initiatives launched in 2025, including optimizing decentralization and empowerment across business units, strengthening talent development and management, and refining employee incentive mechanisms. Compliance remains a core competency; the Group will reinforce end-to-end compliance management to ensure uninterrupted operations, expand its portfolio of compliant product solutions for customers, and support sustained development. These measures are expected to provide a robust foundation for a sustainable, successful long-term enterprise.

Building on this, the Group remains committed to delivering superior value to customers and consumers through product innovation and technology leadership, while maintaining disciplined execution to drive sustainable growth and deliver greater returns to Shareholders.

FINANCIAL REVIEW

During the Review Period, the total revenue of the Group was approximately RMB14,256,171,000 (2024: approximately RMB11,798,662,000), representing an increase of approximately 20.8% as compared to last year. During the Review Period, the gross profit of the Group was approximately RMB4,856,879,000 (2024: approximately RMB4,411,969,000), representing an increase of approximately 10.1% as compared to last year. During the Review Period, the gross profit margin of the Group was approximately 34.1% (2024: approximately 37.4%). During the Review Period, the total profit before tax of the Group was approximately RMB1,475,684,000 (2024: approximately RMB1,655,043,000), representing a decrease of approximately 10.8% as compared to last year. During the Review Period, the profit for the year of the Group was approximately RMB1,061,599,000 (2024: approximately RMB1,303,255,000), representing a decrease of approximately 18.5% as compared to last year. During the Review Period, the total comprehensive income for the year of the Group was approximately RMB946,022,000 (2024: approximately RMB1,416,913,000), representing a decrease of approximately 33.2% as compared to last year.

The decrease of profit for the year was mainly due to the increase in revenue and gross profit was insufficient to offset increased expenses, primarily attributable to: (i) the Group's share-based payment expenses during the Review Period increased significantly as compared to last year; (ii) the Group's legal and compliance service related expenses which, compared to last year, having increased significantly; and (iii) the Group's intensified efforts in the market development of its self-branded products during the Review Period.

Excluding the share-based payment expenses, the Group's adjusted profit for the Review Period was approximately RMB1,529,590,000 (2024: approximately RMB1,509,230,000), representing an increase of approximately 1.3% as compared to last year.

1. Revenue — Categorized by Business Types

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	**%**	*RMB'000*	%	%
Self-branded business	**2,911,738**	**20.4**	2,475,033	21.0	17.6
Corporate client oriented business	**11,344,433**	**79.6**	9,323,629	79.0	21.7
Total	**14,256,171**	**100.0**	11,798,662	100.0	20.8

(1) *Self-branded business*

The Group's self-branded business mainly included the sales of electronic vaping products and beauty atomization products. During the Review Period, revenue from sales of self-branded business amounted to approximately RMB2,911,738,000 (2024: approximately RMB2,475,033,000), representing an increase of approximately 17.6% as compared to last year, and its percentage of revenue decreased from approximately 21.0% last year to approximately 20.4% during the Review Period. Among which:

(i) Revenue from Europe and other countries and regions market amounted to approximately RMB2,341,671,000 (2024: approximately RMB2,023,744,000), representing an increase of approximately 15.7% as compared to last year, and a decrease in percentage of total revenue from approximately 17.2% last year to approximately 16.4% for the Review Period, all derived from sales of electronic vaping products;

(ii) Revenue from the U.S. market amounted to approximately RMB525,309,000 (2024: approximately RMB424,289,000), representing an increase of approximately 23.8% as compared to last year, and a slight increase in percentage of total revenue from approximately 3.6% last year to approximately 3.7% for the Review Period, all derived from sales of electronic vaping products; and

(iii) Revenue from the China market amounted to approximately RMB44,758,000 (2024: approximately RMB27,000,000), representing an increase of approximately 65.8% as compared to last year, and a slight increase in percentage of total revenue from approximately 0.2% last year to approximately 0.3% for the Review Period, mainly derived from sales of beauty atomization product.

(2) *Corporate client oriented business*

During the Review Period, revenue from corporate clients oriented business amounted to approximately RMB11,344,433,000 (2024: approximately RMB9,323,629,000), representing an increase of approximately 21.7% as compared to last year, and its percentage of revenue increased from approximately 79.0% last year to approximately 79.6% during the Review Period. Among which:

(i) Revenue from Europe and other countries and regions markets amounted to approximately RMB7,059,875,000 (2024: approximately RMB5,096,708,000), representing an increase of approximately 38.5% as compared to last year, and also an increase in percentage of total revenue from approximately 43.2% last year to approximately 49.5% for the Review Period, mainly derived from sales of electronic vaping products, heat-not-burn products and provision of technical services;

(ii) Revenue from the U.S. market amounted to approximately RMB4,071,885,000 (2024: approximately RMB3,988,170,000), representing an increase of approximately 2.1% as compared to last year, and a decrease in percentage of total revenue from approximately

33.8% last year to approximately 28.6% for the Review Period, mainly derived from sales of electronic vaping products, special purpose atomization products and provision of technical services; and

(iii) Revenue from the China market amounted to approximately RMB212,673,000 (2024: approximately RMB238,751,000), representing a decrease of approximately 10.9% as compared to last year, and a decrease in percentage of total revenue from approximately 2.0% last year to approximately 1.5% for the Review Period, mainly derived from sales of electronic vaping products and provision of technical services.

To our knowledge, the distribution of the Group's revenue from various regions is roughly as follows:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Self-branded business	**2,911,738**	**20.4**	2,475,033	21.0	17.6
— Revenue from Europe and other countries and regions (electronic vaping products)	**2,341,671**	**16.4**	2,023,744	17.2	15.7
— Revenue from the U.S. (electronic vaping products)	**525,309**	**3.7**	424,289	3.6	23.8
— Revenue from China (beauty atomization products)	**44,758**	**0.3**	27,000	0.2	65.8
Corporate client oriented business	**11,344,433**	**79.6**	9,323,629	79.0	21.7
— Revenue from Europe and other countries and regions (electronic vaping products, and technical services)	**5,773,374**	**40.5**	4,873,140	41.3	18.5
— Revenue from Europe and other countries and regions (heat-not-burn products, and technical services)	**1,286,501**	**9.0**	223,568	1.9	475.4
— Revenue from U.S. (electronic vaping products, special purpose atomization products, and technical services)	**4,071,885**	**28.6**	3,988,170	33.8	2.1
— Revenue from China (electronic vaping products, and technical services)	**212,673**	**1.5**	238,751	2.0	(10.9)
Total	**14,256,171**	**100.0**	11,798,662	100.0	20.8

2. Gross Profit and Cost of Revenue

During the Review Period, the gross profit of the Group amounted to approximately RMB4,856,879,000 (2024: approximately RMB4,411,969,000), representing an increase of approximately 10.1% as compared to last year, and the gross profit margin decreased from approximately 37.4% last year to approximately 34.1% for the Review Period. The decrease in gross profit margin was mainly due to the impact of changes in the product mix of the Group during the Review Period.

