



SMOORE INTERNATIONAL HOLDINGS LIMITED

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6969)

2025 Interim Report



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chen Zhiping (*Chairman and Chief executive officer*)
Mr. Xiong Shaoming
Mr. Wang Guisheng
Ms. Wang Xin

Non-Executive Director

Ms. Jiang Min

Independent Non-Executive Directors

Mr. Zhong Shan
Mr. Yim Siu Wing, Simon
Dr. Wang Gao

Audit Committee

Mr. Zhong Shan (*Chairman*)
Mr. Yim Siu Wing, Simon
Dr. Wang Gao

Nomination Committee

Mr. Chen Zhiping (*Chairman*)
Mr. Zhong Shan
Dr. Wang Gao

Remuneration Committee

Mr. Yim Siu Wing, Simon (*Chairman*)
Mr. Chen Zhiping
Dr. Wang Gao

Environmental, Social and Governance Committee

Mr. Chen Zhiping (*Chairman*)
Mr. Wang Guisheng
Mr. Zhong Shan

Joint Company Secretaries

Mr. Wang Guisheng (*CICPA, HKICPA, FCCA*)
Ms. Cheng Choi Ha (*ACG, HKACG*)

Authorized Representatives

Mr. Wang Guisheng
Ms. Cheng Choi Ha

Registered Office

Conyers Trust Company (Cayman) Limited
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION (CONTINUED)

Principal Place of Business in Hong Kong

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

Head Office in the PRC

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

Legal Advisers

Reed Smith Richards Butler LLP
DeHeng Law Offices (Shenzhen)
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

The Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Banks

Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Everbright Bank Company Limited
China CITIC Bank International Limited
China Merchants Bank
CMB Wing Lung Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank, N.A.

Stock Short Name

Smooore Intl

Stock Code

6969

Company's Website

www.smoooreholdings.com

Investor Relations Consultants

Christensen China Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Smoore International Holdings Limited (“**Smoore**” or the “**Company**”), I am pleased to present the interim report of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 30 June 2025 (“**Review Period**”).

Business Review

The year 2025 represents a pivotal milestone for SMOORE, driven by the transformative growth, i.e. its second horizon — the heat-not-burn (“**HNB**”) business. During the Review Period, the Group played a critical role in supporting a key customer's successful launch of its premium HNB product series in a major market, signifying the beginning of a new chapter in SMOORE's development and diversification.

The Group delivered a solid performance in revenue in the first half of 2025, reflecting the recovery of its electronic vaping business. This robust performance is attributed to SMOORE's cutting-edge research and development capabilities, a diversified global client base, enhanced management efficiency, and strong compliance capabilities.

During the Review Period, the Group expanded its sales channel coverage in overseas markets, resulting in a year-over-year increase in selling and distribution expenses. In addition, the Group granted share options and share awards under the share option scheme and share award scheme to enhance employee motivation in the fourth quarter of 2024, resulting in a substantial growth in non-cash share-based expenses compared to the previous year. These two factors primarily impacted net profits for the Review Period. However, both initiatives are viewed as important investments to drive the Group's long-term sustainable growth and reinforce its competitiveness in global markets.

Beyond electronic vaping and HNB business, the Group has continued to invest in new business such as inhalation therapy and beauty atomization, collectively defined as “Emerging Business.” During the Review Period, these initiatives progressed as planned and achieved key milestones, underpinned for future growth.

One of the most significant achievements in the first half of 2025 was the successful support of a strategic customer in launching its premium HNB product series in the key market. In early June of 2025, the premium HNB product series co-developed by SMOORE and its strategic customer, was officially rolled out in Sendai, Japan. The pilot rollout in Sendai has shown encouraging results, achieving strong early performance, including market share growth and favorable consumer feedback. End-users have expressed high satisfaction with the product's tobacco like flavor and rapid preheating capabilities. To maintain its leadership in HNB technologies and intellectual property, the Group has continued to invest in R&D in HNB. As of the end of Review Period, SMOORE has developed multiple HNB technology platforms designed to address various product pain points and meet the specific requirements of its customers.

CHAIRMAN'S STATEMENT (CONTINUED)

The Group's electronic vaping business has experienced a robust recovery during the Review Period, with revenue growth in both Corporate Client Oriented Business ("**ToB Business**") and Self-branded Business. This recovery was driven by two key factors: Globally, intensified regulatory enforcement against non-compliant products has created significant growth opportunities for compliant companies. In the United States, legal enforcement actions against non-compliant products continued to intensify, while bans on disposable electronic vaping products are implemented in several major European markets. These developments have created a more compliant market environment, offering substantial opportunities for companies like SMOORE, which possess strong compliance capabilities and the agility of market movement; Internally, the Group has closely monitored regulatory frameworks and market trends, successfully developing innovative products that align with compliance requirements while meeting market needs. Leveraging our strengths in innovation, compliance, and product offerings, the Group has strengthened its collaboration with top notch clients who possess extensive channel coverage, strong marketing capabilities, and high product on-shelf availability. During the Review Period, the Group has launched a series of innovative product solutions, which received positive feedback from both consumers and corporate customers. In the Self-branded Business, the Group continued to expand its sales channel coverage in key markets. The Group's self-owned brand, VAPORESSO, further strengthened its leadership in major markets, driven by leading brand positioning, accurate user insights, localized operations, and close partnerships with key distributors.

The Group's business for special purpose atomization products has been undergoing restructuring over the past two years. During the Review Period, the Group continued to optimize its business operation models and improve operational efficiency. Concurrently, efforts have been made to refine the organizational structure to better align with market needs and enhance market insights. These initiatives have begun to yield positive results, with the segment achieving a year-over-year revenue increase in the first half of 2025.

The Group's wholly-owned subsidiary, i.e. Transpire Bio Inc. ("**Transpire**") for inhalation therapy in the U.S. continues to advance development of its drug-device combination products for respiratory diseases such as asthma and chronic obstructive pulmonary disease ("**COPD**") and pulmonary fibrosis. All development projects are progressing as planned, achieving certain milestones as scheduled. In addition, Transpire leverages its advanced R&D capabilities to provide research and development services to external pharmaceutical companies.

The beauty atomization business represents the Group's strategic exploration into diversifying application scenarios. The ToC home-use beauty device under the brand (嵐至) has garnered a user base exceeding ten thousands. Additionally, the brand's professional beauty device successfully obtained Class II Medical Device Certification in China. Following its launch, the device has received recognition and recommendations from dermatologists.

A great company is built on a vast market, a strong client base, leading products, advanced technologies, as well as efficient management. During the Review Period, the Group has implemented a series of strategic initiatives and key projects to enhance its management efficiency. These efforts have included strengthening talent management, decentralizing decision-making to empower each business, and refining its performance management system. By focusing on these areas, the Group aims to elevate its overall operational efficiency and management capabilities, creating a robust foundation to support sustainable growth in the long run.

CHAIRMAN'S STATEMENT (CONTINUED)

Outlook

As the saying goes, "The future depends on what you do today."

For the Group, 2025 is a pivotal year of transition. In the second half of 2025, the Group remains dedicated to strengthening its R&D capabilities, enhancing organizational agility, and improving management efficiency. These initiatives aim to drive innovation, operational excellence, and ultimately deliver greater value to our shareholders.

HNB products offer an alternative to combustible products by delivering nicotine without burning. Despite their advantages, market penetration for HNB products remains relatively low, primarily due to unresolved user pain points. To address this, the Group is committed to collaborating with business partners to enhance user experiences and drive product penetration increase. In the second half of 2025, the Group will assist its strategic customer in the nationwide launch of HNB product series in Japan this September, as well as in expanding to additional key markets. These efforts aim to support the customer in capturing greater market share and strengthening its competitive position globally. Additionally, the Group will continue to invest in R&D to maintain its technological leadership and work closely with customers to commercialize differentiated technology platforms which effectively address various user pain points.

The ongoing regulatory enforcement against non-compliant electronic vaping products has created significant opportunities for compliant products to increase market share. This market reshuffle presents a great opportunity for industry players to elevate their sales performance. In a dynamic market where product design and structure are increasingly shaped by regulatory frameworks, the Group recognizes that success lies in anticipating changes and adapting ahead of competitors. To achieve this, the Group is committed to developing strong foresight and agility, delivering innovative product solutions that align with compliance requirements while meeting consumer preferences. In the second half of 2025, the Group will continue to uphold its principles of compliance, innovation, and responsiveness, delivering cutting-edge product solutions tailored to the needs of diverse customers. For its self-branded business, the Group plans to launch compliant new products that address consumer demand after the ban of non-compliant products. Concurrently, the Group will further strengthen its industry-leading brand, VAPORESSO, by enhancing localized operations, expanding sales channel coverage, and improving product on-shelf availability.

The market for special purpose atomization products presents significant growth potential. In the second half of 2025, the Group will continue to focus on strengthening localized operations and optimizing its business model to better align with market dynamics and consumer needs. To further diversify its product portfolio and enhance competitiveness, the Group plans to introduce a range of innovative products tailored to meet evolving market demands. These initiatives aim to solidify the Group's foundation for capturing additional market share and driving recovery in this segment.

Regarding inhalation therapy, Transpire is committed to providing high-quality inhaled drug-device combination products to patients around the world to address areas of significant unmet medical need. In the second half of 2025, the Group will further increase investment in its independent development programs and the partnered program. At the same time, in terms of industrial cooperation, the Group continues the evaluation of additional partnered co-development programs and assessment of licensing opportunities to derive revenue from the independent development products to bring greater revenue contribution to the Group.

CHAIRMAN'S STATEMENT (CONTINUED)

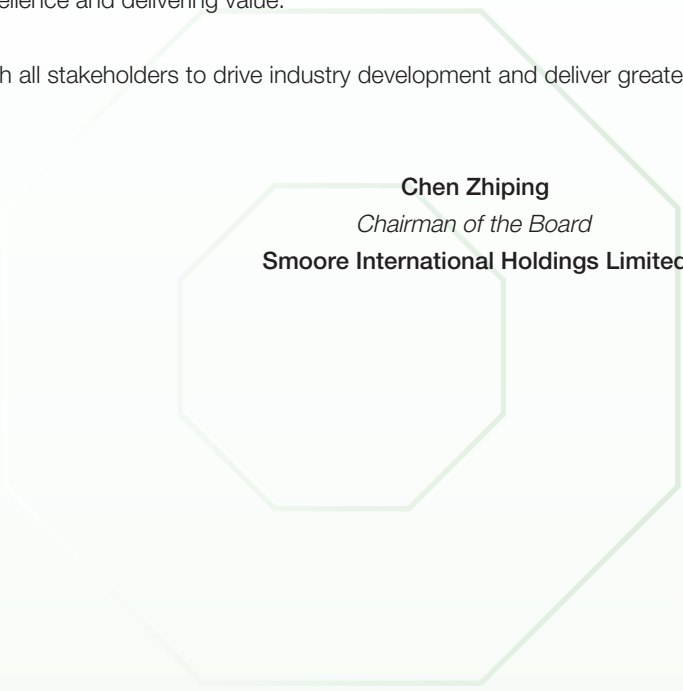
In the second half of 2025, the Group will strengthen its promotion of the MOYAL brand within professional institutions. By closely monitoring customer feedback and sales performance, the Group remains committed to optimizing its strategy and making necessary adjustments to ensure sustained growth.

Sincere Appreciation

Great things in business are never done by one person. They're done by a team of people.

