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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Smoore International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Review Period**"). Deloitte Touche Tohmatsu, certified public accountants, the independent auditor of the Company has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, these interim results have also been reviewed by the Audit Committee of the Company (the "**Audit Committee**").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	Changes
	RMB'000	*RMB'000*	%
	Unaudited	Unaudited	
Revenue	**7,208,880**	6,013,290	19.9
Gross profit	**2,321,811**	2,243,850	3.5
Gross profit margin	**32.2%**	37.3%	(5.1pp)
Profit before tax	**872,512**	698,735	24.9
Profit for the period	**571,916**	492,154	16.2
Total comprehensive income for the period	**270,012**	501,166	(46.1)
Total comprehensive income for the period attributable to shareholders of the Company	**272,582**	501,166	(45.6)
Adjusted profit for the period*	**756,610**	737,410	2.6
Adjusted net profit margin	**10.5%**	12.3%	(1.8pp)
Adjusted profit for the period excluding the inhalation therapy business*	**888,891**	829,700	7.1
Adjusted net profit margin, excluding the inhalation therapy business	**12.3%**	13.8%	(1.5pp)

* *The adjustments adopted for deriving the adjusted profit measures for the period:*

	For the six months ended 30 June		
	2026	*2025*	*Changes*
	RMB'000	*RMB'000*	*%*
	Unaudited	*Unaudited*	
Profit for the period before adjustment	***571,916***	*492,154*	*16.2*
Add:			
Share-based payment expenses related to share option scheme and share award scheme	***184,694***	*245,256*	*(24.7)*
Adjusted profit for the period	***756,610***	*737,410*	*2.6*
Subtract:			
Loss for the period of the inhalation therapy business	***(132,281)***	*(92,290)*	*43.3*
Adjusted profit for the period, excluding the inhalation therapy business	***888,891***	*829,700*	*7.1*

To supplement the Group's financial results prepared in accordance with Hong Kong Financial Reporting Standards, the Group presents two adjusted profit measures to provide both investors and management additional financial information and perspectives:

1. Adjusted profit for the period: Management believes that, as share-based payment expenses are non-cash in nature, excluding such expenses from profit for the period can provide a clearer view of the Group's underlying operating performance.

2. Adjusted profit for the period, excluding the inhalation therapy business: Management believes that, as the inhalation therapy business remains at an early stage of development, excluding its financial results from profit for the period, in addition to share-based payment expenses, can provide a clearer view of the underlying operating performance of the Group's core business.

	30 June 2026	31 December 2025	Changes
	RMB'000	*RMB'000*	*%*
	Unaudited	Audited	
Total assets	**25,797,333**	28,537,778	(9.6)
Equity attributable to shareholders of the Company	**21,044,644**	21,847,529	(3.7)
Non-controlling interests	**42,053**	28,251	48.9
Total equity	**21,086,697**	21,875,780	(3.6)
Cash and cash equivalents	**3,956,029**	7,322,926	(46.0)
Asset-liability ratio (%)	**18.3**	23.3	(5.0pp)
Current ratio (%)	**359.7**	257.4	102.3pp
Trade and bills receivables turnover days (Day)	**57.1**	56.1	1.8
Inventory turnover days (Day)	**57.7**	50.0	15.4
Trade and bills payables turnover days (Day)	**60.3**	59.3	1.7

Notes:

1. Cash and cash equivalents = demand deposits + time deposits with maturity of less than three months as at the end of the period

2. Asset-liability ratio = total liabilities/total assets

3. Current ratio = current assets/current liabilities

4. Trade and bills receivables turnover days = average balance of trade and bills receivables/revenue × 180

5. Inventory turnover days = average balance of inventory/cost of revenue × 180

6. Trade and bills payables turnover days = average balance of trade and bills payables/cost of revenue × 180

7. Average balance = (beginning balance for the period + ending balance for the period)/2

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL BUSINESS OF THE GROUP

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.

The Group achieved a record high revenue for the corresponding period in the first half of 2026. During the Review Period, the Group achieved revenue of approximately RMB7,209 million, representing a year-on-year increase of approximately 19.9%. The growth was primarily driven by the continued expansion of the Group's ToB business, particularly its electronic vaping and HNB businesses.

The ToB business contributed approximately RMB5,910 million, representing a year-on-year increase of approximately 24.7% during the Review Period. The ToB business primarily includes sales of electronic vaping products, HNB products, special purpose atomization products and the provision of technical services relating to inhalation therapy. During the Review Period, each of these businesses recorded year-on-year revenue growth.

Revenue from electronic vaping and special purpose atomization products amounted to approximately RMB4,801 million during the Review Period, representing a year-on-year growth of approximately 9.3%. The Group continued to deepen its collaboration with high-value ODM customers, supporting the launch of a broader range of products and the expansion of their market presence in global major markets.

Revenue from the HNB business amounted to approximately RMB962 million, representing a year-on-year increase of approximately 322.1% during the Review Period. The strong growth was primarily attributable to the commencement of product shipments to a key customer in the second half of last year. During the Review Period, the Group continued to support customers in launching HNB products across additional global markets. The Group views HNB as a long-term growth opportunity, and the Group remains committed to supporting the long-term development of the HNB business and unlocking its growth potential.

Revenue from the Group's inhalation therapy business amounted to approximately RMB147 million, representing a year-on-year increase of approximately 24.8% during the Review Period. Transpire, the Group's subsidiary specializing in inhalation therapy, continued its co-development program with a leading U.S. biopharmaceutical company and received milestone payments from the partner.

The self-branded business recorded revenue of approximately RMB1,299 million, representing a year-on-year increase of approximately 1.9% during the Review Period. The business primarily comprised electronic vaping products. During the Review Period, VAPORESSO, the Group's proprietary vaping brand, continued to record revenue growth and strengthen its leading position in major markets. The team further strengthened its core direct-to-consumer ("**ToC**") capabilities in brand building, key channel penetration and retail marketing, laying a solid foundation for the Group's long-term development and sustainable growth.

During the Review Period, research and development ("**R&D**") expenses amounted to approximately RMB845 million, representing a year-on-year increase of approximately 16.9%. The increase was primarily attributable to higher investment in the Group's HNB business. The Group believes that the HNB industry offers significant growth potential. Thus continuous product enhancement and innovation are essential to capitalize on market opportunities.

During the Review Period, administrative expenses were approximately RMB620 million, representing a year-on-year increase of approximately 1.8%.