Cost of revenue as a percentage of revenue:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cost of raw materials	**7,193,861**	**50.5**	5,624,366	47.7	27.9
Labor cost	**1,071,329**	**7.5**	773,765	6.6	38.5
Overhead	**1,056,922**	**7.4**	925,507	7.8	14.2
Tax and surcharge	**77,180**	**0.5**	63,055	0.5	22.4
Total	**9,399,292**	**65.9**	7,386,693	62.6	27.2

During the Review Period, the Group's cost of raw materials as a percentage of revenue increased from approximately 47.7% for last year to approximately 50.5% for the Review Period, and the Group's labor cost as a percentage of revenue increased from approximately 6.6% for last year to approximately 7.5% for the Review Period, which were primarily attributable to changes in the revenue mix of product portfolio, with a higher proportion of revenue derived from comparatively lower-margin products during the Review Period.

3. Distribution and Selling Expenses

The Group's distribution and selling expenses decreased by approximately 0.7% from approximately RMB919,552,000 last year to approximately RMB913,311,000 during the Review Period. The distribution and selling expenses as a percentage of revenue decreased from approximately 7.8% last year to approximately 6.4% for the Review Period. In particular:

(1) Staff salaries and benefits increased by approximately 10.0% from approximately RMB359,586,000 last year to approximately RMB395,457,000 during the Review Period, and its percentage of revenue decreased from approximately 3.0% last year to approximately 2.8% during the Review Period. The increase in staff salaries and benefits was mainly attributable to the Group's increased marketing investment in its self-branded business during the Review Period, which resulted in an increase in the remuneration of marketing staff.

(2) Market development expenses increased by approximately 16.0% from approximately RMB214,586,000 last year to approximately RMB248,891,000 during the Review Period, and its percentage of revenue slightly decreased from approximately 1.8% last year to approximately 1.7% during the Review Period. The increase in market development costs was mainly attributable to the Group's increased promotion efforts for self-branded products during the Review Period.

(3) Travelling expenses increased by approximately 9.6% from approximately RMB38,677,000 last year to approximately RMB42,396,000 for the Review Period, and its percentage of revenue kept nearly unchanged from last year, both at approximately 0.3%. The increase in travelling expenses was mainly driven by a growth in business travel for international market promotion during the Review Period.

(4) Other expenses decreased by approximately 26.1% from approximately RMB306,703,000 last year to approximately RMB226,567,000 during the Review Period, and its percentage of revenue decreased from approximately 2.6% last year to approximately 1.6% in the Review Period. The decrease in other expenses was primarily due to a decrease in the Group's provisions for product related expenses during the Review Period in view of expected product changes related to regulatory and compliance requirements.

4. Administrative Expenses

The administrative expenses of the Group increased by approximately 40.6% from approximately RMB914,109,000 last year to approximately RMB1,285,684,000 during the Review Period. The administrative expenses as a percentage of revenue increased from approximately 7.7% last year to approximately 9.0% for the Review Period. The increase in administrative expenses was mainly attributable to the increase in shared-based payment expenses and legal and compliance service related expenses incurred by the Group during the Review Period. In particular:

(1) Staff salaries and benefits increased by approximately 44.4% from approximately RMB542,788,000 last year to approximately RMB783,911,000 for the Review Period, and its percentage of revenue increased from approximately 4.6% last year to approximately 5.4% for the Review Period. The increase in staff salaries and benefits was mainly attributable to the increase in shared-based payment expenses incurred by the Group during the Review Period.

(2) Professional service fees increased by approximately 139.4% from approximately RMB111,182,000 last year to approximately RMB266,123,000 for the Review Period, and its percentage of revenue increased from approximately 0.9% last year to approximately 1.9% for the Review Period. The increase in professional service fees was mainly attribute to the increase in the Group's legal and compliance service related expenses compared to last year.

(3) Depreciation and amortization expenses decreased by approximately 9.7% from approximately RMB104,231,000 last year to approximately RMB94,131,000 during the Review Period, and its percentage of revenue decreased from approximately 0.9% last year to approximately 0.7% during the Review Period.

5. Research and Development Expenses

The Group's R&D expenses decreased by approximately 3.1% from approximately RMB1,572,313,000 last year to approximately RMB1,523,340,000 during the Review Period. R&D expenses as a percentage of revenue decreased from approximately 13.3% last year to approximately 10.7% during the Review Period. The decrease in R&D expenses was primarily due to the Group's enhanced R&D efficiency and capitalization of qualifying development costs during the Review Period. The amount of capitalized R&D expenses during the Review Period was approximately RMB308,624,000 (2024: approximately RMB129,425,000), primarily from the inhalation therapy business. The R&D expenses of electronic nicotine delivery system (including electronic vaping and heat-not-burn products) increased by approximately 4.4% compared with last year, the R&D expenses of inhalation therapy and beauty atomization products decreased by approximately 21.4% compared with last year, and the R&D expenses of special purpose atomization products and solutions decreased by approximately 7.5% compared with last year. In particular:

(1) Staff salaries and benefits increased by approximately 3.8% from approximately RMB932,937,000 last year to approximately RMB968,254,000 during the Review Period, and its percentage of revenue decreased from approximately 7.9% last year to approximately 6.8% during the Review Period. The increase in staff salaries and benefits was mainly due to the increase in the remuneration of R&D personnel in the electronic vaping products and the heat-not-burn products field during the Review Period.

(2) Development costs decreased by approximately 15.4% from approximately RMB418,830,000 last year to approximately RMB354,398,000 during the Review Period, and its percentage of revenue decreased from approximately 3.5% last year to approximately 2.5% during the Review Period. The decrease in development costs was mainly attributable to a decline in expenses related to electronic vaping products, driven by sustained improvements in R&D efficiency, and the Group's capitalization of qualifying development costs during the Review Period.