On behalf of the Group, I would like to extend my heartfelt gratitude to our team members for their dedication and hard work in navigating the headwinds to deliver a solid result for the first half of 2025. I would also like to express our sincere appreciation to our customers for their continued trust and partnership. Additionally, we are grateful to regulators for their efforts in fostering a more sustainable and compliant industry environment, enabling long-term growth opportunities. Last but not the least, I would like to thank our shareholders for their steadfast support and confidence in the Group's vision and strategy. Your trust inspires us to continue striving for excellence and delivering value.

Looking ahead, we remain committed to collaborating with all stakeholders to drive industry development and deliver greater value to our shareholders and society at large.



Chen Zhiping
Chairman of the Board
Smoore International Holdings Limited

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2025	2024	Changes
	RMB'000 Unaudited	RMB'000 Unaudited	%
Revenue*	6,013,290	5,083,554	18.3
Gross profit	2,243,850	1,923,951	16.6
Gross profit margin	37.3%	37.8%	(0.5pp)
Profit before tax	698,735	811,555	(13.9)
Profit for the period	492,154	683,198	(28.0)
Total comprehensive income for the period	501,166	724,597	(30.8)
Total comprehensive income for the period attributable to shareholders of the Company	501,166	724,597	(30.8)
Adjusted profit for the period**	737,410	752,851	(2.1)
Adjusted net profit margin	12.3%	14.8%	(2.5pp)

* In view of the significant increase in technical service revenue obtained by the Group from the provision of research and development design services to customers, the relevant revenue has been included in the revenue starting from the 2024 Annual Report. The comparable financial data for the six months ended 30 June 2024 have been reclassified for presentation to ensure the comparability of financial data.

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

	For the six months ended 30 June		
	2025	2024	Changes
	RMB'000 Unaudited	RMB'000 Unaudited	%
Profit for the period before adjustment	492,154	683,198	(28.0)
Add:			
Share-based payment expenses related to share option scheme and share award scheme	245,256	69,653	252.1
Adjusted profit for the period	737,410	752,851	(2.1)

FINANCIAL HIGHLIGHTS (CONTINUED)

To supplement the Group's financial results prepared in accordance with Hong Kong Financial Reporting Standards, the Group presents Adjusted Profit for the Period 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 period can provide both the investors and management with a clearer view of the Group's underlying operating performance.

	30 June 2025 RMB'000 Unaudited	31 December 2024 RMB'000 Audited	Changes %
Total assets	27,331,803	27,654,378	(1.2)
Total equity	22,445,554	21,904,711	2.5
Cash and cash equivalents	5,211,753	5,170,700	0.8
Asset-liability ratio (%)	17.9	20.8	(2.9pp)
Current ratio (%)	336.7	320.3	16.4pp
Trade and bills receivables turnover days (days)	61.4	61.5	(0.2)
Inventory turnover days (days)	45.7	41.8	9.3
Trade and bills payables turnover days (days)	62.4	65.2	(4.3)

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** 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. It also provides technological services related 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.

In the first half of 2025, the Group’s revenue was primarily driven by its electronic vaping business. During the Review Period, global regulatory authorities strengthened enforcement against non-compliant products. In the U.S., legal actions targeting non-compliant products intensified, while several major European markets implemented bans on disposable vaping products. These developments have created a more compliant market environment, offering substantial opportunities for companies like Smoore, which possess strong compliance capabilities and the agility of market movement.

In the first half of 2025, the Group achieved revenue of approximately RMB6,013 million, marking an approximately 18.3% increase compared to the same period last year. The sales performance was mainly driven by the recovery of the Group’s vaping business, supported by more effective legal enforcement against non-compliant products in major global markets and the Group’s agility in launching innovative new products to meet market demand. On one hand, the Group capitalized on this opportunity by assisting electronic vaping customers in swiftly launching innovative, compliant products to fill the market gap left by the ban on non-compliant products. The Group’s ToB Business recorded revenue of approximately RMB4,739 million, representing an approximately 19.5% increase year-on-year. On the other hand, the self-branded electronic vaping business expanded channel coverage and enhanced localized operations, resulting in continued market share growth in key regions. Consequently, the self-branded business recorded revenue of approximately RMB1,274 million, an approximately 14.1% year-on-year increase, primarily fueled by the strong performance of the industry-leading brand, VAPORESSO.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group places significant emphasis on engaging closely with end-users to better understand their preferences and improve its product on-shelf availability, ultimately driving sales. During the Review Period, the Group continued investing in localized operations and expansion on retail channel coverage across key global markets. At the same time, the Group has strengthened collaboration with certain customers by leveraging its market insights and channel coverage capabilities. In addition to product development and manufacturing, the Group has offered them with marketing, branding, and channel operation services, with this business model demonstrating early signs of positive outcomes. During the Review Period, selling and distribution expenses reached approximately RMB491 million, reflecting a year-on-year increase of approximately 31.2%.

One of the key competitive advantages of the Group is its consistent investment in research and development (“R&D”) to sustain technological leadership. During the Review Period, the Group focused its R&D efforts on strategic areas, enhancing efficiency and optimizing resource allocation. As part of this strategy, the Group prioritized key R&D projects while reducing investment in electronic vaping products. Consequently, R&D expenses were approximately RMB723 million, reflecting an approximately 4.9% decrease compared to the same period last year.

The Group views 2025 as a pivotal year in its transition, driven by advancements in the HNB business. This transition relies on the commitment and collective efforts of all employees. In the fourth quarter of 2024, the Group granted share options and share awards under the share option scheme and share award scheme, resulting in higher non-cash share-based payment expenses during the Review Period. The Group views this as a strategic investment aimed at enhancing employee incentives and driving the long-term success of the organization. Administrative expenses rose to approximately RMB610 million, reflecting a substantial year-on-year increase of approximately 79.7%.

The Group’s profit for the Review Period was approximately RMB492 million, reflecting a year-on-year decrease of approximately 28.0%. If the non-cash share-based payment expenses are added back, the adjusted profit for the period was approximately RMB737 million, reflecting an approximately 2.1% decrease compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review

Summary of Material Laws, Regulations, Executive Orders and Policies Updates

The following table supplements the related disclosures in the prospectus of the Company dated 29 June 2020, past interim and annual reports and illustrates major updates of material laws, regulations, executive orders and policies in relation to e-cigarette and the tobacco products of the electronic vaping device industry promulgated or proposed by relevant authorities in our major markets (“**Material Laws, Regulations, Executive Orders and Policies Updates**”):

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
U.S. ⁽¹⁾	Premarket tobacco application (“ PMTA ”) filing requirements for electronic nicotine delivery system (“ ENDS ”) products, including devices, assemblies and/or components that deliver vaporized e-liquids when inhaled.	<p>As of 30 June 2025, the Food and Drug Administration (“FDA”) has taken action on more than 99% of PMTAs submitted as of the deadline, being 9 September 2020. Among them, marketing denial orders (“MDO”) have been issued for more than 1 million non-tobaccos and non-menthol-flavored and some menthol-flavored ENDS products. Many manufacturers have challenged these MDOs in court, and as of 30 June 2025, three federal appellate courts had cancelled certain MDOs for tobacco, non-tobacco and non-menthol-flavored ENDS products, while other appeals continue on the merits. In April 2025 the United States Supreme Court vacated one such decision cancelling MDOs for non-tobacco and non-menthol-flavored ENDS and remanded the case back to the lower court for further proceedings.</p> <p>As of the date of this report, the FDA had issued marketing authorization for 25 closed system tobacco-flavored ENDS products and 4 closed system menthol-flavored ENDS products produced by the Group for its clients.</p>
United Kingdom	The Environmental Protection (Single-use Vapes) (England) Regulations 2024 came into force on 1 June 2025. The Tobacco and Vapes Bill is still making its way through Parliament. The Bill has passed all the stages in the House of Commons in the UK. There are follow up stages in the Lords (committee stage and third reading).	As of 1 June 2025, single-use (disposable) vapes are banned from sale. This ban extends to all retailers, including online and high street shops, and applies to all vapes, regardless of nicotine content. The Group has developed new products in compliance with the latest legal regulations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
E.U.	<p>About Flavor Restrictions</p> <p>Countries with Flavor Restrictions: As of July 2025, nine countries — Finland, Estonia, Hungary, the Netherlands, Lithuania, Latvia, Denmark, Slovenia, and Ukraine — have established their own flavor restrictions, most of which allow only tobacco flavors or tobacco and menthol flavors. Countries Considering Flavor Restrictions: Spain, Germany, Czech Republic, Ireland, France, Belgium and Croatia are discussing or planning to implement flavor restrictions in response to youth e-cigarette smoking or public health concerns.</p> <p>About the Ban on Disposable e-Cigarettes and other Tobacco products</p> <p>Belgium: A ban on the sale of disposable e-cigarettes came into force on 1 January 2025, due to the risk of nicotine addiction among young people and the environmental concerns of plastic waste and hazardous chemicals.</p> <p>France: On 13 February 2025, the French Senate passed a bill banning the sale of disposable e-cigarette devices in France, making France the second EU country after Belgium to implement a ban on disposable e-cigarettes.</p> <p>Italy: A ban on online sales of nicotine-containing e-cigarettes as of January 2025, limiting distribution to licensed physical outlets.</p> <p>Poland: A ban on the sale of all e-cigarettes to anyone under 18 in May 2025.</p> <p>About the Battery Regulation</p> <p>In February 2025, a corrigendum to Regulation (EU) 2023/1542 was published to specify the conformity assessment procedures for batteries. In March 2025, Commission Delegated Regulation (EU) 2025/606 of 21 March 2025 was adopted, establishing the methodology for the calculation and verification of recycling efficiency and material recovery rates from waste batteries, as well as the format for required documentation.</p>	<p>In countries with the ban, only tobacco or menthol-flavored products can be sold, and compliant tobacco-flavored products need to be developed. The Group has developed products in compliance with the latest regulations in the respective countries.</p> <p>The Group has developed new products in compliance with the latest regulations in the respective countries where disposable vaping products are banned.</p> <p>All relevant batteries, including those used in their electronic cigarette products, shall comply with the new battery requirements. The Group has developed new solutions in compliance with the relevant amended regulations.</p>

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
Hong Kong, China	<p>As advised by external legal counsels, no new material laws, regulations, executive orders or rules in relation to e-cigarettes and the vaping device industry were issued in Hong Kong, China for the six months ended 30 June 2025.</p> <p>In April 2025, the Hong Kong Government submitted the Tobacco Control Legislation (Amendment) Bill 2025 (Bill) to the Legislative Council which proposed, among others, to ban possession of Alternative Smoking Products (ASPs) in public places with effect from 30 April 2026. As of 30 June 2025, the Bill was still being deliberated by and had not been passed into laws by the Legislative Council.</p>	With effect from 30 April 2022, the import, promotion, manufacture, sale and possession of alternative smoking products for commercial purposes have been prohibited. However, the proposed further restriction in the Bill will not affect the regulatory framework administered by the Customs and Excise Department (C&ED) which allows the trans-shipment of alternative smoking products by air, sea and land.
Japan	As advised by external legal counsels, no new material laws, regulations, executive orders or rules in relation to e-cigarettes and the vaping device industry were issued in Japan for the six months ended 30 June 2025.	
Mainland of China	In May 2025, the State Tobacco Monopoly Administration successively issued regulatory rules for the Administration of Tobacco Monopoly Licenses for Electronic Cigarette-Related Manufacturers and Wholesalers regulating and optimizing the Licenses of e-cigarette production and distribution.	The Group has set up a dedicated team to coordinate all related compliance matters and the Group's production and operating activities strictly comply with the relevant amended regulations.