During the Review Period, distribution and selling expenses amounted to approximately RMB388 million, representing a year-on-year decrease of approximately 21.0%.

The Group's profit for the Review Period amounted to approximately RMB572 million, representing a year-on-year increase of approximately 16.2%. After adding back non-cash share-based payment expenses, adjusted profit amounted to approximately RMB757 million, representing a year-on-year increase of approximately 2.6%. During the Review Period, the Group continued to invest in its inhalation therapy business to accelerate the commercialization of Transpire's proprietary technology platforms and pipeline products, supporting its long-term development. Excluding the losses from the inhalation therapy business, adjusted profit for the Review Period amounted to approximately RMB889 million, representing a year-on-year increase of approximately 7.1%.

BUSINESS REVIEW

Sales and Marketing

During the Review Period, the Group achieved record-high revenue for the corresponding period, primarily driven by growth in its ToB segment, particularly the electronic vaping and HNB businesses.

During the Review Period, the Group achieved a revenue of approximately RMB7,209 million, representing a year-on-year growth of approximately 19.9%. Of this, the corporate client oriented ("**ToB**") business generated revenue of approximately RMB5,910 million, marking a year-on-year growth of approximately 24.7%. This segment accounted for approximately 82.0% of the total revenue during the Review Period (1H2025: approximately 78.8%). Meanwhile, the self-branded business contributed approximately RMB1,299 million, representing an approximately 1.9% year-on-year increase during the Review Period. This segment accounted for approximately 18.0% of the Group's total revenue during the Review Period (1H2025: approximately 21.2%).

During the Review Period, the Group's ToB segment primarily comprised the sale of electronic vaping products, HNB products and special purpose atomization products, as well as the provision of inhalation therapy-related technical services to corporate customers. The year-on-year increase in revenue was mainly driven by growth in the electronic vaping business and a greater revenue contribution from HNB product sales. All businesses within the ToB segment demonstrated positive growth momentum during the Review Period.

During the Review Period, the Group's electronic vaping products and special purpose atomization products businesses recorded revenue of approximately RMB4,801 million, with performance varying across regions. Revenue from Europe and other countries and regions amounted to approximately RMB3,250 million, representing a solid year-on-year increase of approximately 29.7%, primarily driven by growth in the electronic vaping products business. Adhering to its strategies of engaging high-value customers and pursuing opportunities at the appropriate time, the Group successfully established collaborations with those customers. The Group prioritized ODM customers with robust financial capabilities, strong commitment to invest in marketing and a long-term strategic vision. Leveraging its compliance capabilities, R&D strengths, customer resources and manufacturing excellence, the Group supported its ODM customers in accelerating business growth and strengthening their market positions. Revenue from the U.S. market amounted to approximately RMB1,493 million, representing a year-on-year decrease of approximately 15.6%, primarily due to a key customer's proactive adjustments to its product portfolio in preparation for new market opportunities. The U.S. regulatory landscape for electronic vaping products underwent significant changes, creating a more favourable operating environment for compliant brands, primarily tobacco companies. Leveraging its long-standing and stable relationships with these customers, SMOORE is well positioned to benefit from these developments. In May 2026, the FDA authorized the first electronic vaping products in flavours other than tobacco and menthol. Later that month, the FDA updated its enforcement guidance regarding unauthorized products in the U.S., stating that it did not intend to prioritize enforcement against certain non-tobacco flavoured electronic nicotine delivery system ("**ENDS**") products where the relevant application had been accepted and filed and contained the data necessary for the FDA to assess whether the product was appropriate for the protection of public health. After the guidance was issued, the Group's key U.S. customers have been preparing to launch new compliant products. The Group will continue to support these customers in rolling out a broader range of compliant products in the coming future. Revenue from the Group's special purpose atomization products business increased during the Review Period, as its earlier optimization of the product mix and customer portfolio began to yield positive results. In mainland China market, revenue amounted to approximately RMB58 million, representing a year-on-year decrease of approximately 50.3%.

During the Review Period, revenue from the HNB business amounted to approximately RMB962 million, representing a year-on-year increase of 322.1% as the Group began large-scale shipment of HNB products to its key customer since the second half of 2025. During the Review Period, the Group continued to support its customer in expanding global footprint of its premium HNB products. As at the end of the Review Period, the Group supported the customer in launching new products across a total of nine markets. End-market data indicated growth in both sales volume and market share across major markets, particularly in the premium segment. The Group is collaborating with the customer on future product iterations and the development of a long-term product roadmap for HNB products. In parallel, the Group is actively expanding its customer base and implementing a multi-customer strategy to drive growth in its HNB business.

The Group's inhalation therapy business recorded revenue of approximately RMB147 million, representing a year-on-year increase of approximately 24.8% during the Review Period. Transpire's co-development partnership program with a leading U.S. biopharmaceutical company continued to progress ahead of scheduled milestones and received technical services fees from the customer. During the Review Period, Transpire continued to advance the development of drug-device combination products for respiratory diseases, including asthma, chronic obstructive pulmonary disease ("**COPD**"), idiopathic pulmonary fibrosis ("**IPF**") and other therapeutic areas. Transpire has established multiple proprietary inhalation technology platforms, including dry powder inhaler and soft mist inhaler platforms. During the Review Period, all development programs progressed as planned and achieved key milestones on schedule. In May 2026, the FDA accepted the third abbreviated new drug application ("**ANDA**") filed by Transpire. To date, all three ANDAs of Transpire have been confirmed as first filer.

Meanwhile, the Group is proactively advancing the external equity financing of Transpire to better unlock its value and to mitigate its impact on the Group's profit and cash flow.

During the Review Period, the Group's self-branded business primarily comprised electronic vaping products.

Revenue from the Group's proprietary electronic vaping products amounted to approximately RMB1,277 million, representing a year-on-year increase of approximately 2.6%. Revenue from Europe and other countries and regions amounted to approximately RMB1,068 million, representing a slight year-on-year decrease of approximately 0.2%, mainly due to evolving market conditions in a key market and adverse impact on logistics due to geopolitical tensions in the Middle East. Nevertheless, the Group further strengthened its market leadership in other major markets by expanding channel coverage and implementing brand-building initiatives. It also increased its market presence in potential markets worldwide by establishing partnerships with leading local distributors and channel partners. In the U.S. market, revenue from the Group's self-branded electronic vaping products amounted to approximately RMB209 million, representing a year-on-year increase of approximately 19.9%. The Group continued to enhance its core capabilities in product development, channel coverage, brand building and retail engagement, laying a solid foundation for the long-term development of its proprietary brands.