(3) Depreciation and amortization expenses decreased by approximately 22.3% from approximately RMB117,303,000 last year to approximately RMB91,193,000 during the Review Period, and its percentage of revenue decreased from approximately 1.0% last year to approximately 0.6% during the Review Period.

6. Other Income and Expenses

During the Review Period, the Group's total other income amounted to approximately RMB556,627,000, representing a decrease of approximately 22.9% as compared to approximately RMB721,775,000 last year, as set out below:

	For the year ended 31 December		
	2025	2024	Changes
	RMB'000	*RMB'000*	%
Interest income from bank deposits	**419,605**	609,769	(31.2)
Interest income from investment notes at amortized cost	**211,814**	36,501	480.3
Government grants	**38,056**	65,474	(41.9)
Compensation income from customers	**14,239**	9,305	53.0
Interest income from rental deposits	**1,604**	1,292	24.1
Litigation settlement and related expenses	**(176,348)**	—	N/A
Others	**47,657**	(566)	N/A
Total	**556,627**	721,775	(22.9)

7. Other Gains and Losses

During the Review Period, the Group's total other losses amounted to approximately RMB157,829,000, representing an increase of approximately 982.2% as compared to approximately RMB14,584,000 last year, as set out below:

	For the year ended 31 December		
	2025	2024	Changes
	RMB'000	*RMB'000*	%
Net foreign exchange (loss) gain	**(150,853)**	26,217	N/A
Gain arising on forward foreign exchange contracts/swap contracts	**1,718**	1,036	65.8
Loss on disposal/write off of property, plant and equipment and intangible assets	**(58,222)**	(59,157)	(1.6)
Gain arising on short-term bank deposits with variable interest rate	**26,790**	7,463	259.0
Gain arising on debt instrument	**21,454**	—	N/A
Gain on early termination of leases	**1,284**	3,194	(59.8)
Others	**—**	6,663	N/A
Total	**(157,829)**	(14,584)	982.2

8. **Finance Costs**

During the Review Period, the finance costs of the Group amounted to approximately RMB26,454,000 (2024: approximately RMB37,863,000), representing a decrease of approximately 30.1% as compared to last year. The finance costs of the Group were mainly derived from the interest expenses on lease liabilities and the interest expenses on discount of bill receivables.

9. **Income Tax Expense**

During the Review Period, the Group's income tax expense amounted to approximately RMB414,085,000 (2024: approximately RMB351,788,000), representing an increase of approximately 17.7% as compared to last year. The increase in income tax was mainly due to the increased tax provisions related to the Group's international business expansion.

10. **Profit for the Year and Total Comprehensive Income for the Year**

During the Review Period, the profit for the year of the Group was approximately RMB1,061,599,000 (2024: approximately RMB1,303,255,000), representing a decrease of approximately 18.5% as compared to last year. During the Review Period, the Group's total comprehensive income for the year was approximately RMB946,022,000 (2024: approximately RMB1,416,913,000), representing a decrease of approximately 33.2% as compared to last year. The decrease was primarily due to the increase in revenue and gross profit was insufficient to offset increased expenses and unfavourable foreign exchange differences arising from the translation of financial statements from a different presentation of currency to RMB.

11. **Liquidity and Financial Resources**

As at 31 December 2025, the net current assets of the Group were approximately RMB9,648,664,000 (31 December 2024: approximately RMB11,587,063,000). As at 31 December 2025, the Group's cash and cash equivalents were approximately RMB7,322,926,000 (31 December 2024: approximately RMB5,170,700,000), which mainly consisted of approximately RMB2,829,450,000 denominated in RMB, approximately RMB4,324,697,000 denominated in USD and approximately RMB162,304,000 denominated in HKD (31 December 2024: mainly consisted of approximately RMB3,779,750,000 denominated in RMB, approximately RMB1,226,397,000 denominated in USD and approximately RMB160,507,000 denominated in HKD). As at 31 December 2025, the current ratio of the Group was approximately 257.4% (31 December 2024: approximately 320.3%).

For the year ended 31 December 2025, the turnover days of trade and bills receivables were approximately 56.1 days (2024: approximately 61.5 days). The decrease in turnover days was mainly due to the revenue growth and improved collection efficiency. For the year ended 31 December 2025, the turnover days of inventory were approximately 50.0 days (2024: approximately 41.8 days). The increase in turnover days was primarily driven by inventory increase in response to revenue growth. For the year ended 31 December 2025, the turnover days of trade and bills payables was approximately 59.3 days (2024: approximately 65.2 days). The decrease in turnover days was mainly due to a temporary decrease in credit terms to certain suppliers to secure the costs of key material resources.

As at 31 December 2025, the current ratio was approximately 257.4%, compared to approximately 320.3% as at 31 December 2024. The decrease was due to a decrease in current assets and an increase in current liabilities. The decrease in current assets was mainly due to a decrease in short-term bank deposits with maturity over three months, and the increase in current liabilities was mainly due to an increase in trade and bills payables and short-term borrowings resulting from discounted bills.

Treasury Management Policy

The treasury management policy of the Group is primarily to utilize surplus cash reserves to invest in low-risk products such as low-risk wealth management products, structured deposit or time deposit, etc. and to generate income without interfering with the Group's business operations or capital expenditures.

Borrowings

As at 31 December 2025, the Group did not have any bank or other financial institutions borrowings (31 December 2024: nil). As at 31 December 2025, the utilized portion of the Group's secured banking facilities was mainly for issuing and discounting bills and for opening letters of credit.

Gearing Ratio

As at 31 December 2025, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 30.5% (31 December 2024: approximately 26.2%).

12. Charge on Assets

At 31 December 2025, the Group did not have any charge on assets (31 December 2024: bank guarantee deposits of approximately RMB590.0 million).

13. Exposure to Foreign Exchange Risk

For the year ended 31 December 2025, the Group recorded foreign exchange loss of approximately RMB150,853,000 (2024: foreign exchange gain of approximately RMB26,217,000). Meanwhile, the Group recorded gain arising on forward foreign exchange contracts and swap contracts of approximately RMB1,718,000 during the Review Period (2024: approximately RMB1,036,000).