Note:

(1) In the U.S. market, only federal level laws, regulations, executive orders, and policies were summarized.

The legal department of the Group will continue to cooperate with external professionals to closely monitor global regulatory developments and changes related to its business activities, and adjust its business activities such as R&D and production in a timely manner to ensure that our business activities comply with regulations and adapt to the regulatory environment changes. At the same time, the Group will continue to diversify its revenue in different countries and regions, expand its product portfolio, promote the application of atomization technology in industries such as medical and health, and develop a brand-new atomization technology industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Sales and Marketing

In the first half of 2025, the global regulatory landscape for electronic vaping products became more defined, with stricter enforcement measures. These developments have created growth opportunities for compliant players like the Group.

In the U.S. market, enforcement efforts against non-compliant products have intensified at both the federal and state levels. The U.S. FDA leads the federal campaign to restrict non-compliant electronic vaping products through a combination of warning letters, civil penalties, import alerts, and criminal prosecution. Notably, according to the public information of FDA, the FDA seized nearly two million units of unauthorized vaping products with an estimated retail value of approximately \$33.8 million in May 2025. At the same time, a growing number of U.S. states are taking legal actions against the surge of non-compliant flavored vaping products. As of the Review Period, 13 states have passed an electronic vaping registry bill (i.e. a mandatory list of electronic vaping products authorized for sale in the state) in place and more than 20 states are considering to implement an electronic vaping registry bill. Some states are also making efforts not limited to litigation, but also include warning letters, civil investigative demands, and settlements aimed at curbing unlawful sales practices.

Europe is experiencing a major shift in how disposable vaping products are regulated, with multiple countries taking steps to restrict or ban them in the Review Period. As of 1 June 2025, the UK, a key market in Europe, imposed a ban on the sale of disposable vaping products. This ban extends to all electronic vaping products regardless of nicotine content. Following the implementation of the ban in the UK, substantial market opportunities have emerged for compliant products.

During the Review Period, the Group achieved a revenue of approximately RMB6,013 million, reflecting a year-on-year growth of approximately 18.3%. Of this, the self-branded business contributed approximately RMB1,274 million, representing an approximately 14.1% year-on-year increase during the Review Period. This segment accounted for approximately 21.2% of the Group's total revenue during the Review Period (1H 2024: 22.0%). Meanwhile, the corporate client oriented business generated revenue of approximately RMB4,739 million, marking a year-on-year growth of approximately 19.5%. This segment accounted for approximately 78.8% of the total revenue during the Review Period (1H 2024: 78.0%).

The Group's 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. Revenue from the European and other markets reached approximately RMB1,069 million, representing a 15.1% year-on-year increase, driven by the outstanding performance of the Group's industry-leading brand, VAPORESSO. In response to strong market demand following the ban on disposable electronic vaping products in major European countries, the Group's self-branded electronic vaping business launched the XROS 5 and XROS 5 Mini, upgraded versions of VAPORESSO's bestselling XROS series. These new products deliver enhanced performance, offering more consistent and stable aroma reproduction, refined flavors, and a smoother vaping experience. Since their launch, the XROS 5 and XROS 5 Mini have become market successes, driving increased market share for VAPORESSO in key markets. During the Review Period, the Group continued to enhance its marketing digitalization, sales localization, and terminal store monitoring through its self-developed data system, enabling swift responses to market changes. This strategy has reinforced its position as the leading brand in major global markets. In the U.S. market, the Group's self-branded electronic vaping business reported revenue of approximately RMB174 million for the Review Period, representing a year-on-year decline of approximately 6.7%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Review Period, the Group's self-branded atomization beauty products under "MOYAL" brand were sold in mainland China, generating revenue of approximately RMB31 million, representing a year-on-year increase of approximately 2,595.2%. The product portfolio includes the MOYAL home-use beauty device targeting retail customers and the MOYAL professional device designed for beauty institutions. The user base for the MOYAL home-use beauty device targeting retail customers has exceeded ten thousand. In parallel, the MOYAL professional device obtained Class II Medical Device Certification. Following its launch, it has been adopted by several nationwide beauty clinics and public hospitals, with over 100 private institutions already procuring the device. It is worth noting that the beauty atomization business segment remains in its verification phase, and the Group will continue to evaluate and optimize its operations as the segment progresses.

During the Review Period, the Group's ToB business recorded revenue of approximately RMB4,739 million, reflecting a year-on-year growth of approximately 19.5%. The performance was primarily driven by the recovery of electronic vaping business segment. The ToB business exhibited varied performance across global regions during the Review Period.

In European and other countries, the Group's ToB business primarily focused on the sale of electronic vaping products. As mentioned above, the ban on disposable electronic vaping products in major European markets presented significant opportunities for compliant market participants. Leveraging its foresight into regulatory changes, responsiveness to market dynamics, and agility in organization structure, the Group successfully supported key customers in launching a series of innovative and compliant products which cater to customers' various requirements. In the first half of 2025, the Group's leading technology brand, FEELM, introduced multiple innovative and compliant product solutions aimed at delivering consumers unique and diverse flavor experiences. These product solutions also supported customers in expanding into new categories and capturing new markets. The solutions have garnered positive customer feedback, leading to strong order growth. As a result, revenue from the ToB business in European and other countries surged to approximately RMB2,734 million, representing a robust year-on-year growth of approximately 38.0%.

In the U.S. market, the ToB business included electronic vaping products and special purpose atomization products. As demonstrated earlier, enforcement efforts against non-compliant products have intensified, targeting multiple entities through various legal measures by the regulators. Despite these efforts, the U.S. vaping market continues to be dominated by non-compliant products, which has impacted the sales performance of the Group's customers. During the Review Period, the Group's business for special purpose atomization products were still in recovery. To strengthen its position, the Group has been enhancing localized operations by establishing an R&D center and local sales teams in the U.S. to better connect with end-users. Additionally, the Group is optimizing its business model, and these initiatives have begun to yield results, with the segment showing year-on-year revenue growth. Including trans-shipped products through Hong Kong, the Group recorded revenue of approximately RMB1,888 million in the U.S. market, representing a year-on-year increase of approximately 1.5%.

In the Mainland China market, the Group's ToB business primarily focuses on the sale of electronic vaping products. During the Review Period, the segment generated approximately RMB117 million in revenue, reflecting a year-on-year decline of approximately 6.1%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Research and Development

Science and technology are the primary productive forces for the development of enterprises. As a high-tech manufacturing enterprise, the Group regards innovative, market-driven products as its lifeblood and technological investment as the cornerstone of product innovation. R&D is viewed as a strategic necessary condition for ensuring the Group's long-term growth and competitiveness. During the Review Period, the Group focused on enhancing R&D efficiency and prioritizing investments in HNB products and inhalation therapy. As part of this strategy, the Group optimized its resource allocation to strategic areas and reduced R&D spending on electronic vaping products. With certain R&D projects approaching commercialization, the Group has capitalized R&D expenditures that meet the criteria. As a result, the R&D expenses for the Review Period amounted to approximately RMB723 million, representing a decline of approximately 4.9% on a year-on-year basis.

In the first half of 2025, the Group achieved multiple R&D breakthroughs, and has further strengthened its innovation capabilities. Multiple R&D projects were successfully commercialized into products, which have already been adopted by key customers, showcasing the Group's ability to translate research outcome into market-oriented solutions.

One of the most notable milestones in the first half of 2025 was the Group's successful support of a strategic customer in launching its premium HNB product series, in key markets. The Group collaborated with the customer to develop the product, demonstrating superior performance in tobacco-like flavor and reduced preheating time. Following its initial launch in Serbia in the fourth quarter of 2024, the HNB product series was rolled out in Sendai, Japan, in June 2025, with early consumer feedback indicating positive results. Looking ahead, the Group will continue to support its strategic customer in launching the HNB product series nationwide in Japan in September 2025, followed by expansion into more key markets during the second half of 2025. Concurrently, the Group has developed multiple technology platforms aimed at addressing various user pain points. Efforts to accelerate commercialization in collaboration with business partners are underway, ensuring improved product solutions for users. The Group remains committed to ongoing R&D initiatives in HNB products to enhance user experience, optimize cigarette-like flavor, and drive user base growth.

The Group's inhalation therapy subsidiary Transpire has established an inhalation centre of excellence near Miami, Florida, which has full capabilities of product development. In addition, Transpire has actively collaborated with world-leading contract development and manufacturing organizations (CDMOs) to establish manufacturing capabilities for drug-device combination products in the U.S. Additionally, Transpire has maintained regular communication with European and American drug regulatory agencies to gather valuable feedback.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The electronic vaping industry has faced increasing competition in recent years. However, with intensified legal actions targeting such products, this business is now being reshaped by evolving regulatory frameworks. To thrive in this environment, manufacturers must address both user preferences and regulatory requirements — the core of the Group's R&D focus for its electronic vaping business. During the Review Period, the Group achieved significant progress by launching multiple innovative product solutions across key regions. The flagship technology brand in this segment, FEELM, unveiled an multi-category solution portfolio powered by cutting-edge innovations. These solutions cover diverse product types, including flavor-adjustable systems, large-puff transparent tanks, and the 2+10 platform. The Group's proactive response to shifting market demands and regulatory changes has translated into strong order volumes from customers. The Group's self-owned electronic vaping brand, VAPORESSO, introduced the XROS 5 and XROS 5 MINI. Both products feature industry-leading fast charging, enhanced battery capacity, and an upgraded user interface, delivering a more consistent, stable vaping experience with richer aroma reproduction, delicate flavors, and smoother performance. Following their launch, these products have gained market successes, further solidifying the Group's leading position across key regions.

The business segment of special purpose atomization products is beginning to show early signs of recovery. During the Review Period, the Group launched several innovative product solutions that have garnered positive recognition from the industry. These developments underscore the Group's dedication to advancing progress and providing high-quality solutions in this specialized market.

The Group's proprietary brand MOYAL has achieved some progress. The professional device designed for beauty institutions has obtained the Class II Medical Device Certification and has received high praise from dermatology experts for its performance in sensitive skin treatment. MOYAL has further established its academic leadership by publishing three academic papers with the International Federation of Societies of Cosmetic Chemists (IFSCC).

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 839 new patent applications worldwide, including 464 patents for invention. As of 30 June 2025, the Group had filed, accumulatively, a total of 10,092 patents worldwide, including 5,224 patents for invention.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Review Period, the Group's total research and development expenditure amounted to approximately RMB723 million, representing a decrease of approximately 4.9% as compared to the same period last year and a decrease as a percentage of revenue from approximately 15.0% in the same period last year to approximately 12.0% in the Review Period. The research and development expenditures by different business were as below:

	For the six months ended 30 June				Changes %
	2025 RMB'000	%	2024 RMB'000	%	
Research and development of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products)	478,591	66.2	481,988	63.4	(0.7)
Research and development of inhalation therapy and beauty atomization products	179,241	24.8	185,471	24.4	(3.4)
Research and development of special purpose atomization products and solutions	64,732	9.0	92,653	12.2	(30.1)
Total	722,564	100.0	760,112	100.0	(4.9)

Production and Operation

Amid evolving global regulatory changes, the Group's production system has demonstrated exceptional agility through flexible operational adjustments. This adaptability ensures rapid market responsiveness and reliable fulfillment of customer delivery commitments. Strategic optimization of production layouts and implementation of cross-factory capacity coordination have driven continuous improvement in overall capacity utilization rates. These initiatives have effectively supported business growth.