Research and Development

During the Review Period, the Group further enhanced its R&D efficiency, responsiveness and risk resilience and accelerated the commercialization of its R&D platforms. Through these efforts, the Group seeks to translate technological innovation into revenue growth and increased market share.

The Group has established an R&D framework encompassing near-term commercialization, medium-term platform development and long-term innovation. This framework is designed to support near-term business performance while building the technological capabilities for sustainable medium- to long-term growth.

In support of near-term commercialization, the Group provides customers with end-to-end R&D services covering product definition, technology development, compliance management and production. It also offers customized solutions designed to comply with applicable regulatory frameworks, including the EU Tobacco Products Directive ("**TPD**"), the U.S. Premarket Tobacco Product Application ("**PMTA**") requirements and relevant local regulations. These capabilities help ODM customers shorten product development and market access timelines, enabling them to respond more effectively to opportunities arising from evolving regulatory environments.

In the medium term, the Group continues to invest in modular, scalable and reusable technology platforms to facilitate the translation of fundamental research into mass-production applications. It has established technology portfolios covering key areas such as ceramic heating, precision liquid delivery and intelligent temperature control. These platforms shorten response times for ODM customers and enable the Group to address their diverse and evolving requirements more efficiently.

In the long term, the Group continues to explore frontier technologies and assess the potential application of atomization technology across a broader range of industries and make forward-looking investments in selected frontier technologies, with a view to developing new avenues for sustainable growth.

The Group has established a strategy-led, end-to-end R&D management system to enhance efficiency, manage risks and ensure its R&D investment generates sustainable commercial value. First, dedicated project teams are established for key technology development programs. Second, the Group's end-to-end digital R&D management platform supports standardized and integrated development processes, enabling experimental data, technology-module assets, project progress and associated risks to be digitized, visualized and traced. The platform enhances collaboration across teams and regions, reduces resource inefficiencies, and supports more effective allocation of R&D resources.

The Group places compliance at the forefront of its operations by integrating market-specific regulatory requirements throughout the entire product development lifecycle. This approach helps ODM customers shorten market access timelines while enhancing the Group's operational resilience amid a rapidly evolving global regulatory environment.

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 1,101 new patent applications worldwide, including 739 patents for invention. As of 30 June 2026, the Group had filed, accumulatively, a total of 12,410 patents worldwide, including 6,805 patents for invention.

During the Review Period, the Group's total research and development expenditure amounted to approximately RMB845 million, representing an increase of approximately 16.9% as compared to the same period last year and a decrease as a percentage of revenue from approximately 12.0% in the same period last year to approximately 11.7% in the Review Period.

The research and development expenditures by different business were as below:

	For the six months ended 30 June				
	2026		2025		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Research and development of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products)	**644,560**	**76.3**	478,591	66.2	34.7
Research and development of inhalation therapy and beauty atomization products	**139,427**	**16.5**	179,241	24.8	(22.2)
Research and development of special purpose atomization products and solutions	**60,514**	**7.2**	64,732	9.0	(6.5)
Total	**844,501**	**100.0**	722,564	100.0	16.9

During the Review Period, research and development expenditure of the electronic nicotine delivery system business amounted to approximately RMB645 million, representing an increase of approximately 34.7%. The increase was primarily attributable to the Group's further investment in the HNB business. The Group remains dedicated to be a comprehensive solutions provider for customers.

Production and Operation

Manufacturing competitiveness remains a key strategic priority for the Group. Amid the evolving regulatory environments, the Group continued to optimize costs, enhance operational efficiency and strengthen compliance capabilities across its production and operations.

The Group established a multidimensional material cost management mechanism. Through centralized procurement negotiations, longer-term strategic inventory planning, and the adoption of new materials and manufacturing processes, the Group achieved reductions in material procurement costs. While maintaining stringent product quality standards and ensuring timely delivery to customers worldwide, the Group continued to strengthen its overall cost competitiveness.

During the Review Period, the Group's production and operation team successfully supported its key customers' product upgrades and product launches across multiple regional markets. The Group continued to enhance its end-to-end quality management system and deepen integration of automation with digital information management systems. These initiatives improved efficiency and quality while enabling data traceability throughout the manufacturing process, thereby establishing a solid operational foundation for the long-term expansion and profitability improvement of the HNB business.

The Group regards compliance as a fundamental prerequisite for sustainable development. During the Review Period, the Group conducted a comprehensive review of the regulatory and compliance requirements applicable throughout the manufacturing process. It implemented targeted measures across production, quality control and supply chain management. Through ongoing training, internal communications and compliance reviews, the Group continued to foster a strong compliance culture and ensure that its production bases operated in accordance with applicable laws and regulations. These efforts further strengthened the Group's compliance management capabilities and provided a solid foundation for its sustainable long-term development.

FUTURE PROSPECTS AND STRATEGIES

The journey ahead may be long and challenging, but perseverance will ultimately lead to success.

The Group believes that it has strategically positioned itself in business segments with significant growth potential. It has established leading technological capabilities in these areas and formulated clear commercialization roadmaps. The Group will continue to place atomization technology at the core of its strategy and enhance execution across electronic vaping products, HNB products, and inhalation therapies. Looking ahead to the second half of 2026, the Group will continue to implement its established development strategy, expand its presence in selected areas and enhance management efficiency across its sales, administrative and research and development functions. Through these initiatives, the Group aims to drive sustainable, high-quality growth and create long-term value for its stakeholders.

Global regulatory frameworks for electronic vaping market are increasingly focused on compliance, requiring industry participants to demonstrate strong capabilities in regulatory foresight, R&D, and manufacturing excellence. The evolving regulatory landscape is expected to accelerate industry consolidation and enable leading compliant players to further expand their market share. In the U.S. market, the evolving regulatory landscape and increasing clarity regarding enforcement are expected to support the development of the electronic vaping businesses of the Group's tobacco company customers. The Group will seize the opportunity to support its customers in launching a broader range of compliant electronic vaping products in the U.S., with a view to helping them regain market shares. In Europe and other countries and regions, the Group will remain committed to its key-account strategy by strengthening partnerships with high-value customers and supporting their growth. The Group will also continue to optimize its operations and manufacturing processes to enhance production agility and cost efficiency, while improving R&D efficiency to accelerate commercialization and shorten time to market. In parallel, the Group will continue to strengthen its ToC capabilities in product development, brand building and channel penetration. These capabilities will, in turn, generate deeper consumer and market insights, enabling the Group to provide more effective support to its ODM customers and drive sustainable long-term growth.