The functional currency of the Company is RMB. The Group's revenue are mainly settled in USD and RMB. During the Review Period, approximately 60% of the Group's revenue was settled in USD and approximately 40% was settled in RMB. Meanwhile, materials, labors and various expenditures paid by the Group were approximately 70% settled in RMB. The foreign exchange risk of the Group mainly refers to the risks of foreign exchange gain or loss arising from the net amount of monetary funds denominated in USD, trade receivables denominated in USD deducted by trade payables denominated in USD ("**U.S. Dollars Exposure**") as a result of changes in the exchange rate between USD and RMB.

Sensitivity Analysis

For the above-mentioned U.S. Dollars Exposure, the Group controls relevant foreign exchange risks through timely settlement of foreign currencies or entering into forward foreign exchange contracts with commercial banks. The Board believes that the relevant foreign exchange risks are acceptable to the Group and such risks will be monitored closely.

Based on the amounts of assets and liabilities of the Group denominated in USD as of 31 December 2025, if the exchange rate of USD against RMB rises by 10%, the Group's total comprehensive income will increase by approximately RMB1,171,357,000 (31 December 2024: increase by approximately RMB874,306,000). Alternatively, if the exchange rate of USD against RMB drops by 10%, the Group's total comprehensive income for the year will decrease by approximately RMB1,171,357,000 (31 December 2024: decrease by approximately RMB874,306,000).

14. Employment, Training and Development

As of 31 December 2025, the Group has 19,937 and 3,193 employees in China (including Mainland China and Hong Kong, China) and other countries and regions respectively. The Group provides its employees with comprehensive and attractive remuneration, retirement schemes, share incentive schemes and benefit packages, and also grants discretionary bonuses to the Group's employees based on their performance. The Group is required to contribute to the Mainland China social security scheme. Each of the Group and its employees in Mainland China is required to make contributions to pension insurance, medical insurance and unemployment insurance at rates specified in the relevant Mainland China laws and regulations. The Group has adopted a provident fund scheme for its Hong Kong employees under the Mandatory Provident Fund Schemes Ordinance. The Group also pays corresponding pension insurance, pension scheme, medical insurance, etc. for its employees in accordance with the laws and regulations of other countries where it operates.

In addition, the Group attaches great importance to the individual education and career development of employees, and has formulated targeted talent development programs tailored to different groups of talents, such as the "Hong Yi" program designed to cultivate outstanding director-level talents, the "Zhen Yu" program designed to cultivate excellent managerial talents, and the "1-3-5-7-10" ten-year cultivation and development path especially designed for fresh graduates, with a six-month induction training and a one-year apprenticeship, to help them adapt to the workplace better and faster. Meanwhile, the Group upgrades its online learning platform from time to time to enrich the on-line courses, so that all employees can enjoy the value of on-line learning in real time.

During the Review Period, total staff costs (including management and administrative staff) accounted for approximately 26.6% (2024: approximately 26.3%) of the Group's revenue. The increase in total staff costs as a percentage of revenue was mainly attributable to the year-on-year increase in share-based payment expenses incurred by the Group during the Review Period.

15. Capital Expenditures

During the Review Period, the Group's total investment in property, plant and equipment and intangible assets amounted to approximately RMB1,303,559,000 (2024: approximately RMB817,052,000), which was mainly attributable to the recognition of (1) capital expenditure in relation to equipment, (2) R&D expenditure capitalized, and (3) capital expenditure in relation to the headquarter building.

16. Capital Commitments

As at 31 December 2025, the Group had contracted capital commitment for property, plant and equipment of approximately RMB455,770,000 (31 December 2024: approximately RMB707,750,000), which will be financed with proceeds from the Listing and net proceeds generated from operations.

17. Material Acquisitions and Disposal

During the Review Period, the Group did not carry out any material acquisitions or disposals of any subsidiaries, associates or joint ventures.

18. Significant Investments

As at 31 December 2025, the Group did not have any significant investments (2024: nil).

19. Contingent liabilities

As at 31 December 2025, save as disclosed in Note 12 Contingent Liabilities to the consolidated financial statements, the Board has assessed that there are no other pending legal proceedings which would have a material impact on the Group's operating position, financial position or cash flows.

20. Future Plans for Material Investments or Capital Expenditures

Save as disclosed below, the Company has no other plans for material investments or capital expenditures:

(1) The section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 June 2020;

(2) The section headed "Intended Use of Net Proceeds" in the Company's announcement dated 4 February 2021 in connection with the completion of top-up placing; and

(3) The Group's investment plans as disclosed in the 2021 Annual Report "Future Plans for Material Investments or Capital Expenditures".

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**2025** **RMB'000**	2024 RMB'000
Revenue	3	**14,256,171**	11,798,662
Cost of revenue		**(9,399,292)**	(7,386,693)
Gross profit		**4,856,879**	4,411,969
Other income	4(a)	**829,686**	770,325
Other expenses	4(b)	**(273,059)**	(48,550)
Other gains and losses	4(c)	**(157,829)**	(14,584)
Distribution and selling expenses		**(913,311)**	(919,552)
Administrative expenses		**(1,285,684)**	(914,109)
Research and development expenses		**(1,523,340)**	(1,572,313)
Finance costs	5	**(26,454)**	(37,863)
Impairment loss recognised on trade receivables, net		**(31,204)**	(20,280)
Profit before tax		**1,475,684**	1,655,043
Income tax expense	6	**(414,085)**	(351,788)
Profit for the year	7	**1,061,599**	1,303,255
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(115,577)**	113,658
Other comprehensive (expense) income for the year		**(115,577)**	113,658
Total comprehensive income for the year		**946,022**	1,416,913
Profit (loss) for the year attribute to:			
Shareholders of the Company		**1,063,796**	1,303,255
Non-controlling interests		**(2,197)**	—
		1,061,599	1,303,255
Total comprehensive income (expense) attribute to:			
Shareholders of the Company		**948,241**	1,416,913
Non-controlling interests		**(2,219)**	—
		946,022	1,416,913
Earnings per share	9		
Basic (RMB cents)		**17.44**	21.42
Diluted (RMB cents)		**17.11**	21.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**2025** ***RMB'000***	2024 *RMB'000*
Non-current assets			
Property, plant and equipment		**5,065,928**	4,637,073
Intangible assets		**478,510**	196,363
Deposits paid for acquisition of property, plant and equipment		**85,386**	258,745
Deferred tax assets		**29,479**	34,904
Long-term bank deposits		**2,118,310**	3,106,699
Rental deposits		**28,056**	21,449
Other financial assets		**4,954,171**	2,552,717
		12,759,840	10,807,950
Current assets			
Inventories		**1,666,864**	910,425
Trade and bills receivables	*10*	**2,298,355**	2,084,825
Other receivables, deposits and prepayments		**974,231**	769,816
Contract costs		**10,234**	—
Restricted bank deposits		**51,647**	590,195
Short-term bank deposits over three months		**3,453,681**	7,319,610
Bank balances and cash		**7,322,926**	5,170,700
Financial assets at fair value through profit or loss ("**FVTPL**")		**—**	857
		15,777,938	16,846,428
Current liabilities			
Trade and bills payables	*11*	**1,686,989**	1,369,576
Other payables and accrued expenses		**1,910,607**	1,721,052
Tax payables		**162,397**	76,638
Contract liabilities		**369,213**	399,947
Lease liabilities		**123,187**	115,789
Deferred income		**1,881**	1,863
Advances drawn on bills receivables discounted with recourse		**1,875,000**	1,574,500
		6,129,274	5,259,365
Net current assets		**9,648,664**	11,587,063
Total assets less current liabilities		**22,408,504**	22,395,013