To enhance operational management, the Group has defined key performance indicators system (KPIs) aligned with corporate strategy and established a regular tracking and benchmarking mechanism. This framework has successfully identified best practices across quality control, cost management, and delivery assurance. By facilitating cross-factory knowledge sharing and experience consolidation, the Group has systematically building a Group-wide operational knowledge repository to drive continuous improvement in operational efficiency.

The Group's HNB business achieved breakthroughs during the Review Period and the operations team has effectively supported the launch and delivery of HNB products for key customers. The Group has set up a strict product quality control system while significantly enhancing production efficiency. This lays a solid foundation for the future growth and profitability improvement for the HNB business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Future Prospects and Strategies

In the second half of 2025, the Group will remain committed to prioritizing “Atomization Technology” as its core focus and continue to deepen its efforts across key areas including electronic vaping, HNB, special purpose atomization products, inhalation therapy, and beauty atomization products. By doing so, the Group aims to deliver comprehensive and innovative atomization technology solutions to its customers and users. The Group believes that each segment has large market potential.

HNB products provide users with cigarette-like experiences by heating tobacco instead of burning it. This segment marks a significant step in the Group’s efforts to expand its portfolio of risk-reduction products. According to the March 2025 report by Frost & Sullivan (“**Sullivan Report**”), a leading industry consultancy, it shows the global market size for HNB products will reach approximately US\$66.86 billion in 2029 based on retail price, with a projected compound growth rate of approximately 10.1% from 2024 to 2029. The Group plans to support its strategic customer in launching the premium HNB product series nationwide in Japan in September 2025 and expanding into more key markets in the second half of 2025. It will work closely with its customer to monitor user feedback and refine its approach accordingly. Simultaneously, the Group will continue advancing the commercialization of its diverse technology solutions with customers. The number of HNB users and product penetration remain limited due to mainstream products in the market yet to fully address key user pain points, such as cigarette-like flavor and preheating time, the Group remains committed to R&D in HNB products. Its goal is to collaborate with market participants to enhance user experiences and drive product adoption.

The electronic vaping market remains expansive, offering significant opportunities for further growth and penetration. Sullivan Report shows that the global market for electronic vaping products will reach approximately USD91.42 billion in 2029 based on retail prices, with a projected compound growth rate of approximately 7.4% between 2024 and 2029. Major countries worldwide have gradually intensified their regulatory efforts against non-compliant electronic vaping products. Regulatory frameworks are increasingly shaping product design, demanding greater foresight and agility from market participants. Compliant manufacturers are now expected not only to deliver exceptional flavor and meet personalized consumer preferences but also to develop, produce, and launch products efficiently and reliably. This evolution sets higher standards for electronic vaping manufacturers in areas such as market insights, product innovation, and brand promotion. In response, the Group will continue to leverage its technological and manufacturing expertise to enhance market insights, strengthen adaptability to emerging trends, and deliver innovative, compliant products that meet the evolving needs of customers and consumers. The Group will also further strengthen collaboration with certain customers, not only providing R&D and manufacturing services, but also offering comprehensive support in areas such as marketing, brand promotion and channel development services.

Sullivan Report indicates that the global market for special purpose atomization products will reach approximately USD3.44 billion in 2029 based on ex-factory prices, with a projected compound growth rate of approximately 17.2% from 2024 to 2029. In the second half of 2025, the Group will focus on launching innovative products, expanding its portfolio, enhancing brand building, and refining its business model. The Group is confident that this business will gradually recover and evolve into a key pillar of its overall operations over the long term.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 generic versions 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 the second half of 2025, 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 further cooperate with more international pharmaceutical companies by leveraging its strong R&D and industrialization capabilities to promote the project. Transpire will 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 the future, Transpire is expected to bring greater revenue contribution to the Group.

According to Euromonitor, the retail market for beauty devices in China was valued at approximately RMB10 billion in 2021, reflecting a year-on-year growth of 10.7%. This market is projected to expand significantly, reaching an estimated RMB25.1 billion to RMB37.4 billion by 2025. Additionally, another report by Sullivan, published in 2024, shows that the market size of skincare products in China was approximately RMB463.0 billion in 2023, and will grow at a compound annual rate of approximately 8.7% from 2023 to 2028, ultimately reaching approximately RMB701.1 billion. These trends highlight strong growth opportunities in both beauty devices and skincare, driven by increasing consumer demand for innovative and high-quality solutions. The Group is dedicated to providing users with safer and more effective skincare solutions. While the market holds significant potential, additional time is required to evaluate the performance and operation of the Group's beauty atomization business. In the second half of 2025, the Group will closely monitor the sales trend of MOYAL products and make adjustments to the business model as necessary to deliver optimal results.

The Group remains committed to the principle that “science and technology are the primary productive forces” in its R&D initiatives. In the second half of 2025, efforts will focus on accelerating the commercialization of technology platforms while continuing to invest in R&D projects with strategic commercial value. Guided by market demand, the Group aims to address core technological challenges and resolve user pain points. The Group will continue to prioritize R&D in HNB products and inhalation therapy solutions, focusing on building technological barriers and advancing commercialization. In electronic vaping segment, the Group will concentrate on key technologies to develop platforms that deliver a distinctly superior consumer experience, with plans to launch a number of competitive new products. Alongside self-developed R&D initiatives, the Group will collaborate with customers on joint research and share the outcomes of these partnerships. The Group is confident in its ability to rapidly iterate product portfolio while ensuring compliance, solidifying our leading position across core business areas.

The Group recognizes the critical importance of understanding consumers and market dynamics, which drives its ongoing investments in localized operations, channel expansion, and market insights development. In the second half of 2025, the Group will continue to prioritize these efforts across its major business segments. Leveraging this foundation, the Group aims to deepen commercial partnerships with some customers by offering comprehensive, one-stop solutions that include R&D, production, branding, marketing, and promotion. These initiatives are focused on enabling partners to adapt to rapidly changing market dynamics and achieve long-term success.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The year 2025 marks a crucial turning point for the Group's transition, requiring heightened operational and managerial efficiency. In the second half of 2025, the Group will focus on advancing key initiatives, including optimizing decentralization and empowerment within business segments, enhancing talent development and management, and refining employee incentive mechanisms. The Group firmly believes that these efforts will lay a solid foundation for building a sustainable and successful long-term enterprise.

The Group will continue to enhance its production and operational management to ensure agile production and on-time delivery in response to customer demands. On the technological front, the Group will integrate automated equipment with intelligent production management systems, increase automation in critical processes, and streamline workflows to enhance manufacturing capabilities and efficiency. In terms of quality assurance, the Group will establish a dedicated improvement team to address quality problems while promoting a "prevention-first" approach. The operations team will further enhance collaboration with R&D, procurement, and suppliers to optimize product design and manufacturing processes, focusing on environmentally friendly solutions. Simultaneously, the Group will refine energy management practices and implement operational improvements to reduce energy consumption and carbon emissions. These initiatives underscore the Group's commitment to corporate social responsibility and sustainable development.

Building on the initiatives outlined above, the Group remains dedicated to creating exceptional value for customers and consumers through innovative products and advanced technology. Meanwhile, we strive to drive sustainable business growth and deliver strong, consistent returns to our Shareholders.

Financial Review

During the Review Period, the total revenue of the Group was approximately RMB6,013,290,000 (the same period in 2024: approximately RMB5,083,554,000), representing an increase of approximately 18.3% as compared to the same period last year. During the Review Period, the gross profit of the Group was approximately RMB2,243,850,000 (the same period in 2024: approximately RMB1,923,951,000), representing an increase of approximately 16.6% as compared to the same period last year. During the Review Period, the gross profit margin of the Group was approximately 37.3% (the same period in 2024: approximately 37.8%). During the Review Period, the profit for the period of the Group was approximately RMB492,154,000 (the same period in 2024: approximately RMB683,198,000), representing a decrease of approximately 28.0% as compared to the same period last year.

The decrease of profit for the period was mainly due to the increase in revenue and gross profit was not being sufficient to offset increased expenses, primarily attributable to: (i) the Group's share-based payment expenses during the Review Period increased significantly as compared to the same period last year; (ii) the Group's intensified efforts in the market development of its self-branded products during the Review Period, resulting in a significant increase in related market development expenses as compared to the same period last year; and (iii) the Group's legal and compliance service related expenses which, compared to the same period last year, having increased significantly.

Excluding the share-based payment expenses, the Group's adjusted profit for the Review Period was approximately RMB737,410,000 (the same period in 2024: approximately RMB752,851,000), representing a decrease of approximately 2.1% as compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. Revenue — Categorized by Business Types

	For the six months ended 30 June				Changes
	2025		2024		
	RMB'000	%	RMB'000	%	%
Self-branded business	1,274,306	21.2	1,116,743	22.0	14.1
Corporate client oriented business	4,738,984	78.8	3,966,811	78.0	19.5
Total	6,013,290	100.0	5,083,554	100.0	18.3

(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 RMB1,274,306,000 (the same period in 2024: approximately RMB1,116,743,000), representing an increase of approximately 14.1% as compared to the same period last year, and its percentage of revenue decreased slightly from approximately 22.0% the same period last year to approximately 21.2% during the Review Period. Among which:

- (i) Revenue from Europe and other countries and regions market amounted to approximately RMB1,069,339,000 (the same period in 2024: approximately RMB928,687,000), representing an increase of approximately 15.1% as compared to the same period last year, all derived from sales of electronic vaping products;
- (ii) Revenue from the U.S. market amounted to approximately RMB174,349,000 (the same period in 2024: approximately RMB186,920,000), representing a decrease of approximately 6.7% as compared to the same period last year, all derived from sales of electronic vaping products; and
- (iii) Revenue from the China market amounted to approximately RMB30,618,000 (the same period in 2024: approximately RMB1,136,000), representing an increase of approximately 2,595.2% as compared to the same period last year, mainly derived from the sales of beauty atomization products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2) *Corporate client oriented business*

During the Review Period, revenue from corporate client oriented business amounted to approximately RMB4,738,984,000 (the same period in 2024: approximately RMB3,966,811,000), representing an increase of approximately 19.5% as compared to the same period last year, and its percentage of revenue increased from approximately 78.0% the same period last year to approximately 78.8% during the Review Period. Among which:

- (i) Revenue from Europe and other countries and regions markets amounted to approximately RMB2,733,787,000 (the same period in 2024: approximately RMB1,981,193,000), representing an increase of approximately 38.0% as compared to the same period last year, and an increase in percentage of total revenue from approximately 39.0% the same period last year to approximately 45.4% 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 RMB1,887,768,000 (the same period in 2024: approximately RMB1,860,614,000), representing an increase of approximately 1.5% as compared to the same period last year, and a decrease in percentage of total revenue from approximately 36.6% the same period last year to approximately 31.4% 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 China market amounted to approximately RMB117,429,000 (the same period in 2024: approximately RMB125,004,000), representing a decrease of approximately 6.1% as compared to the same period last year, and a decrease in percentage of total revenue from approximately 2.4% the same period last year to approximately 2.0% for the Review Period, mainly derived from sales of electronic vaping products and provision of technical services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

	For the six months ended 30 June				Changes %
	2025 RMB'000	%	2024 RMB'000	%	
Self-branded business	1,274,306	21.2	1,116,743	22.0	14.1
— Revenue from Europe and other countries and regions (electronic vaping products)	1,069,339	17.8	928,687	18.3	15.1
— Revenue from the U.S. (electronic vaping products)	174,349	2.9	186,920	3.7	(6.7)
— Revenue from China (beauty atomization products)	30,618	0.5	1,136	0.0	2,595.2
Corporate client oriented business	4,738,984	78.8	3,966,811	78.0	19.5
— Revenue from Europe and other countries and regions (electronic vaping products, heat-not-burn products, and technical services)	2,733,787	45.4	1,981,193	39.0	38.0
— Revenue from the U.S. (electronic vaping products, special purpose atomization products and technical services)	1,887,768	31.4	1,860,614	36.6	1.5
— Revenue from China (electronic vaping products and technical services)	117,429	2.0	125,004	2.4	(6.1)
Total	6,013,290	100.0	5,083,554	100.0	18.3

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Gross Profit and Cost of Revenue

During the Review Period, the Group's gross profit was approximately RMB2,243,850,000 (the same period in 2024: approximately RMB1,923,951,000), representing an increase of approximately 16.6% as compared to the same period last year, and the gross profit margin decreased slightly from approximately 37.8% for the same period last year to approximately 37.3% for the Review Period.