HNB represents a long-term business opportunity with considerable growth potential and is regarded by global tobacco companies as an important pillar of their harm-reduction strategies. Although the global HNB user base exceeded 55 million in 2025, unresolved user pain points continue to constrain category penetration. The Group implements a multi-customer strategy in its HNB business. Leveraging its technology platforms and accumulated know-how, the Group is committed to providing different customers with differentiated and competitive comprehensive product solutions. In the second half of 2026, the Group will continue to support its existing core customer in executing its HNB development strategies and collaborate closely with it to develop roadmaps for continuous product enhancement. In parallel, the Group will accelerate the commercialization of its technology platforms and collaborate with a broader range of customers to drive wider market adoption and business growth. Through these initiatives, the Group aims to further strengthen its position as a trusted partner, facilitate the transition of more adult tobacco users to HNB products and capture additional market share.

The Group believes that the continued increase in the prevalence of respiratory diseases globally will support long-term demand for inhalable therapeutics and related drug delivery technologies. To capitalize on this trend, Transpire will continue to focus on the development of innovative inhaled medicines targeting large addressable markets, together with complex generics of leading asthma and COPD products used in the U.S. and Europe. The Group believes that this strategy has the potential to improve treatment outcomes for diseases and conditions with unmet medical needs and to enhance patient access to essential asthma and COPD therapies by reducing treatment costs while maintaining standards of safety and efficacy. In the second half of 2026, Transpire intends to continue advancing the development of drug-device combination products for the treatment of respiratory diseases in accordance with its established product development plan. Transpire will also continue to evaluate collaboration opportunities with international pharmaceutical companies, leveraging its R&D and industrialization capabilities with the objective of enhancing the value of its technology platforms and pipeline products. In addition, Transpire will seek to improve R&D efficiency and support the orderly advancement of product development, marketing authorization applications and commercialization activities.

Meanwhile, the Group will proactively advance the external equity financing of Transpire to better unlock its commercial value and to mitigate the impact on the Group's profit and cashflow.

In the second half of 2026, the Group will remain focused on the strategic priorities outlined above to drive sustainable growth. The Group will continue to invest in priority R&D areas to reinforce its technological leadership and accelerate the commercialization of its innovations. The Group will also enhance management and operational efficiency while maintaining compliance as a cornerstone of its operations through strengthened end-to-end compliance management across all functions. Through compliance capabilities, R&D strengths, customer resources and manufacturing excellence, the Group remains committed to delivering enhanced value to customers and consumers, achieving sustainable growth and generating greater returns for Shareholders.

FINANCIAL REVIEW

During the Review Period, the total revenue of the Group was approximately RMB7,208,880,000 (the same period in 2025: approximately RMB6,013,290,000), representing an increase of approximately 19.9% as compared to the same period last year. During the Review Period, the gross profit of the Group was approximately RMB2,321,811,000 (the same period in 2025: approximately RMB2,243,850,000), representing an increase of approximately 3.5% as compared to the same period last year. During the Review Period, the gross profit margin of the Group was approximately 32.2% (the same period in 2025: approximately 37.3%). During the Review Period, the profit for the period of the Group was approximately RMB571,916,000 (the same period in 2025: approximately RMB492,154,000), representing an increase of approximately 16.2% as compared to the same period last year.

The increase of profit for the period was mainly attributable to: (i) revenue from the corporate client oriented business increased during the Review Period, mainly driven by revenue from heat-not-burn products and electronic vaping products; and (ii) the Group's share-based payment expenses during the Review Period decreased as compared to the same period last year, as the expenses recognition periods for certain share-based payments gradually completed.

Excluding the share-based payment expenses, the Group's adjusted profit for the Review Period was approximately RMB756,610,000 (the same period in 2025: approximately RMB737,410,000), representing an increase of approximately 2.6% as compared to the same period last year. After further excluding the loss from the inhalation therapy business, the Group's adjusted profit for the period, excluding the inhalation therapy business, was approximately RMB888,891,000 (the same period in 2025: approximately RMB829,700,000), representing a year-on-year increase of approximately 7.1%.

1. Revenue — Categorized by Business Types

	For the six months ended 30 June				
	2026		2025		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Self-branded business	**1,299,112**	**18.0**	1,274,306	21.2	1.9
Corporate client oriented business	**5,909,768**	**82.0**	4,738,984	78.8	24.7
Total	**7,208,880**	**100.0**	6,013,290	100.0	19.9

(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 RMB1,299,112,000 (the same period in 2025: approximately RMB1,274,306,000), representing an increase of approximately 1.9% as compared to the same period last year, and its percentage of total revenue decreased from approximately 21.2 % the same period last year to approximately 18.0% during the Review Period. Among which:

(i) *Electronic vaping products*

- Revenue from Europe and other countries and regions market amounted to approximately RMB1,067,549,000 (the same period in 2025: approximately RMB1,069,339,000), representing a slight decrease of approximately 0.2% as compared to the same period last year;

- Revenue from the U.S. market amounted to approximately RMB208,976,000 (the same period in 2025: approximately RMB174,349,000), representing an increase of approximately 19.9% as compared to the same period last year.

(ii) *Beauty atomization products*

- Revenue from the China market amounted to approximately RMB22,587,000 (the same period in 2025: approximately RMB30,618,000), representing a decrease of approximately 26.2% as compared to the same period last year.

(2) *Corporate client oriented business*

During the Review Period, revenue from corporate client oriented business amounted to approximately RMB5,909,768,000 (the same period in 2025: approximately RMB4,738,984,000), representing an increase of approximately 24.7% as compared to the same period last year, and its percentage of total revenue increased from approximately 78.8% the same period last year to approximately 82.0% during the Review Period. Among which:

(i) *Electronic vaping products and related technical services, and special purpose atomization products*

- Revenue from Europe and other countries and regions markets amounted to approximately RMB3,249,474,000 (the same period in 2025: approximately RMB2,506,320,000), representing an increase of approximately 29.7% as compared to the same period last year, and an increase in percentage of total revenue from approximately 41.7% the same period last year to approximately 45.1% for the Review Period;

- Revenue from the U.S. market amounted to approximately RMB1,493,046,000 (the same period in 2025: approximately RMB1,769,567,000), representing a decrease of approximately 15.6% as compared to the same period last year, and a decrease in percentage of total revenue from approximately 29.4% the same period last year to approximately 20.7% for the Review Period; and

- Revenue from China market amounted to approximately RMB58,216,000 (the same period in 2025: approximately RMB117,089,000), representing a decrease of approximately 50.3% as compared to the same period last year, and a decrease in percentage of total revenue from approximately 1.9% the same period last year to approximately 0.8% for the Review Period.