	2025	2024
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**227,748**	190,214
Deferred income	**13,881**	13,965
Deferred tax liabilities	**291,095**	286,123
	532,724	490,302
Net assets	**21,875,780**	21,904,711
Capital and reserves		
Share capital	**432,331**	431,299
Reserves	**21,415,198**	21,465,789
Equity attributable to shareholders of the Company	**21,847,529**	21,897,088
Non-controlling interests	**28,251**	7,623
Total equity	**21,875,780**	21,904,711

CONDENSED STATEMENT OF CASH FLOWS

	2025	2024
	RMB'000	*RMB'000*
NET CASH FROM OPERATING ACTIVITIES	**486,882**	1,753,336
NET CASH FROM(USED IN) INVESTING ACTIVITIES	**2,653,210**	(1,864,953)
NET CASH USED IN FINANCING ACTIVITIES	**(885,936)**	(45,706)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Smoore International Holdings Limited was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 on 22 July 2019. The Company's shares were listed on the Main Board of the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2020 ("**Listing Date**"). The addresses of the Company's registered office and principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Office B, 28/F, EGL Tower, No. 83 Hung To Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The principal activities of the Group are (1) Corporate Client Oriented Business focuses on the research, design, and manufacturing of vaping products, heat-not-burn products, special purpose atomization products and inhalation therapy products for leading global tobacco companies, independent vaping brands, and other corporate clients, and the provision of technological services relating to these products; (2) Self-Branded Business focuses on the research, design, manufacturing, and sales of self-branded electronic vaping products and beauty atomization products.

The consolidated financial statements of Group are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures ("**MPMs**") in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2025	2024
	RMB'000	*RMB'000*
Self-branded business	**2,911,738**	2,475,033
Corporate client oriented business	**11,344,433**	9,323,629
Total revenue	**14,256,171**	11,798,662

	2025	2024
	RMB'000	*RMB'000*
Timing of revenue recognition for contracts with customers		
At a point in time	**13,752,488**	11,569,036
Over time	**503,683**	229,626
Total revenue	**14,256,171**	11,798,662

(ii) Revenue accounting policies and performance obligations for contracts with customers

Sales of goods

Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (the "**delivery**"). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 0 to 105 days upon the delivery.

Technology service income

The Group entered into research and development agreements with customers. The Group earns revenue by providing research services to the customers, and the revenue is recognised over time as these services met one of the following criteria: The customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs; or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group generally measures the progress using output method or input method. Under the output method, the progress of performance determined based on the goods or services delivered to customers. Under the input method, the progress of performance determined based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

(iii) The following is an analysis of the Group's revenue and results by reportable segment:

	2025	2024
	RMB'000	*RMB'000*
Segment revenue	**14,256,171**	11,798,662
Segment profit	**1,466,746**	1,640,180
Unallocated gain (losses)	**198**	(14,466)
Unallocated income	**17,520**	36,819
Unallocated expenses	**(8,780)**	(7,490)
Profit before tax	**1,475,684**	1,655,043

The Group has one operating segment based on information reported to the chief operating decision maker (the "**CODM**") of the Group, being the executive directors of the Company, for the purpose of resource allocation and performance assessment, which is the consolidated results of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segment is the same as the Group's accounting policies. Segment profit represents profit earned from the segment without allocation of profit or loss generated by the holding company. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

(iv) Geographical information

The following table sets out information about the Group's revenue from external customers by the location of customers:

	2025	2024
	RMB'000	*RMB'000*
Hong Kong, China *(Note)*	**4,865,472**	3,876,049
United Kingdom	**3,773,549**	3,006,319
United States of America	**1,641,075**	1,399,337
Mainland China	**1,033,551**	1,011,205
France	**381,955**	350,959
The Republic of Croatia	**364,376**	250,512
Malaysia	**277,187**	73,310
The United Arab Emirates	**263,384**	227,037
Japan	**246,789**	253,313
Others	**1,408,833**	1,350,621
	14,256,171	11,798,662

Note: Revenue generated from Hong Kong, China are on re-export or transhipment basis and none of the Group's products are distributed or sold in Hong Kong, China.

The Group's non-current assets are substantially located in the Mainland of China by location of assets and no geographical information is presented.

The Group applies the practical expedient in HKFRS 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

(v) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025	2024
	RMB'000	*RMB'000*
Customer A	**5,311,431**	4,732,568

4. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

(a) Other income

	2025	2024
	RMB'000	*RMB'000*
Interest income from bank deposits	**419,605**	609,769
Interest income from rental deposits	**1,604**	1,292
Interest income from investment notes at amortised cost	**211,814**	36,501
Government grants	**38,056**	65,474
Compensation income from customers	**14,239**	9,305
Income from materials and services	**130,112**	39,902
Others	**14,256**	8,082
	829,686	770,325

(b) Other expenses

	2025	2024
	RMB'000	*RMB'000*
Expenses from materials and services	**(72,776)**	(42,007)
Charity expenses	**(11,954)**	(1,403)
Litigation settlement and related expenses	**(176,348)**	—
Others	**(11,981)**	(5,140)
	(273,059)	(48,550)