Cost of revenue as a percentage of revenue:

	For the six months ended 30 June				
	2025		2024		Changes
	RMB'000	%	RMB'000	%	%
Cost of raw materials	2,845,798	47.3	2,428,773	47.8	17.2
Labor costs	433,682	7.2	341,758	6.7	26.9
Overhead	454,955	7.6	354,390	7.0	28.4
Tax and surcharge	35,005	0.6	34,682	0.7	0.9
Total	3,769,440	62.7	3,159,603	62.2	19.3

During the Review Period, the Group's cost of raw materials as a percentage of revenue decreased slightly from approximately 47.8% for the same period last year to approximately 47.3% for the Review Period, which was mainly attributable to the Group's continued promotion of cost-efficient measures on products, resulting in a continuous decline in cost of materials.

3. Distribution and Selling Expenses

The Group's distribution and selling expenses increased by approximately 31.2% from approximately RMB374,516,000 for the same period last year to approximately RMB491,229,000 for the Review Period. The distribution and selling expenses as a percentage of revenue increased from approximately 7.4% for the same period last year to approximately 8.2% for the Review Period. The increase in distribution and selling expenses as a percentage of revenue was mainly due to the Group's increased marketing investment in its self-branded business, which supports the Group's continued global expansion during the Review Period. In particular:

- (1) Staff salaries and benefits increased by approximately 24.9% from approximately RMB148,642,000 for the same period last year to approximately RMB185,664,000 for the Review Period, and as a percentage of revenue, increased from approximately 2.9% for the same period last year to approximately 3.1% for 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (2) Market development costs increased by approximately 123.2% from approximately RMB60,014,000 for the same period last year to approximately RMB133,965,000 for the Review Period, and as a percentage of revenue, increased from approximately 1.2% for the same period last year to approximately 2.2% for the Review Period. The increase in market development expenses was mainly attributable to the Group's increased promotion efforts for electronic vaping products and beauty atomization products during the Review Period.
- (3) Travelling expenses increased by approximately 25.8% from approximately RMB15,646,000 for the same period last year to approximately RMB19,682,000 for the Review Period, and as a percentage of revenue was broadly maintained at the same level as the same period last year, i.e. approximately 0.3%.
- (4) Other expenses increased by approximately 1.1% from approximately RMB150,214,000 for the same period last year to approximately RMB151,918,000 during the Review Period, and as a percentage of revenue, decreased slightly from approximately 3.0% for the same period last year to approximately 2.5% during the Review Period. Other expenses include the provision for product-related expenses during the Review Period in view of the Group's expected product changes related to regulatory and compliance requirements.

4. Administrative Expenses

The administrative expenses of the Group increased by approximately 79.7% from approximately RMB339,229,000 for the same period last year to approximately RMB609,548,000 for the Review Period. Administrative expenses as a percentage of revenue increased from approximately 6.7% for the same period last year to approximately 10.1% for the Review Period. The increase in administrative expenses as a percentage of revenue was mainly due to the increase in share-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 76.2% from approximately RMB202,790,000 for the same period last year to approximately RMB357,378,000 for the Review Period, and as a percentage of revenue, increased from approximately 4.0% for the same period last year to approximately 5.9% for the Review Period. The increase in staff salaries and benefits was mainly attributable to the increase in share-based payment expenses incurred by the Group during the Review Period.
- (2) Professional service fees increased by approximately 819.6% from approximately RMB15,190,000 for the same period last year to approximately RMB139,687,000 for the Review Period, and as a percentage of revenue, increased from approximately 0.3% for the same period last year to approximately 2.3% for the Review Period. The increase in professional service fees was mainly attributable to the increase in the Group's legal and compliance service related expenses compared to the same period last year.
- (3) Depreciation and amortization expenses decreased slightly by approximately 1.5% from approximately RMB52,097,000 for the same period last year to approximately RMB51,310,000 during the Review Period, and as a percentage of revenue, slightly decreased from approximately 1.0% for the same period last year to approximately 0.9% during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5. Research and Development Expenses

The Group's R&D expenses decreased by approximately 4.9% from approximately RMB760,112,000 for the same period last year to approximately RMB722,564,000 during the Review Period. As a percentage of revenue, R&D expenses decreased from approximately 15.0% for the same period last year to approximately 12.0% during the Review Period. The R&D expenses of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products) decreased by approximately 0.7% compared with the same period last year, the R&D expenses of inhalation therapy and beauty atomization products decreased by approximately 3.4% compared with the same period last year, and the R&D expenses of special purpose atomization products and solutions decreased by approximately 30.1% compared with the same period last year. The year-on-year decrease in R&D expenses was mainly due to the reduced investment in electronic vaping products and the Group's capitalization of qualifying development costs during the Review Period. In particular:

- (1) Staff salaries and benefits decreased by approximately 1.7% from approximately RMB477,901,000 for the same period last year to approximately RMB469,969,000 for the Review Period, and as a percentage of revenue, decreased from approximately 9.4% for the same period last year to approximately 7.8% for the Review Period.
- (2) Development costs decreased by approximately 8.1% from approximately RMB174,900,000 for the same period last year to approximately RMB160,745,000 for the Review Period, and as a percentage of revenue, decreased from approximately 3.4% for the same period last year to approximately 2.7% for the Review Period.
- (3) Depreciation and amortization expenses decreased by approximately 18.8% from approximately RMB60,727,000 for the same period last year to approximately RMB49,340,000 for the Review Period, and as a percentage of revenue, decreased from approximately 1.2% for the same period last year to approximately 0.8% for the Review Period.

6. Other Income and Expenses

During the Review Period, the Group's total other income amounted to approximately RMB349,691,000, representing a decrease of approximately 9.3% as compared to approximately RMB385,635,000 for the same period last year, as set out below:

	For the six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Changes %
Interest income from bank deposits	235,658	322,425	(26.9)
Interest income from investment notes at amortized cost	87,130	—	N/A
Government grants	19,192	57,955	(66.9)
Others	7,711	5,255	46.7
Total	349,691	385,635	(9.3)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

7. Other Gains and Losses

During the Review Period, the Group's total other losses amounted to approximately RMB55,177,000, representing an increase of approximately 811.9% compared with approximately RMB6,051,000 for the same period last year, as set out below:

	For the six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Changes %
Net foreign exchange (loss) gain	(37,238)	8,134	N/A
Loss arising on forward foreign exchange contracts/swap contracts	(482)	—	N/A
Gain arising on short-term bank deposits with variable interest rate	5,524	1,118	394.1
Gain arising on debt instrument	2,498	—	N/A
Gain on early termination of leases	258	396	(34.8)
Loss on disposal/write off of property, plant and equipment	(25,737)	(22,935)	12.2
Others	—	7,236	N/A
Total	(55,177)	(6,051)	811.9

8. Finance Costs

During the Review Period, the finance costs of the Group amounted to approximately RMB13,619,000 (the same period in 2024: approximately RMB18,512,000), representing a decrease of approximately 26.4% 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 RMB206,581,000 (the same period in 2024: approximately RMB128,357,000), representing an increase of approximately 60.9% as compared to the same period last year. The increase in income tax was mainly due to the increased tax provisions related to the Group's international business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 RMB492,154,000 (the same period in 2024: approximately RMB683,198,000), representing a decrease of approximately 28.0% as compared to the same period last year. During the Review Period, the Group's total comprehensive income for the period was approximately RMB501,166,000 (the same period in 2024: approximately RMB724,597,000), representing a decrease of approximately 30.8% as compared to the same period last year. The decrease was mainly due to the increase in revenue and gross profit was insufficient to offset increased expenses.

11. Liquidity and Financial Resources

As at 30 June 2025, the net current assets of the Group were approximately RMB10,198,578,000 (31 December 2024: approximately RMB11,587,063,000). As at 30 June 2025, the Group's cash and cash equivalents were approximately RMB5,211,753,000 (31 December 2024: approximately RMB5,170,700,000), which mainly consisted of approximately RMB2,073,605,000 denominated in RMB, approximately RMB2,940,496,000 denominated in USD and approximately RMB192,842,000 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 30 June 2025, the current ratio of the Group was approximately 336.7% (31 December 2024: approximately 320.3%).

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 2025, the Group did not have any bank or other financial institutions borrowings (31 December 2024: nil). As at 30 June 2025, the banking facilities secured by the Group were approximately RMB7,300.0 million, of which approximately RMB722.9 million had been utilized, primarily used for the issuance and discounting of bills and letters of credit.

Gearing ratio

As at 30 June 2025, the gearing ratio, calculated as total liabilities divided by total equity, was approximately 21.8% (31 December 2024: approximately 26.2%).

12. Charge on Assets

As at 30 June 2025, the Group did not have any charge on assets (31 December 2024: bank deposits of approximately RMB590.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2025, if the exchange rate of USD against RMB rises by 10%, the Group's total comprehensive income will increase by approximately RMB1,145,717,000 (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 will decrease by approximately RMB1,145,717,000 (31 December 2024: decrease by approximately RMB874,306,000).

14. Employment, Training and Development

As at 30 June 2025, the Group has 20,978 and 2,205 employees in China (including Mainland China and Hong Kong) 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 the 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 same pension insurance, pension scheme, medical insurance, etc. for its employees in other countries in accordance with the laws and regulations of such countries.

In addition, the Group attaches great importance to the individual education and career development of employees, and has formulated targeted talent development programmes tailored to different groups of talents, such as the "Hong Yi" programme designed to cultivate outstanding director-level talents, the "Zhen Yu" programme 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, we upgrade our 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Review Period, the total staff costs (including management and administration staff) accounted for approximately 28.5% of the revenue of the Group (the same period in 2024: approximately 25.6%). The increase in total staff costs as a percentage of revenue was mainly due to the year-on-year increase in share-based payment expenses incurred by the Group during the Review Period.

15. Capital Expenditures

For the six months ended 30 June 2025, the total investment in property, plant and equipment and intangible assets of the Group was approximately RMB784,581,000 (the same period in 2024: approximately RMB282,315,000), which was mainly attributable to the recognition of (1) capital expenditure in relation to the headquarter building, (2) capital expenditure in relation to equipment, and (3) research and development expenditure capitalized.

16. Capital Commitments

As at 30 June 2025, the Group had contracted capital commitment for property, plant and equipment of approximately RMB474,461,000 (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 Disposals

For the six months ended 30 June 2025, 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 2025, the Group did not have any significant investments.

19. Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

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”.

OTHER INFORMATION

Major Customers and Suppliers

For the six months ended 30 June 2025, the Group's sales to its top five customers accounted for approximately 54.7% (six months ended 30 June 2024: approximately 56.2%) of its total sales. The Group's purchase amounts from its top five suppliers accounted for approximately 21.0% (six months ended 30 June 2024: approximately 22.3%) of its total purchase amounts. The Group aims to maintain long-term cooperative relationship with reputable customers and suppliers for the expansion of its business.

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 2025, 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, including three independent non-executive Directors and one non-executive Director. Therefore, the Board believes that there are sufficient checks and balances within the Board;
- (2) Mr. Chen and the 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;
- (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 the separation of roles of chairman of the Board and chief executive officer is necessary.

OTHER INFORMATION (CONTINUED)

Terms of Reference of Board Committees

The terms of reference for each Board committee and the list of Directors and their roles and functions have been published on the websites of the Company and the Stock Exchange, respectively.

Audit Committee

The Audit Committee currently 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 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 2025, the interim report, the accounting principles and practices adopted by the Group and has discussed the risk management, internal controls and financial reporting matters.

Remuneration Committee

The Remuneration Committee currently consists of Mr. Chen Zhiping, an executive Director, Mr. Yim Siu Wing, Simon and Dr. Wang Gao, two independent non-executive Directors. Mr. Yim Siu Wing, Simon is the chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management and on the establishment of a formal and transparent process for approving such remuneration policy. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration. During the Review Period, the Remuneration Committee also reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules, including the grant of share options and share awards by the Company.

The objective of remuneration policy of the Company is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each Director's workload, responsibility, and job complexity are taken into account.

OTHER INFORMATION (CONTINUED)

Nomination Committee

The Nomination Committee currently consists of Mr. Chen Zhiping, an executive Director, Mr. Zhong Shan and Dr. Wang Gao, two independent non-executive Directors. Mr. Chen Zhiping is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the Board composition, make recommendations to the Board regarding the rotation and appointment of Directors and Board succession, review Board Diversity Policy and Director Nomination Policy, and assess the independence of independent non-executive Directors of the Company. In order to achieve a diversity of perspectives of the Board, the Company considers a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Environmental, Social and Governance Committee

The Environmental, Social and Governance (“ESG”) Committee was established by the Board for improving the ESG management level of the Company. The ESG Committee consists of three members, namely Mr. Chen Zhiping and Mr. Wang Guisheng, executive Directors, and Mr. Zhong Shan, independent non-executive Director. Mr. Chen Zhiping is the chairman of the ESG Committee.

The ESG Committee will meet on a regular basis to review the Company's ESG management system and enhance the ESG management capacity.

Risk Management and Internal Controls

The Company has an internal audit function in place to provide an independent assessment of the Group's risk management and internal control systems and review of their effectiveness in accordance with the CG Code. The Internal Audit Department prepares its unbiased view by using risk assessment method and consult management for the review by the Audit Committee of the Company. The audit work focuses on identification and analysis of the risks in relation to the Group's finance, operation, compliance monitoring, business activities and environmental, social and governance. An integral part of the internal audit function is to monitor and ensure effective operation of risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2025.

OTHER INFORMATION (CONTINUED)

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set forth in the Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions (the "**Securities Trading Code**"). Having made specific enquiry on this matter, all Directors confirmed that they have strictly complied with the relevant provisions of the Securities Trading Code for the six months ended 30 June 2025.

Directors' Interests in Competing Business

During the six months ended 30 June 2025, none of the Directors had any interest in any business which competes with the Company or any of its subsidiaries.

Continuous Professional Development of Directors

All Directors should participate in continuous professional training to acquire and refresh their knowledge and skills pursuant to the CG Code. The Company has arranged for continuous professional training for the directors during the Review Period.

Changes of Directors' and Chief Executive's Information

As of 30 June 2025, there were no changes to the information of Directors and Chief Executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Investor Relations and Communication with Shareholders

The Company establishes different communication channels with the Shareholders and investors, including (i) corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) to be sent to the Shareholders as required under the Listing Rules, and the Shareholders can also choose to receive such documents in printed form; (ii) the annual general meeting provides a platform for the 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 the 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 deals with all the share registration and related matters for Shareholders; and (vii) a dedicated team of the Company handles general enquiries from the Shareholders and investors.

OTHER INFORMATION (CONTINUED)

Shareholders and investors are encouraged to access corporate communications of the Company by electronic means through the website of the Company at www.smooreholdings.com and the website of the Stock Exchange at www.hkexnews.hk to help protect the environment. Registered Shareholders may at any time change their choice of language or means of receipt of the Company's corporate communications by giving reasonable notice in writing to the below email to the Company.

Shareholders and investors can send written inquiries or requests to the attention of the Board 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 adopted the Shareholders' communication policy and procedures for Shareholders to propose a person for election as Director on 15 June 2020.

Interim Dividend

The Company celebrates its fifth anniversary as a listed company. In order to mark the occasion and to signify its appreciation of its Shareholders, the Board has resolved to declare an interim dividend of HK20 cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK5 cents per share), to be paid to the Shareholders as appearing on the register of members of the Company on 11 September 2025 (i.e. the record date). The interim dividend is expected to be distributed on 25 September 2025, and the ex-dividend date is 5 September 2025.

Closure of Register of Members

The register of members of the Company will be closed from 9 September 2025 to 11 September 2025, 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 8 September 2025.

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 2025, the Group did not hold any treasury shares.

OTHER INFORMATION (CONTINUED)

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As of 30 June 2025, the interests and short positions of our Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors or chief executive	Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares (Note 1)
Chen Zhiping	(2)	Interest in controlled corporation	Long position	2,073,708,600	33.51%
	(3)	Interest of concert party	Long position	280,201,400	4.53%
	(4)	Beneficial owner	Long position	61,000,000	0.99%
	(5)	Others	Long position	40,927,848	0.66%
Xiong Shaoming	(6)	Interest in controlled corporation	Long position	319,692,100	5.17%
	(7)	Interest of concert party	Long position	1,997,635,600	32.28%
	(8)	Beneficial owner	Long position	1,437,148	0.0232%
	(9)	Others	Long position	137,073,000	2.22%
Wang Guisheng	(10)	Interest in controlled corporation	Long position	12,000,000	0.19%
	(11)	Beneficial owner	Long position	4,003,486	0.0647%
Wang Xin	(12)	Interest in controlled corporation	Long position	1,243,000	0.0201%
	(13)	Beneficial owner	Long position	1,586,557	0.0256%

OTHER INFORMATION (CONTINUED)

Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 30 June 2025, which was 6,188,322,972 shares.
- (2) Mr. Chen Zhiping holds all the issued shares of SMR & Alon Limited, which in turn directly holds 1,997,635,600 shares of the Company. In addition, Mr. Chen holds all the issued shares of CZPGJ Holding Limited, which in turn directly holds 76,073,000 shares of the Company. Accordingly, Mr. Chen is deemed to be interested in the 2,073,708,600 shares of the Company held by SMR & Alon Limited and CZPGJ Holding Limited.
- (3) By virtue of Section 317 of the SFO and the concert party agreement entered into between Mr. Chen Zhiping and Mr. Xiong Shaoming on 11 December 2019 (the **"Concert Party Agreement"**), Mr. Chen Zhiping is deemed to be interested in the 280,201,400 shares in which Mr. Xiong Shaoming has an interest.
- (4) These represent the 61,000,000 shares of the Company to be issued upon the exercise of share options conditionally granted to Mr. Chen Zhiping on 27 December 2024 under the Post-IPO Share Option Scheme. On 18 February 2025, the requisite shareholders' approval was obtained and all conditions to the grant of such options have been satisfied. Vesting of up to 30%, 60% and 100% of these options will only occur if the average market capitalisation of the Company for any 15 consecutive business days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, during the period between 1 January 2025 and 31 December 2030. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025.
- (5) By virtue of Section 318 of the SFO, except for the Concert Party Agreement, Mr. Chen Zhiping is deemed to be interested in the 40,927,848 shares in which Mr. Xiong Shaoming has an interest.
- (6) Mr. Xiong Shaoming holds all the issued shares of Andy Xiong Holding Limited, which in turn directly holds 319,692,100 shares of the Company. Accordingly, Mr. Xiong is deemed to be interested in the 319,692,100 shares of the Company held by Andy Xiong Holding Limited.
- (7) By virtue of Section 317 of the SFO and the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 1,997,635,600 shares in which Mr. Chen Zhiping has an interest.
- (8) Mr. Xiong Shaoming beneficially holds a total interest of 1,437,148 shares, including: (i) 21,548 shares of the Company beneficially held by Mr. Xiong; (ii) 1,279,800 share options granted by the Company to Mr. Xiong under the Post-IPO Share Option Scheme; and (iii) 135,800 share awards granted by the Company to Mr. Xiong under the Share Award Scheme.
- (9) By virtue of Section 318 of the SFO, apart from the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 137,073,000 shares in which Mr. Chen Zhiping has an interest.
- (10) Mr. Wang Guisheng holds all the issued shares of Sunrise & Rainbow Holding Limited, which in turn directly holds 12,000,000 shares of the Company. Accordingly, Mr. Wang is deemed to be interested in the 12,000,000 shares of the Company held by Sunrise & Rainbow Holding Limited.
- (11) Mr. Wang Guisheng beneficially holds a total interest of 4,003,486 shares, including: (i) 356,536 shares of the Company beneficially held by Mr. Wang; (ii) 2,509,250 share options granted by the Company to Mr. Wang under the Post-IPO Share Option Scheme; and (iii) 1,137,700 share awards granted by the Company to Mr. Wang under the Share Award Scheme.
- (12) Ms. Wang Xin holds all the issued shares of WXGJ Holding Limited, which in turn directly holds 1,243,000 shares of the Company. Accordingly, Ms. Wang is deemed to be interested in the 1,243,000 shares of the Company held by WXGJ Holding Limited.
- (13) Ms. Wang Xin beneficially holds a total interest of 1,586,557 shares, including (i) 86,082 shares of the Company beneficially held by Ms. Wang Xin; (ii) 959,500 share options granted by the Company to Ms. Wang under the Post-IPO Share Option Scheme; and (iii) 540,975 share awards granted by the Company to Ms. Wang under the Share Award Scheme.
- (14) Apart from the interests of the four executive directors disclosed above, the remaining four non-executive director and independent non-executive directors of the Company have no interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

OTHER INFORMATION (CONTINUED)

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As of 30 June 2025, so far as the Directors of the Company are aware, the following parties (other than our Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO:

Name of substantial shareholders	Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares (Note 1)
SMR & Alon Limited	(2)	Beneficial owner	Long position	1,997,635,600	32.28%
Zhao Zihan	(3)	Interest of spouse	Long position	2,455,837,848	39.69%
Andy Xiong Holding Limited	(4)	Beneficial owner	Long position	319,692,100	5.17%
Han Xiao	(5)	Interest of spouse	Long position	2,455,837,848	39.69%
EVE BATTERY INVESTMENT LTD. ("EVE Battery")	(6)	Beneficial owner	Long position	1,901,520,000	30.73%
EVE Asia Co., Limited	(6)	Interest in controlled corporation	Long position	1,901,520,000	30.73%
EVE Energy Co., Ltd. ("EVE Energy")	(6)	Interest in controlled corporation	Long position	1,901,520,000	30.73%
Liu Jincheng	(7)	Interest in controlled corporation	Long position	1,950,240,000	31.51%
Luo Jinhong	(8)	Interest of spouse	Long position	1,950,240,000	31.51%