(ii) *Heat-not-burn products and technical services*

- Revenue from Japan and European countries amounted to approximately RMB961,560,000 (the same period in 2025: approximately RMB227,807,000), representing an increase of approximately 322.1% as compared to the same period last year, and an increase in percentage of total revenue from approximately 3.8% the same period last year to approximately 13.4% for the Review Period.

(iii) *Inhalation therapy technical services*

- Revenue from the U.S. market amounted to approximately RMB147,472,000 (the same period in 2025: approximately RMB118,201,000), representing an increase of approximately 24.8% as compared to the same period last year, and the percentage of total revenue was broadly maintained at the same level as the same period last year, i.e. approximately 2.0%.

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

	For the six months ended 30 June				
	2026		2025		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Self-branded business	**1,299,112**	**18.0**	1,274,306	21.2	1.9
Electronic vaping products	**1,276,525**	**17.7**	1,243,688	20.7	2.6
— Revenue from Europe and other countries and regions	**1,067,549**	**14.8**	1,069,339	17.8	(0.2)
— Revenue from the U.S.	**208,976**	**2.9**	174,349	2.9	19.9
Beauty atomization products （revenue from China)	**22,587**	**0.3**	30,618	0.5	(26.2)
Corporate client oriented business	**5,909,768**	**82.0**	4,738,984	78.8	24.7
Electronic vaping products, special purpose atomization products and technical services	**4,800,736**	**66.6**	4,392,976	73.0	9.3
— Revenue from Europe and other countries and regions	**3,249,474**	**45.1**	2,506,320	41.7	29.7
— Revenue from the U.S.	**1,493,046**	**20.7**	1,769,567	29.4	(15.6)
— Revenue from China	**58,216**	**0.8**	117,089	1.9	(50.3)
Heat-not-burn products and technical services (revenue mainly from Japan and European countries)	**961,560**	**13.4**	227,807	3.8	322.1
Inhalation therapy technical services (revenue from the U.S.)	**147,472**	**2.0**	118,201	2.0	24.8
Total	**7,208,880**	**100.0**	6,013,290	100.0	19.9

2. Gross Profit and Cost of Revenue

During the Review Period, the Group's gross profit was approximately RMB2,321,811,000 (the same period in 2025: approximately RMB2,243,850,000), representing an increase of approximately 3.5% as compared to the same period last year, and the gross profit margin decreased from approximately 37.3% for the same period last year to approximately 32.2% for the Review Period. During the Review Period, the Group's gross profit margin increased by approximately 0.5pp compared with the second half of last year, from approximately 31.7% to approximately 32.2%. The increase of gross profit margin was primarily attributable to the adverse impact of policy changes related to products being offset by economies of scale resulting from revenue growth and the Group's efficiency enhancement measures.

Cost of revenue as a percentage of revenue:

	For the six months ended 30 June				
	2026		2025		Changes
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cost of raw materials	**3,737,508**	**51.9**	2,845,798	47.3	31.3
Labor costs	**564,704**	**7.8**	433,682	7.2	30.2
Overhead	**555,495**	**7.7**	454,955	7.6	22.1
Tax and surcharge	**29,362**	**0.4**	35,005	0.6	(16.1)
Total	**4,887,069**	**67.8**	3,769,440	62.7	29.6

During the Review Period, the Group's cost of raw materials as a percentage of revenue increased from approximately 47.3% for the same period last year to approximately 51.9% for the Review Period, and the Group's labor costs as a percentage of total revenue increased from approximately 7.2% for the same period last year to approximately 7.8% 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 21.0% from approximately RMB491,229,000 for the same period last year to approximately RMB388,080,000 for the Review Period. The distribution and selling expenses as a percentage of revenue decreased from approximately 8.2% for the same period last year to approximately 5.4% for the Review Period. The decrease in distribution and selling expenses as a percentage of revenue was mainly due to a decrease in the Group's provisions for product related expenses and the Group's optimization of its marketing strategies in light of its business development during the Review Period. In particular:

(1) Staff salaries and benefits increased by approximately 2.7% from approximately RMB185,664,000 for the same period last year to approximately RMB190,730,000 for the Review Period, and as a percentage of revenue, decreased from approximately 3.1% for the same period last year to approximately 2.7% for the Review Period. The increase in staff salaries and benefits was mainly attributable to the Group's strengthened focus on incentives during the Review Period, which resulted in an increase in the remuneration of marketing staff.

(2) Market development costs decreased by approximately 17.1% from approximately RMB133,965,000 for the same period last year to approximately RMB111,056,000 for the Review Period, and as a percentage of revenue, decreased from approximately 2.2% for the

same period last year to approximately 1.5% for the Review Period. The decrease in market development expenses was mainly attributable to the Group's optimization of its marketing strategies in light of its business development during the Review Period.

(3) Travelling expenses decreased by approximately 18.5% from approximately RMB19,682,000 for the same period last year to approximately RMB16,033,000 for the Review Period, and as a percentage of revenue, decreased slightly from approximately 0.3% for the same period last year to approximately 0.2% for the Review Period.

(4) Other expenses decreased by approximately 53.8% from approximately RMB151,918,000 for the same period last year to approximately RMB70,261,000 during the Review Period, and as a percentage of revenue, decreased from approximately 2.5% for the same period last year to approximately 1.0% during 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 1.8% from approximately RMB609,548,000 for the same period last year to approximately RMB620,492,000 for the Review Period. Administrative expenses as a percentage of revenue decreased from approximately 10.1% for the same period last year to approximately 8.6% for the Review Period. In particular:

(1) Staff salaries and benefits increased by approximately 8.7% from approximately RMB357,378,000 for the same period last year to approximately RMB388,336,000 for the Review Period, and as a percentage of revenue, decreased from approximately 5.9% for the same period last year to approximately 5.4% for the Review Period. The increase in staff salaries and benefits was mainly attributable to the Group's increased staff expenses in line with the revenue growth during the Review Period.