(c) Other gains and losses

	2025	2024
	RMB'000	*RMB'000*
Net foreign exchange (loss) gain	**(150,853)**	26,217
Gain arising on swap contracts/forward foreign exchange contracts	**1,718**	1,036
Gain arising on debt instrument	**21,454**	—
Gain arising on short-term bank deposits with variable interest rate	**26,790**	7,463
Loss on disposal/write off of property, plant and equipment and intangible assets	**(58,222)**	(59,157)
Gain on early termination of leases	**1,284**	3,194
Others	**—**	6,663
	(157,829)	(14,584)

5. FINANCE COSTS

	2025	2024
	RMB'000	*RMB'000*
Interest expense on lease liabilities	**17,422**	16,507
Interest expense on bills receivables discounted with recourse	**9,032**	21,356
	26,454	37,863

6. INCOME TAX EXPENSE

	2025	2024
	RMB'000	*RMB'000*
Current tax:		
— Mainland China Enterprise Income Tax ("**EIT**")	**165,030**	281,153
— Hong Kong Profits Tax	**98,313**	36,256
— Other countries and regions	**117,127**	14,274
	380,470	331,683
Under (over)provision in prior years		
— Mainland China EIT	**6,965**	(2,841)
— Hong Kong Profits Tax	**1,921**	—
— Other countries and regions	**14,332**	—
	403,688	328,842
Deferred tax	**10,397**	22,946
	414,085	351,788

Hong Kong, China

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars ("**HK$**") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Mainland China

Under the Law of the Mainland China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% except for certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2025 and 2024. The qualification as a High and New Technology Enterprise is subject to review by the relevant tax authority in the Mainland China for every three years.

United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% federal corporate income tax rate and other relevant applicable state tax rates has been provided on the taxable income arising in the United States for the years ended 31 December 2025 and 2024.

The Company is tax exempt under the laws of the Cayman Islands.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. The Group's estimated effective tax rates for the relevant jurisdictions in which the Group operates are higher than 15% or those group entities are eligible for safe harbours.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	RMB'000	*RMB'000*
Profit before tax	**1,475,684**	1,655,043
Income tax expense calculated at 15% *(Note)*	**221,353**	248,256
Tax effect of expense not deductible for tax purpose	**127,574**	63,852
Tax effect of income not taxable for tax purpose	**(57,577)**	(46,764)
Tax effect of tax losses not recognised	**75,778**	45,693
Effect of different tax rates of subsidiaries operating in other jurisdictions	**20,795**	27,870
Under (over)provision in prior years	**23,218**	(2,841)
Withholding tax on undistributed profits of subsidiaries	**4,972**	23,730
Others	**(2,028)**	(8,008)
	414,085	351,788

Note: Certain subsidiaries of the Company in the Mainland China that accounts for substantial operation of the Group were subject to a preferential corporate income tax rate of 15%.

7. PROFIT FOR THE YEAR

	2025	2024
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' remuneration	**61,606**	23,212
Other staff costs:		
— Salaries, bonus and other benefits	**3,193,524**	2,719,390
— Retirement benefit scheme contributions	**216,062**	263,417
— Share-based payment expenses	**422,578**	197,108
	3,893,770	3,203,127
Less: amounts capitalised as cost of inventories manufactured	**(1,733,683)**	(1,274,399)
Less: amounts capitalised as development cost	**(110,916)**	(62,600)
Less: amounts capitalised as contract cost	**(48,034)**	(30,817)
	2,001,137	1,835,311
Depreciation of right-of-use assets for buildings and land use rights	**176,227**	175,459
Depreciation of property, plant and equipment other than right-of-use assets	**476,459**	502,557
Amortisation of intangible assets	**30,739**	31,887
	683,425	709,903
Less: amounts capitalised as cost of inventories manufactured and capitalised as property, plant and equipment	**(398,477)**	(424,763)
	284,948	285,140
Expenses related to short-term leases	**25,059**	22,547
Auditor's remuneration	**3,680**	3,680
Cost of inventories recognised as expense	**9,399,292**	7,386,693
(Reversal of) allowance for inventories included in cost of revenue	**(22,867)**	17,964

8. DIVIDENDS

	2025	2024
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim dividend — HK 20 cents (2024 Interim dividend — HK5 cents) per share	**1,113,591**	276,785
2024 Final dividend — HK 5 cents (2023 Final dividend — HK5 cents) per share	**279,308**	276,037
	1,392,899	552,822

During the year, a final dividend of HK5 cents per share in respect of the year ended 31 December 2024 (2023: HK5 cents) was declared and paid to shareholders of the Company by deduction of the share premium of the Company. The aggregate amount of the final dividend paid in the year amounted to HK$304,782,000 (equivalent to approximately RMB279,308,000) (2024: HK$303,581,000 (equivalent to approximately RMB276,037,000)). An interim dividend of HK20 cents per share in respect of the six months period ended 30 June 2025 (2024: HK5 cents) was declared and paid to the shareholders of the Company. The aggregate amount of the interim dividend paid in the year amounted to HK$1,221,618,000 (equivalent to approximately RMB1,113,591,000) (2024: HK$302,944,000 (equivalent to approximately RMB276,354,000)).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK20 cents per share, in an aggregate amount of approximately HK$1,238,993,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting ("**AGM**").

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is as follows:

	2025	2024
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	**1,063,796**	1,303,255
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating earnings per share	**6,098,790**	6,085,067
Effect of dilutive potential ordinary shares:		
Share options/award shares	**116,923**	57,724
	6,215,713	6,142,791

The computation of diluted earnings per share does not assume the exercise of certain of the Group's share options/award shares as the averaged adjusted exercise prices of the share options/award shares exceeded the average market prices or the assumed exercise would have an anti-dilutive effect on earnings per share for the years ended 31 December 2025 and 2024.

10. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**2,312,614**	2,103,221
Less: allowance for credit losses	**(65,018)**	(36,314)
	2,247,596	2,066,907
Bills receivables	**50,759**	17,918
	2,298,355	2,084,825

The Group allows a credit period of 0 to 105 days (2024: 0 to 105 days) to its trade customers.

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB1,873,185,000.

The following is an analysis of trade receivables net of allowance for credit losses, presented based on the date of revenue recognised at the end of each reporting period:

	2025	2024
	RMB'000	*RMB'000*
Within 30 days	**683,311**	764,436
31 to 60 days	**649,713**	550,894
61 to 90 days	**516,042**	477,720
Over 90 days	**398,530**	273,857
	2,247,596	2,066,907

The maturity dates of bills receivables are within three months as at 31 December 2025 (2024: three months).