OTHER INFORMATION (CONTINUED)

Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 30 June 2025, which was 6,188,322,972 shares.
- (2) SMR & Alon Limited is beneficially and wholly owned by Mr. Chen Zhiping. Mr. Chen is therefore deemed to be interested in the Shares held by SMR & Alon Limited under the SFO.
- (3) Ms. Zhao Zihan is the spouse of Mr. Chen Zhiping. Under the SFO, Ms. Zhao Zihan is deemed to be interested in the same number of Shares in which Mr. Chen is interested.
- (4) Andy Xiong Holding Limited is beneficially and wholly owned by Mr. Xiong Shaoming. Mr. Xiong is therefore deemed to be interested in the Shares held by Andy Xiong Holding Limited under the SFO.
- (5) Ms. Han Xiao is the spouse of Mr. Xiong Shaoming. Under the SFO, Ms. Han Xiao is deemed to be interested in the same number of Shares in which Mr. Xiong is interested.
- (6) EVE Battery is an investment holding company wholly owned by EVE Asia Co., Limited which is a wholly-owned subsidiary of EVE Energy. EVE Energy ultimately controlled by Dr. Liu Jincheng and Ms. Luo Jinhong (spouse of Dr. Liu).
- (7) Dr. Liu Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which in turn directly holds 48,720,000 shares of the Company. In addition, Dr. Liu through EVE Energy and EVE Asia Co., Limited ultimately controls EVE Battery, which in turn directly holds 1,901,520,000 shares of the Company. Accordingly, Dr. Liu is deemed to be interested in an aggregate of 1,950,240,000 shares of the Company held by Golden Energy Global Investment Ltd. and EVE Battery.
- (8) Ms. Luo Jinhong is the spouse of Dr. Liu Jincheng. Under the SFO, Ms. Luo Jinhong is deemed to be interested in the same number of Shares in which Dr. Liu is interested.

Share Schemes

The number of shares that may be issued in respect of share options and awarded shares granted under all share schemes of the Company during the Review Period divided by the weighted average number of shares of the relevant share class in issue (excluding treasury shares) for the Review Period is approximately 1.05%.

OTHER INFORMATION (CONTINUED)

A. Share Option Scheme

The post-IPO share option scheme was conditionally approved and adopted by the Shareholders on 15 June 2020 and was amended and approved by the Shareholders on 18 February 2025 ("**Share Option Scheme**"). The terms of Share Option Scheme are subject to Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to incentivize and reward eligible persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company. Participants of the Share Option Scheme included employees (whether full time or part time) or Directors of the members of the Group, and the number of share subscription could be determined by the Board.

For the six months ended 30 June 2025, the Company has granted 2,390,000 share options to eligible participants under the Share Option Scheme on 7 May 2025. In addition, on 27 December 2024, the Company conditionally granted 61,000,000 options to Mr. Chen Zhiping, the chairman of the Board, executive Director and substantial shareholder of the Company. The grant was subject to the following conditions: (1) the approval of the shareholders of the Company to amend the Share Option Scheme; (2) the approval of the shareholders of the Company to adopt a new scheme mandate limit; and (3) the approval of the independent shareholders of the Company for the conditional grant. At the extraordinary general meeting of the Company held on 18 February 2025 (the "**Feb 2025 EGM**"), the requisite approval were obtained from the shareholders and all conditions of the conditional grant to Mr. Chen Zhiping have been satisfied. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025.

The number of options available for grant under the scheme mandate of the Share Option Scheme on 1 January 2025 was 9,765,240 shares and the number of options available for grant under the scheme mandate of the Share Option Scheme on 30 June 2025 was 554,927,627 shares. Assuming, for illustration purposes only, all outstanding awards granted under the amended share award scheme after 18 February 2025 (i.e. the date of the Feb 2025 EGM where the shareholders approved the scheme mandate limit) are to be satisfied by allotment of new shares (including transfer of treasury shares), the number of options available for grant under the scheme mandate of the Share Option Scheme on 30 June 2025 was 553,313,627 shares.

For further information of the Share Option Scheme, please refer to Appendix II (Summary of the Principal terms of the Amended Post-IPO Share Option Scheme) to the Company's circular dated 8 January 2025.

OTHER INFORMATION (CONTINUED)

For the six months ended 30 June 2025, details of the movement of the options granted under the Share Option Scheme are as follows:

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 June 2025
Mr. Chen Zhiping ⁽¹⁾ (Director)	2024/12/27 (Approved by shareholders on 18 February 2025)	18,300,000	2024/12/27–2025/12/26	2025/12/27–2034/12/26	10.10	11.26	3.46	NA	–	18,300,000	–	–	–	18,300,000
		18,300,000	2024/12/27–2025/12/26	2025/12/27–2034/12/26	10.10	11.26	2.61	NA	–	18,300,000	–	–	–	18,300,000
		24,400,000	2024/12/27–2025/12/26	2025/12/27–2034/12/26	10.10	11.26	2.03	NA	–	24,400,000	–	–	–	24,400,000
Mr. Wang Guisheng (Director)	2022/11/09	66,500	2022/11/09–2023/05/08	2023/05/09–2032/11/08	11.78	11.11	2.77	NA	66,500	–	–	–	–	66,500
		66,500	2022/11/09–2024/03/31	2024/04/01–2032/11/08	11.78	11.11	3.19	NA	66,500	–	–	–	–	66,500
	2023/08/23	319,150	2023/08/23–2024/08/22	2024/08/23–2033/08/22	7.63	7.79	2.15	12.60	319,150	–	319,150	–	–	–
		319,150	2023/08/23–2025/08/22	2025/08/23–2033/08/22	7.63	7.79	2.54	NA	319,150	–	–	–	–	319,150
		319,150	2023/08/23–2026/08/22	2026/08/23–2033/08/22	7.63	7.79	2.83	NA	319,150	–	–	–	–	319,150
		319,150	2023/08/23–2027/08/22	2027/08/23–2033/08/22	7.63	7.79	3.06	NA	319,150	–	–	–	–	319,150
	2024/10/24	126,450	2024/10/24–2025/10/23	2025/10/24–2034/10/23	11.26	11.16	3.39	NA	126,450	–	–	–	–	126,450
		126,450	2024/10/24–2026/10/23	2026/10/24–2034/10/23	11.26	11.16	4.04	NA	126,450	–	–	–	–	126,450
		126,450	2024/10/24–2027/10/23	2027/10/24–2034/10/23	11.26	11.16	4.55	NA	126,450	–	–	–	–	126,450
		126,450	2024/10/24–2028/10/23	2028/10/24–2034/10/23	11.26	11.16	4.97	NA	126,450	–	–	–	–	126,450
		91,300	2024/10/24–2026/04/29	2026/04/30–2034/10/23	11.26	11.16	3.76	NA	91,300	–	–	–	–	91,300
		182,600	2024/10/24–2027/04/29	2027/04/30–2034/10/23	11.26	11.16	4.33	NA	182,600	–	–	–	–	182,600
		273,900	2024/10/24–2028/04/29	2028/04/30–2034/10/23	11.26	11.16	4.79	NA	273,900	–	–	–	–	273,900
		365,200	2024/10/24–2029/04/29	2029/04/30–2034/10/23	11.26	11.16	5.17	NA	365,200	–	–	–	–	365,200
	2022/11/09	117,000	2022/11/09–2023/05/08	2023/05/09–2032/11/08	11.78	11.11	2.77	NA	117,000	–	–	–	–	117,000
		117,000	2022/11/09–2024/03/31	2024/04/01–2032/11/08	11.78	11.11	3.19	NA	117,000	–	–	–	–	117,000
	2023/08/23	172,825	2023/08/23–2024/08/22	2024/08/23–2033/08/22	7.63	7.79	2.15	NA	172,825	–	–	–	–	172,825
		172,825	2023/08/23–2025/08/22	2025/08/23–2033/08/22	7.63	7.79	2.54	NA	172,825	–	–	–	–	172,825
		172,825	2023/08/23–2026/08/22	2026/08/23–2033/08/22	7.63	7.79	2.83	NA	172,825	–	–	–	–	172,825
		172,825	2023/08/23–2027/08/22	2027/08/23–2033/08/22	7.63	7.79	3.06	NA	172,825	–	–	–	–	172,825
	2024/10/24	88,625	2024/10/24–2025/10/23	2025/10/24–2034/10/23	11.26	11.16	3.39	NA	88,625	–	–	–	–	88,625
		88,625	2024/10/24–2026/10/23	2026/10/24–2034/10/23	11.26	11.16	4.04	NA	88,625	–	–	–	–	88,625
		88,625	2024/10/24–2027/10/23	2027/10/24–2034/10/23	11.26	11.16	4.55	NA	88,625	–	–	–	–	88,625
		88,625	2024/10/24–2028/10/23	2028/10/24–2034/10/23	11.26	11.16	4.97	NA	88,625	–	–	–	–	88,625
Wang Xin (Director)	2022/11/09	7,500	2022/11/09–2023/05/08	2023/05/09–2032/11/08	11.78	11.11	2.77	NA	7,500	–	–	–	–	7,500
		7,500	2022/11/09–2024/03/31	2024/04/01–2032/11/08	11.78	11.11	3.19	NA	7,500	–	–	–	–	7,500
	2023/08/23	87,650	2023/08/23–2024/08/22	2024/08/23–2033/08/22	7.63	7.79	2.15	NA	87,650	–	–	–	–	87,650
		87,650	2023/08/23–2025/08/22	2025/08/23–2033/08/22	7.63	7.79	2.54	NA	87,650	–	–	–	–	87,650
		87,650	2023/08/23–2026/08/22	2026/08/23–2033/08/22	7.63	7.79	2.83	NA	87,650	–	–	–	–	87,650
		87,650	2023/08/23–2027/08/22	2027/08/23–2033/08/22	7.63	7.79	3.06	NA	87,650	–	–	–	–	87,650
	2024/10/24	58,725	2024/10/24–2025/10/23	2025/10/24–2034/10/23	11.26	11.16	3.39	NA	58,725	–	–	–	–	58,725
		58,725	2024/10/24–2026/10/23	2026/10/24–2034/10/23	11.26	11.16	4.04	NA	58,725	–	–	–	–	58,725
		58,725	2024/10/24–2027/10/23	2027/10/24–2034/10/23	11.26	11.16	4.55	NA	58,725	–	–	–	–	58,725
		58,725	2024/10/24–2028/10/23	2028/10/24–2034/10/23	11.26	11.16	4.97	NA	58,725	–	–	–	–	58,725
	2024/10/24	35,900	2024/10/24–2026/04/29	2026/04/30–2034/10/23	11.26	11.16	3.76	NA	35,900	–	–	–	–	35,900
		71,800	2024/10/24–2027/04/29	2027/04/30–2034/10/23	11.26	11.16	4.33	NA	71,800	–	–	–	–	71,800
Li Xiaoping (Associate of Director)	2022/11/09	107,700	2024/10/24–2028/04/29	2028/04/30–2034/10/23	11.26	11.16	4.79	NA	107,700	–	–	–	–	107,700
		143,600	2024/10/24–2029/04/29	2029/04/30–2034/10/23	11.26	11.16	5.17	NA	143,600	–	–	–	–	143,600
	2022/11/09	32,500	2022/11/09–2023/05/08	2023/05/09–2032/11/08	11.78	11.11	2.77	NA	32,500	–	–	–	–	32,500
		32,500	2022/11/09–2024/03/31	2024/04/01–2032/11/08	11.78	11.11	3.19	NA	32,500	–	–	–	–	32,500
	2023/08/23	21,900	2023/08/23–2024/08/22	2024/08/23–2033/08/22	7.63	7.79	2.15	NA	21,900	–	–	–	–	21,900
		21,900	2023/08/23–2025/08/22	2025/08/23–2033/08/22	7.63	7.79	2.54	NA	21,900	–	–	–	–	21,900
		21,900	2023/08/23–2026/08/22	2026/08/23–2033/08/22	7.63	7.79	2.83	NA	21,900	–	–	–	–	21,900
		21,900	2023/08/23–2027/08/22	2027/08/23–2033/08/22	7.63	7.79	3.06	NA	21,900	–	–	–	–	21,900
	2024/10/24	19,900	2024/10/24–2025/10/23	2025/10/24–2034/10/23	11.26	11.16	3.39	NA	19,900	–	–	–	–	19,900
		19,900	2024/10/24–2026/10/23	2026/10/24–2034/10/23	11.26	11.16	4.04	NA	19,900	–	–	–	–	19,900
		19,900	2024/10/24–2027/10/23	2027/10/24–2034/10/23	11.26	11.16	4.55	NA	19,900	–	–	–	–	19,900
		19,900	2024/10/24–2028/10/23	2028/10/24–2034/10/23	11.26	11.16	4.97	NA	19,900	–	–	–	–	19,900
		8,000	2024/10/24–2026/04/29	2026/04/30–2034/10/23	11.26	11.16	3.76	NA	8,000	–	–	–	–	8,000
		16,000	2024/10/24–2027/04/29	2027/04/30–2034/10/23	11.26	11.16	4.33	NA	16,000	–	–	–	–	16,000
		24,000	2024/10/24–2028/04/29	2028/04/30–2034/10/23	11.26	11.16	4.79	NA	24,000	–	–	–	–	24,000
		32,000	2024/10/24–2029/04/29	2029/04/30–2034/10/23	11.26	11.16	5.17	NA	32,000	–	–	–	–	32,000