(2) Professional service fees decreased by approximately 13.7% from approximately RMB139,687,000 for the same period last year to approximately RMB120,573,000 for the Review Period, and as a percentage of revenue, decreased from approximately 2.3% for the same period last year to approximately 1.7% for the Review Period. The decrease in professional service fees was mainly attributable to the decrease in the Group's legal-related service expenses compared to the same period last year.

(3) Depreciation and amortization expenses decreased by approximately 31.7% from approximately RMB51,310,000 for the same period last year to approximately RMB35,059,000 during the Review Period, and as a percentage of revenue, decreased from approximately 0.9% for the same period last year to approximately 0.5% during the Review Period. The decrease in depreciation and amortization expenses was mainly due to a number of assets acquired in prior years progressively reaching fully depreciated status.

5. Research and Development Expenses

The Group's R&D expenses increased by approximately 16.9% from approximately RMB722,564,000 for the same period last year to approximately RMB844,501,000 during the Review Period. As a percentage of revenue, R&D expenses decreased from approximately 12.0% for the same period last year to approximately 11.7% during the Review Period. The R&D expenses of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products) increased by approximately 34.7% compared with the same period last year, the R&D expenses of inhalation therapy and beauty atomization products decreased by approximately 22.2% compared with the same period last year, and the R&D expenses of special purpose atomization products and solutions decreased by approximately 6.5% compared with the same period last year. The year-on-year increase in R&D expenses was mainly due to the increased investment in the heat-not-burn business. In particular:

(1) Staff salaries and benefits increased by approximately 21.0% from approximately RMB469,969,000 for the same period last year to approximately RMB568,505,000 for the Review Period, and as a percentage of revenue, slightly increased from approximately 7.8% for the same period last year to approximately 7.9% for 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 heat-not-burn business during the Review Period.

(2) Development costs increased by approximately 7.3% from approximately RMB160,745,000 for the same period last year to approximately RMB172,507,000 for the Review Period, and as a percentage of revenue, decreased from approximately 2.7% for the same period last year to approximately 2.4% for the Review Period.

(3) Depreciation and amortization expenses increased by approximately 13.1% from approximately RMB49,340,000 for the same period last year to approximately RMB55,805,000 for the Review Period, and the percentage of revenue was broadly maintained at the same level as the same period last year, i.e. approximately 0.8%.

6. **Other Income and Expenses**

During the Review Period, the Group's net other income amounted to approximately RMB360,572,000, representing an increase of approximately 3.1% as compared to approximately RMB349,691,000 for the same period last year, as set out below:

	For the six months ended 30 June		
	2026	2025	Changes
	RMB'000	*RMB'000*	*%*
Interest income from bank deposits	**157,794**	235,658	(33.0)
Interest income from investment notes at amortized cost	**116,273**	87,130	33.4
Government grants	**18,617**	19,192	(3.0)
Compensation income from customers	**4,350**	1,846	135.6
Interest income from rental deposits	**563**	744	(24.3)
Net income from materials and services	**60,747**	11,363	434.6
Donation expenditures	**(2,399)**	(6,185)	(61.2)
Others	**4,627**	(57)	N/A
Total	**360,572**	349,691	3.1

7. **Other Gains and Losses**

During the Review Period, the Group's net other gains amounted to approximately RMB58,332,000, compared with net other losses approximately RMB55,177,000 for the same period last year, as set out below:

	For the six months ended 30 June		
	2026	2025	Changes
	RMB'000	*RMB'000*	*%*
Net foreign exchange loss	**(164,195)**	(37,238)	340.9
Gain (loss) arising on forward foreign exchange contracts/swap contracts	**200,161**	(482)	N/A
Loss on disposal/write-off of property, plant and equipment	**(9,729)**	(25,737)	(62.2)
Gain arising on short-term bank deposits with variable interest rate	**10,632**	5,524	92.5
Gain arising on debt instrument	**18,374**	2,498	635.5
Gain on early termination of leases	**32**	258	(87.6)
Others	**3,057**	—	N/A
Total	**58,332**	(55,177)	N/A

8. Finance Costs

During the Review Period, the finance costs of the Group amounted to approximately RMB13,468,000 (the same period in 2025: approximately RMB13,619,000), representing a decrease of approximately 1.1% as compared to the same period 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 bills receivables.

9. Income Tax Expense

During the Review Period, the Group's income tax expense amounted to approximately RMB300,596,000 (the same period in 2025: approximately RMB206,581,000), representing an increase of approximately 45.5% as compared to the same period last year. The increase in income tax expense was mainly due to the increased tax provisions related to the Group's international business expansion.

10. Profit for the Period and Total Comprehensive Income for the Period

During the Review Period, the profit for the period of the Group was approximately RMB571,916,000 (the same period in 2025: approximately RMB492,154,000), representing an increase of approximately 16.2% as compared to the same period last year. During the Review Period, the Group's total comprehensive income for the period was approximately RMB270,012,000 (the same period in 2025: approximately RMB501,166,000), representing a decrease of approximately 46.1% as compared to the same period last year. The decrease of total comprehensive income for the period was primarily due to the 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 30 June 2026, the net current assets of the Group were approximately RMB11,109,373,000 (31 December 2025: approximately RMB9,648,664,000). As at 30 June 2026, the Group's cash and cash equivalents were approximately RMB3,956,029,000 (31 December 2025: approximately RMB7,322,926,000), which mainly consisted of approximately RMB1,423,063,000 denominated in RMB, approximately RMB2,399,812,000 denominated in USD and approximately RMB115,203,000 denominated in HKD (31 December 2025: 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). As at 30 June 2026, the current ratio of the Group was approximately 359.7% (31 December 2025: approximately 257.4%).

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 30 June 2026, the Group did not have any bank or other financial institutions borrowings (31 December 2025: nil). As at 30 June 2026, the utilized portion of the Group's secured banking facilities was mainly for issuing and discounting bills, entering into forward foreign exchange contracts and opening letters of credit.

Gearing ratio

As at 30 June 2026, the gearing ratio, calculated as total liabilities divided by total equity, was approximately 22.3% (31 December 2025: approximately 30.5%).

12. Charge on Assets

As at 30 June 2026, the Group did not have any charge on assets (31 December 2025: nil).