As at 31 December 2025, RMB223,719,000 (2024: RMB205,683,000) have been past due over 90 days or more and is not considered as in default because there had not been significant change in credit quality and the amounts are still considered recoverable.

As of 13 March 2026, RMB1,616,551,000 of trade and bills receivables as of 31 December 2025 had been settled subsequent to the end of the reporting period.

11. TRADE AND BILLS PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables		
— third parties	**1,504,499**	1,130,944
— a related party	**9,798**	78,208
	1,514,297	1,209,152
Bills payables		
— third parties	**172,692**	141,202
— a related party	**—**	19,222
	172,692	160,424
	1,686,989	1,369,576

The Group is normally granted credit terms of 30 to 90 days (2024: 30 to 90 days).

The following is an analysis of trade payables by age, presented based on the date of goods/services received or invoice date at the end of each reporting period:

	2025	2024
	RMB'000	*RMB'000*
Within 30 days	**961,203**	730,256
31–60 days	**336,002**	284,727
61–90 days	**140,889**	158,228
Over 90 days	**76,203**	35,941
	1,514,297	1,209,152

The maturity dates of bills payables are within six months as at 31 December 2025 (2024: six months).

12. CONTINGENT LIABILITIES

The Group is subject to laws and regulatory requirements in various jurisdictions worldwide. In some instances, certain entities and individuals may initiate litigation against the Group. As at 31 December 2025, the Group had following material litigation:

Shenzhen Smoore Technology Co., Ltd. and the Company (collectively, "**Smoore**") are among the defendants in a pending consolidated antitrust litigation in the U.S. District Court for the Northern District of California. Several direct and indirect purchasers (the plaintiffs) allege that the defendants, including Smoore and several distributors, conspired to engage in anti-competitive conduct for some of its products in violation of the federal and state antitrust laws. Whilst Smoore was successful in dismissing, in part, the prior complaints, in January 2026, the plaintiffs filed amended complaints. As of the date of this announcement, no trial date has been scheduled. The Group will continue to defend such claims vigourously.

The Board and management will continue to monitor and evaluate the financial and operational impact of material litigation and take actions deemed to be in the best interests of the Group. As at the date of this announcement, no provision has been recognised in respect of this matter.

In addition to the aforementioned litigation cases, the company has assessed that there are no other pending legal proceedings which would have a material impact on the company's operating position, financial position or cash flows.

OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate Governance Practices

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

For the year ended 31 December 2025, the Company had applied the principles and complied with all code provisions (except C.2.1 of the Corporate Governance Code ("**CG Code**")) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). In respect of code provision C.2.1 of the CG Code, the positions of the chairman of the Board and the chief executive officer are held by the same individual, namely, Mr. Chen Zhiping. The Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present, and will not impair the balance of power between the Board and the Company's management, which is mainly in view of the following considerations:

(1) The decision of the Board requires the approval of a majority of Directors. The Board of the Company consists of eight Directors, comprising three independent non-executive Directors and one non-executive Director, in which the number of independent non-executive Directors is more than the Listing Rules requirement of one-third, and therefore the Board believes that there are sufficient checks and balances within the Board;

(2) Mr. Chen and other Directors have already undertaken to fulfill their fiduciary duties as Directors, which require them to act for the benefits and in the best interests of the Company;

(3) The balance of power guarantees the functioning of the Board. The Board of the Company consists of experienced talents in different fields. These members meet regularly to discuss significant issues relating to the business strategies and operations of the Group; and

(4) The Group's development strategies and other major operating decisions are jointly made by the management team, the Board, and special committees under the Board after regular discussions.

The Group will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

RESPONSIBILITIES AND DELEGATION

The Board is responsible for the leadership and supervision of the Company's affairs and acting in the best interests of the Company and the shareholders. The Board, directly and indirectly through its committees, provides directions to manage (by laying down strategies and overseeing their implementation) and monitor the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the data of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for fulfilling their duties to the Company. The Directors need to disclose to the Company details of other offices held by them.

The Board reserves for its discretion on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial data, appointment of directors and other significant operational matters of the Company. The Board has delegated responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company to the chief executive officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid personnel.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 December 2025, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investment community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set forth in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors and relevant employees' securities transactions. Having made specific enquiry of all the Directors and relevant employees, they all confirmed that they have complied strictly with the provisions of the Model Code for the year ended 31 December 2025.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective communication with shareholders is of great importance in enhancing investor relation. The annual report and interim report offer comprehensive operation and financial performance information to shareholders while the AGM provides a forum for shareholders to express their opinions directly to the Board. The Board welcomes comments from shareholders and encourages them to attend general meetings to raise concerns with the Board or management directly. The Board members and appropriate senior management personnel of the Company will respond issues raised by shareholders at the meeting. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings. For the year ended 31 December 2025, the Company held one AGM on 23 May 2025 and one extraordinary general meeting on 18 February 2025.

The Company establishes different communication channels with shareholders and investors, including (i) electronic copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules will be published on the websites of the Company and the Stock Exchange; (ii) the AGM provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, deals with shareholders for all share registration and related matters; and (vii) the dedicated team of the Company handles general enquiries from shareholders and investors.

Shareholders and investors can send written inquiries or requests to the attention of the Board and put forward a resolution at the general meeting in the following ways:

Address: Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: IR@smooreholdings.com

The Company has formulated communication policy for shareholders aimed at promoting continuously effective communication between the Company and shareholders so as to make them informed when exercise their rights. The Company will review the shareholder communication policy on a regular basis to ensure its effectiveness. During the Review Period, the Board has reviewed the implementation and effectiveness of the communication policy for shareholders and was satisfied with the results.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK20 cents per ordinary share for the year ended 31 December 2025 to shareholders which shall be subject to approval by shareholders at the forthcoming AGM. The Company expects that the dividend will be paid on or around 18 June 2026, and the ex-dividend date is 29 May 2026.

The Company has adopted a dividend policy regarding to the payment of dividends, which is subject to the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy. Dividends may be proposed to declare by the Board during a Review Period and any final dividend for a Review Period will be subject to the shareholders' approval.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 22 May 2026, notice of which will be published on the websites of the Company and the Stock Exchange as soon as practicable in accordance with the requirements of the Company's articles of association and Listing Rules.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATES

For determining the entitlement to attend and vote at the AGM, the record date will be 22 May 2026 and the Register of Members of the Company will be closed from 19 May 2026 to 22 May 2026, both days inclusive, during which no transfer of shares will be registered. In order to determine the shareholders who are entitled to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, 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 18 May 2026.