13. Exposure to Foreign Exchange Risk

The functional currency of the Company is RMB. The revenue of the Group is mainly settled in USD and RMB. During the Review Period, approximately 70% of the Group's revenue was settled in USD and approximately 30% was settled in RMB. Meanwhile, approximately 80% of the materials, labors and various expenditures paid by the Group were 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 30 June 2026, if the exchange rate of USD against RMB rises by 10%, the Group's total comprehensive income will increase by approximately RMB1,235,623,000 (31 December 2025: increase by approximately RMB1,171,357,000). Alternatively, if the exchange rate of USD against RMB drops by 10%, the Group's total comprehensive income will decrease by approximately RMB1,235,623,000 (31 December 2025: decrease by approximately RMB1,171,357,000).

14. Employment, Training and Development

As of 30 June 2026, the Group had 21,867 and 3,465 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 other countries 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, the "PM Training Camp" designed to cultivate outstanding product managers, and the "1-3-5-7-10" program, a ten-year development path cultivation designed to help fresh graduates adapt to the workplace better and become key members, including a 6-month systematic induction training, one-year mentorship centered on "Teach, Support and Guidance" and the "Magic Training Camp" for the outstanding graduates within 3 years. 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, the total staff costs (including management and administration staff) accounted for approximately 27.3% of the revenue of the Group (the same period in 2025: approximately 28.5%). The decrease in total staff costs as a percentage of revenue was mainly due to the decrease in share-based payment expenses during the Review Period.

15. Capital Expenditures

For the six months ended 30 June 2026, the total investment in property, plant and equipment and intangible assets of the Group was approximately RMB495,627,000 (the same period in 2025: approximately RMB784,581,000), which was mainly attributable to the recognition of (1) capital expenditure in relation to equipment, (2) capital expenditure in relation to self-owned buildings, and (3) research and development expenditure capitalized.

16. Capital Commitments

As at 30 June 2026, the Group had contracted capital commitment for property, plant and equipment of approximately RMB812,981,000 (31 December 2025: approximately RMB455,770,000), which will be financed with proceeds from the Listing and net proceeds generated from operations.

17. Material Acquisitions and Disposals

For the six months ended 30 June 2026, the Group did not carry out any material acquisitions or disposals of any subsidiaries, associates or joint ventures.

18. Significant Investments

For the six months ended 30 June 2026, the Group did not have any significant investments.

19. Contingent Liabilities

As at 30 June 2026, 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".

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026	2025
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**7,208,880**	6,013,290
Cost of revenue		**(4,887,069)**	(3,769,440)
Gross profit		**2,321,811**	2,243,850
Other income		**416,988**	368,747
Other expenses		**(56,416)**	(19,056)
Distribution and selling expenses		**(388,080)**	(491,229)
Administrative expenses		**(620,492)**	(609,548)
Research and development expenses		**(844,501)**	(722,564)
Finance costs		**(13,468)**	(13,619)
Other gains and losses	*5*	**58,332**	(55,177)
Impairment loss recognised on trade receivables, net		**(1,662)**	(2,669)
Profit before tax		**872,512**	698,735
Income tax expense	*6*	**(300,596)**	(206,581)
Profit for the period	*7*	**571,916**	492,154
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(301,904)**	9,012
Other comprehensive (expense) income for the period		**(301,904)**	9,012
Total comprehensive income for the period		**270,012**	501,166
Total comprehensive income for the period attributable to:			
Shareholders of the Company		**272,582**	501,166
Non-controlling interests		**(2,570)**	—
Earnings per share	*9*		
Basic (RMB cents)		**9.39**	8.08
Diluted (RMB cents)		**9.32**	7.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**5,111,049**	5,065,928
Intangible assets		**551,808**	478,510
Deposits paid for acquisition of property, plant and equipment		**95,227**	85,386
Deferred tax assets		**28,145**	29,479
Long-term bank deposits		**865**	2,118,310
Rental deposits		**28,009**	28,056
Other financial assets		**4,595,749**	4,954,171
		10,410,852	12,759,840
Current assets			
Inventories		**1,467,929**	1,666,864
Trade and bills receivables	*10*	**2,277,063**	2,298,355
Other receivables, deposits and prepayments		**727,799**	974,231
Contract costs		**7,197**	10,234
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,227,287**	—
Restricted bank deposits		**333**	51,647
Short-term bank deposits over three months		**4,722,844**	3,453,681
Bank balances and cash		**3,956,029**	7,322,926
		15,386,481	15,777,938
Current liabilities			
Trade and bills payables	*11*	**1,584,851**	1,686,989
Other payables and accrued expenses		**1,569,809**	1,910,607
Tax payables		**277,754**	162,397
Contract liabilities		**386,850**	369,213
Lease liabilities		**121,435**	123,187
Deferred income		**1,409**	1,881
Advances drawn on bills receivables discounted with recourse		**335,000**	1,875,000
		4,277,108	6,129,274
Net current assets		**11,109,373**	9,648,664
Total assets less current liabilities		**21,520,225**	22,408,504

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Non-current liabilities		
Lease liabilities	**192,837**	227,748
Deferred income	**13,367**	13,881
Deferred tax liabilities	**227,324**	291,095
	433,528	532,724
Net assets	**21,086,697**	21,875,780
Capital and reserves		
Share capital	**432,427**	432,331
Reserves	**20,612,217**	21,415,198
Equity attributable to shareholders of the Company	**21,044,644**	21,847,529
Non-controlling interests	**42,053**	28,251
Total equity	**21,086,697**	21,875,780

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**742,563**	813,755
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(1,115,973)**	539,974
NET CASH USED IN FINANCING ACTIVITIES	**(2,866,690)**	(1,298,904)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,240,100)**	54,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**7,322,926**	5,170,700
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(126,797)**	(13,772)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	**3,956,029**	5,211,753

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

Smoore International Holdings Limited ("**the Company**") 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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2020. 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 condensed consolidated financial statements of Group are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Self-branded business	**1,299,112**	1,274,306
Corporate client oriented business	**5,909,768**	4,738,984
Total revenue	**7,208,880**	6,013,290

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Timing of revenue recognition for contracts with customers		
At a point in time	**6,960,810**	5,847,159
Over time	**248,070**	166,131
Total revenue	**7,208,880**	6,013,290

(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:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Segment revenue	**7,208,880**	6,013,290
Segment profit	**790,568**	706,408
Unallocated gains (losses)	**50,305**	(13,622)
Unallocated income	**34,572**	9,889
Unallocated expenses	**(2,933)**	(3,940)
Profit before tax	**872,512**	698,735