For determining the entitlement for final dividend (subject to shareholders' approval at the AGM), the record date will be 4 June 2026 and the Register of Members of the Company will be closed from Tuesday, 2 June 2026 to Thursday, 4 June 2026, both days inclusive, during which no transfer of Shares will be registered. In order to determine the shareholders who are entitled to the said final dividend which will be resolved and voted at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, 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 1 June 2026.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY (INCLUDING TREASURY SHARES)

During the year ended 31 December 2025, the Group did not purchase, sell or redeem any of its shares (including treasury shares). As at 31 December 2025, the Group did not hold any treasury shares.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 10 July 2020 by offering a total of 660,504,000 shares (including the issuance of the over-allotment shares upon the full exercise of the over-allotment option) at offer price of HK$12.40 per share. The gross and net proceeds raised by the Company from the Listing were approximately HK$8,190.3 million and approximately HK$7,909.9 million, respectively.

The net proceeds from the Listing have been and will be utilized in the same manner and proportion as set out in the prospectus of the Company dated 29 June 2020 under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2025:

Use of proceeds		Approximate percentage of total amount	Amount of net proceeds allocated upon Listing *(HK$ million)*	Actual usage During the Review Period *(HK$ million)*	Actual usage up to 31 December 2025 *(HK$ million)*	Unutilized amount as at 31 December 2025 *(HK$ million)*	Expected timeline
(i)	Expand our production capacity, including the establishment of industrial parks in Jiangmen and Shenzhen, Guangdong province**	50%	3,954.9	33.7	1,364.9	2,590.0	By the end of 2030***
(ii)	Implement automated production and assembly lines at our new production bases, upgrade our group-level ERP system and upgrade our existing factories	25%	1,977.5	—	1,977.5	—	—
(iii)	Invest in research and development, including building a group-level research center in Shenzhen, developing new heating technology and paying for product certification expenses	20%	1,582.0	—	1,582.0	—	—
(iv)	Provide funding for our working capital and other general corporate purposes	5%	395.5	—	395.5	—	—
		100%	7,909.9	33.7	5,319.9	2,590.0	

* The figures above are rounded to the nearest one decimal place and may not add up due to rounding.

** According to the Measures for the Administration of Electronic Cigarettes ("**Administrative Measures**") published on 11 March 2022, e-cigarette manufacturers should obtain tobacco monopoly production enterprise license. The Group has obtained the relevant licenses, and any future expansion of production capacity must comply with the relevant regulations.

*** In view of changes in the external market conditions and regulatory environment, the Group will continue to optimize its annual manufacturing footprint and investment plans to meet customer demand in a better and more efficient manner. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

PLACING

On 27 January 2021, the Company, Aletech Holding Limited ("**Top-up Vendor**"), and CLSA Limited ("**Placing Agent**") entered into the placing and subscription agreement. Pursuant to which, the Top-up Vendor agreed to sell, and the Placing Agent agreed to procure purchasers to purchase, the 60,000,000 shares of the Company held by Top-up Vendor at a price of HK$74.40 per share (the "**Placing**"). Subject to completion of the Placing, the Top-up Vendor agreed to subscribe for 60,000,000 new shares of the Company at a subscription price of HK$74.40 per share (the "**Subscription**"). The net share price for the Subscription after deduction of all expenses incurred by the Top-up Vendor, including legal fees and fees of other advisers, in connection with the Subscription is approximately HK$74.09 per subscription share. The market price of the shares on the date when the terms of the Placing and Subscription were determined (i.e. 27 January 2021) was HK$80.

The Placing and the Subscription were completed on 1 February 2021 and 4 February 2021, respectively. The Company's net proceeds for the Placing and Subscription (after deducting related costs and expenses) were approximately HK$4,445.5 million, equivalent to approximately RMB3,705.6 million.

For details of the Placing and Subscription, please refer to the Company's announcements dated 27 January 2021, 28 January 2021 and 4 February 2021.

The intended and actual use of proceeds from the Placing and Subscription up to 31 December 2025 are set out as follows:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated (HK$ million)	Actual usage During the Review Period (HK$ million)	Actual usage up to 31 December 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)	Expected timeline
(i) Expansion of production capacity*	55%	2,445.0	105.3	686.6	1,758.4	By the end of 2030**
(ii) Allocating more resources and funds in the PMTA application for more products rollout in the market of the United States once approved	10%	444.5	—	—	444.5	By the end of 2030***
(iii) Investing in the R&D on the atomization devices for healthcare and pharmaceutical industry	35%	1,556.0	—	1,556.0	—	—
	100%	4,445.5	105.3	2,242.6	2,202.9	

* According to the Administrative Measures published on 11 March 2022, e-cigarette manufacturers should obtain tobacco monopoly production enterprise license. The Group has obtained the relevant licenses, and any future expansion of production capacity must comply with the relevant regulations.

** In view of changes in the external market conditions and regulatory environment, the Group will continue to optimize its annual manufacturing footprint and investment plans to meet customer demand in a better and more efficient manner. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

*** To further enhance the efficiency of resource utilization, the Group will regularly assess the resources allocated each year for PMTA in response to evolving laws, regulations, and market needs. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

ADEQUACY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 31 December 2025.

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Wang Gao. Mr. Zhong Shan is the Chairman of the Audit Committee. His expertise in accounting, auditing and finance enables him to lead the Audit Committee.

The principal responsibilities of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices, risk management and internal controls. These include determining the nature and scope of statutory audit, reviewing the Group's interim and annual accounts and assessing the completeness and effectiveness of the Group's accounting and financial controls.

The terms of reference of the Audit Committee are consistent with the recommendations as set out in A Guide for Effective Audit Committee published by the HKICPA and the provisions of the CG Code, and are updated and amended according to the relevant requirements from time to time.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025. It has also discussed with the Company's senior management and auditors regarding the accounting policies, risk management and internal control adopted by the Company.

SCOPE OF WORK OF THE EXTERNAL AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 17 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

EVENTS AFTER THE REVIEW PERIOD

There are no major events after 31 December 2025 that are required to be disclosed by the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2025 of the Company has been published on the website of the Stock Exchange and the website of the Company. The annual report of the Company will be published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 17 March 2026

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