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:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Hong Kong, China *(Note)*	**2,472,137**	2,128,271
United Kingdom	**2,028,165**	1,501,465
United States of America	**656,660**	648,850
Mainland China	**545,137**	417,262
The Republic of Croatia	**315,615**	222,905
Malaysia	**177,908**	124,464
Indonesia	**158,782**	41,526
Japan	**116,067**	118,811
France	**114,075**	161,195
Others	**624,334**	648,541
	7,208,880	6,013,290

Note: Revenue generated from Hong Kong, China are for resale to international customers or trading companies. 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.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net foreign exchange loss	**(164,195)**	(37,238)
Gain (loss) arising on forward foreign exchange contracts/swap contracts	**200,161**	(482)
Gain arising on short-term bank deposits with variable interest rate	**10,632**	5,524
Gain arising on debt instrument	**18,374**	2,498
Gain on early termination of leases	**32**	258
Loss on disposal/write-off of property, plant and equipment	**(9,729)**	(25,737)
Others	**3,057**	—
	58,332	(55,177)

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China Enterprise Income Tax ("**EIT**")	**105,173**	78,729
Hong Kong Profits Tax	**168,773**	34,729
Other countries and regions	**89,087**	94,963
	363,033	208,421
Deferred tax	**(62,437)**	(1,840)
	300,596	206,581

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 six months ended 30 June 2026 and 2025. 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 six months ended 30 June 2026 and 2025.

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.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of right-of-use assets for buildings and land use rights	**86,253**	87,229
Depreciation of property, plant and equipment other than right-of-use assets	**256,720**	232,603
Amortisation of intangible assets	**25,657**	14,175
	368,630	334,007
Less: amounts capitalised as cost of inventories manufactured and property, plant and equipment and intangible assets	**(213,857)**	(198,833)
	154,773	135,174
Allowance for inventories included in cost of revenue	**10,417**	3,466
Government grants	**18,617**	19,192

8. DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period	**1,057,955**	279,308

During the current interim period, a final dividend of HK20 cents per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: HK5 cents) was declared and paid to shareholders of the Company. The aggregate amount of the final dividend paid in the interim period amounted to HK$1,215,634,000 (equivalent to approximately RMB1,057,955,000) (six months ended 30 June 2025: HK$304,792,000 (equivalent to approximately RMB279,317,000)).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK20 cents per share amounting to approximately HK$1,239,131,000 in aggregate (six months ended 30 June 2025: HK$1,238,587,000) will be paid to shareholders of the Company whose names appear in the register of members of the Company on 10 September 2026.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	**571,916**	492,154
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating earnings per share	**6,091,064**	6,091,740
Effect of dilutive potential ordinary shares:		
Share options/award shares	**44,938**	93,359
	6,136,002	6,185,099

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 six months ended 30 June 2026 and 2025.

10. TRADE AND BILLS RECEIVABLES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables from contracts with customers	**2,342,192**	2,312,614
Less: Allowance for credit losses	**(65,129)**	(65,018)
	2,277,063	2,247,596
Bills receivables	**—**	50,759
	2,277,063	2,298,355

The Group allows a credit period of 0 to 105 days (31 December 2025: 0 to 105 days) to its trade customers.

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:

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Trade receivables		
Within 30 days	**683,568**	683,311
31 to 60 days	**556,604**	649,713
61 to 90 days	**606,805**	516,042
Over 90 days	**430,086**	398,530
	2,277,063	2,247,596

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

11. TRADE AND BILLS PAYABLES

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Trade payables	**1,456,211**	1,514,297
Bills payables	**128,640**	172,692
	1,584,851	1,686,989

The Group is normally granted credit terms of 30 to 90 days (31 December 2025: 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:

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Within 30 days	**527,775**	961,203
31 to 60 days	**579,717**	336,002
61 to 90 days	**272,351**	140,889
Over 90 days	**76,368**	76,203
	1,456,211	1,514,297

The maturity dates of bills payables are within six months as at 30 June 2026 and 31 December 2025.

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 30 June 2026, the Group had the 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, legal proceedings for the other complaints are ongoing. As of the date of this announcement, no trial date has been scheduled. The Group will continue to defend such claims vigorously.

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 recognized 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

Compliance with the Code Provisions of the Corporate Governance Code

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 of the Company ("**Shareholders**").

For the six months ended 30 June 2026, the Company had applied the principles and complied with all code provisions (except as stated below) and (where applicable) the recommended best practices of the Corporate Governance Code (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 (the "**Stock Exchange**") (the "**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. Currently, 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 requires 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.

AUDIT COMMITTEE

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 primary duties of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices, risk management and internal control systems, including considering the nature and scope of statutory audits, reviewing the interim and annual accounts of the Group, approving connected transactions and providing advice to the Board.

The Audit Committee has reviewed, with the management and the independent auditor of the Company, the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2026, the interim report, the accounting principles and practices adopted by the Group and has discussed the risk management, internal controls and financial reporting matters.

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 the Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry on this matter, all Directors and relevant employees confirmed that they have complied strictly with the provisions of the Model Code for the six months ended 30 June 2026.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK20 cents per share for the six months ended 30 June 2026 (six months ended 30 June 2025: HK20 cents per share), to be paid to the Shareholders as appearing on the register of members of the Company on 10 September 2026 (i.e. the record date). The interim dividend is expected to be distributed on 25 September 2026, and the ex-dividend date is 4 September 2026.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATES

The register of members of the Company will be closed from 8 September 2026 to 10 September 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the Shareholders who are entitled to the interim dividend, all transfer forms, 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 7 September 2026.

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

During the Review Period, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including treasury shares) of the Company. Other than the issuance of equity securities under the share option scheme that complies with Chapter 17 of the Listing Rules, the Group did not issue any equity securities or sale of treasury shares for cash during the Review Period. As at 30 June 2026, the Group did not hold any treasury shares.

REVIEW OF ACCOUNTS

Deloitte Touche Tohmatsu, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REVIEW PERIOD

There are no material events that are required to be disclosed by the Company after 30 June 2026.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.smooreholdings.com. The interim report for the six months ended 30 June 2026 containing all the information required to be disclosed by the Listing Rules 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, 19 August 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 is Ms. JIANG Min; and the independent non-executive Directors are Mr. ZHONG Shan, Mr. YIM Siu Wing, Simon and Dr. WANG Gao.