OTHER INFORMATION (CONTINUED)

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 June 2025
Bu Zhiqiang (Associate of Director)	2022/11/09	15,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	15,500	—	—	—	—	15,500
		15,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	15,500	—	—	—	—	15,500
	2023/08/23	33,550	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	33,550	—	—	—	—	33,550
		33,550	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	33,550	—	—	—	—	33,550
	2024/10/24	33,550	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	33,550	—	—	—	—	33,550
		33,550	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	33,550	—	—	—	—	33,550
		16,075	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	16,075	—	—	—	—	16,075
		16,075	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	16,075	—	—	—	—	16,075
		16,075	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	16,075	—	—	—	—	16,075
		16,075	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	16,075	—	—	—	—	16,075
		5,000	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	5,000	—	—	—	—	5,000
		10,000	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	10,000	—	—	—	—	10,000
		15,000	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	15,000	—	—	—	—	15,000
		20,000	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	20,000	—	—	—	—	20,000
	Yuan Xiang (Associate of Director)	9,650	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	9,650	—	—	—	—	9,650
		6,650	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	6,650	—	—	—	—	6,650
Bu Weiqiang (Associate of Director)	2023/08/23	6,650	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	6,650	—	—	—	—	6,650
		6,650	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	6,650	—	—	—	—	6,650
	2024/10/24	6,650	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	6,650	—	—	—	—	6,650
		26,825	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	26,825	—	—	—	—	26,825
		18,425	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	18,425	—	—	—	—	18,425
		18,425	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	18,425	—	—	—	—	18,425
		18,425	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	18,425	—	—	—	—	18,425
		18,425	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	18,425	—	—	—	—	18,425
		9,300	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	9,300	—	—	—	—	9,300
		18,600	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	18,600	—	—	—	—	18,600
		27,900	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	27,900	—	—	—	—	27,900
		37,200	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	37,200	—	—	—	—	37,200
Other employees (Not Directors)	2022/05/19	2,447,000	2022/05/19-2023/05/18	2023/05/19-2032/05/18	17.46	16.88	4.56	19.26	1,728,375	—	122,250	—	138,750	1,467,375
		2,993,750	2022/05/19-2024/05/18	2024/05/19-2032/05/18	17.46	16.88	5.19	19.26	2,060,625	—	115,095	—	144,750	1,800,780
		2,993,750	2022/05/19-2025/05/18	2025/05/19-2032/05/18	17.46	16.88	5.67	19.26	2,021,625	—	104,734	—	129,750	1,787,141
		2,993,750	2022/05/19-2026/05/18	2026/05/19-2032/05/18	17.46	16.88	6.04	NA	2,021,625	—	—	—	138,000	1,883,625
		546,750	2022/05/19-2027/05/18	2027/05/19-2032/05/18	17.46	16.88	6.33	NA	288,750	—	—	—	—	288,750
	2022/07/21	629,500	2022/07/21-2023/07/20	2023/07/21-2032/07/20	20.60	20.80	5.51	NA	227,000	—	—	—	—	227,000
		629,500	2022/07/21-2024/07/20	2024/07/21-2032/07/20	20.60	20.80	6.32	NA	227,000	—	—	—	—	227,000
		629,500	2022/07/21-2025/07/20	2025/07/21-2032/07/20	20.60	20.80	6.94	NA	227,000	—	—	—	—	227,000
		629,500	2022/07/21-2026/07/20	2026/07/21-2032/07/20	20.60	20.80	7.44	NA	227,000	—	—	—	—	227,000
	2022/11/09	8,760,200	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	16.29	5,067,300	—	681,315	—	—	4,385,985
		8,760,200	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	16.04	5,067,300	—	561,850	—	—	4,505,450
		6,223,600	2022/11/09-2025/03/31	2025/04/01-2032/11/08	11.78	11.11	3.56	15.07	2,780,400	—	291,222	—	—	2,489,178
		910,000	2022/11/09-2023/07/08	2023/07/09-2032/11/08	11.78	11.11	2.87	18.43	563,300	—	141,394	—	—	421,906
		910,000	2022/11/09-2024/07/08	2024/07/09-2032/11/08	11.78	11.11	3.31	18.28	563,300	—	95,677	—	—	467,623
		910,000	2022/11/09-2025/07/08	2025/07/09-2032/11/08	11.78	11.11	3.65	NA	563,400	—	—	—	—	563,400
		2,915,800	2022/11/09-2023/09/29	2023/09/30-2032/11/08	11.78	11.11	2.97	16.85	2,064,300	—	444,459	—	314,700	1,305,141
		2,915,800	2022/11/09-2024/09/29	2024/09/30-2032/11/08	11.78	11.11	3.39	16.44	2,001,300	—	349,991	—	251,700	1,399,609
		2,907,400	2022/11/09-2025/09/29	2025/09/30-2032/11/08	11.78	11.11	3.71	NA	1,994,400	—	—	—	273,400	1,721,000
		1,103,500	2022/11/09-2024/01/03	2024/01/04-2032/11/08	11.78	11.11	3.10	16.56	723,400	—	160,000	—	53,300	510,100
	2022/11/10	1,103,500	2022/11/09-2025/01/03	2025/01/04-2032/11/08	11.78	11.11	3.49	16.24	670,100	—	140,000	—	—	530,100
		1,103,000	2022/11/09-2026/01/03	2026/01/04-2032/11/08	11.78	11.11	3.79	NA	668,800	—	—	—	40,000	628,800
		515,000	2022/11/10-2023/11/09	2023/11/10-2032/11/09	11.02	11.20	2.81	15.27	367,500	—	65,000	—	25,000	277,500
		515,000	2022/11/10-2024/11/09	2024/11/10-2032/11/09	11.02	11.20	3.22	15.37	342,500	—	55,000	—	—	287,500
		515,000	2022/11/10-2025/11/09	2025/11/10-2032/11/09	11.02	11.20	3.52	NA	332,500	—	—	—	10,000	322,500
		515,000	2022/11/10-2026/11/09	2026/11/10-2032/11/09	11.02	11.20	3.75	NA	332,500	—	—	—	10,000	322,500
	2022/12/28	482,500	2022/12/28-2023/12/27	2023/12/28-2032/12/27	12.78	12.96	3.57	17.24	222,500	—	35,000	—	110,000	77,500
		482,500	2022/12/28-2024/12/27	2024/12/28-2032/12/27	12.78	12.96	4.09	17.49	222,500	—	30,000	—	110,000	82,500
		482,500	2022/12/28-2025/12/27	2025/12/28-2032/12/27	12.78	12.96	4.47	NA	222,500	—	—	—	110,000	112,500
		482,500	2022/12/28-2026/12/27	2026/12/28-2032/12/27	12.78	12.96	4.77	NA	222,500	—	—	—	110,000	112,500
	2023/04/19	865,000	2023/04/19-2024/04/18	2024/04/19-2033/04/18	9.95	9.71	3.03	19.26	310,000	—	150,000	—	—	160,000
		865,000	2023/04/19-2025/04/18	2025/04/19-2033/04/18	9.95	9.71	3.54	19.26	310,000	—	150,000	—	—	160,000
		865,000	2023/04/19-2026/04/18	2026/04/19-2033/04/18	9.95	9.71	3.91	NA	310,000	—	—	—	—	310,000
		865,000	2023/04/19-2027/04/18	2027/04/19-2033/04/18	9.95	9.71	4.20	NA	310,000	—	—	—	—	310,000

OTHER INFORMATION (CONTINUED)

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price	Number of options at 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 June 2025	
								immediately before the exercise date (HKD)							
Other employees (Not Directors)	2023/07/20	735,000	2023/07/20-2024/07/19	2024/07/20-2033/07/19	7.88	8.16	2.57	19.00	170,000	—	13,000	—	—	157,000	
		735,000	2023/07/20-2025/07/19	2025/07/20-2033/07/19	7.88	8.16	2.99	NA	170,000	—	—	—	170,000		
		735,000	2023/07/20-2026/07/19	2026/07/20-2033/07/19	7.88	8.16	3.28	NA	170,000	—	—	—	170,000		
		735,000	2023/07/20-2027/07/19	2027/07/20-2033/07/19	7.88	8.16	3.51	NA	170,000	—	—	—	170,000		
	2023/08/23	18,707,225	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	15.67	16,077,831	—	4,318,039	—	29,175	11,730,617	
		18,707,225	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	17,152,675	—	—	—	545,225	16,607,450	
		18,707,225	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	17,152,675	—	—	—	545,225	16,607,450	
		18,707,225	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	17,152,675	—	—	—	545,225	16,607,450	
	2023/10/20	390,000	2023/10/20-2024/10/19	2024/10/20-2033/10/19	5.97	5.99	1.79	13.80	202,500	—	152,500	—	30,000	20,000	
		390,000	2023/10/20-2025/10/19	2025/10/20-2033/10/19	5.97	5.99	2.09	NA	247,500	—	—	—	45,000	202,500	
		390,000	2023/10/20-2026/10/19	2026/10/20-2033/10/19	5.97	5.99	2.31	NA	247,500	—	—	—	45,000	202,500	
		390,000	2023/10/20-2027/10/19	2027/10/20-2033/10/19	5.97	5.99	2.48	NA	247,500	—	—	—	45,000	202,500	
	2024/03/27	145,000	2024/03/27-2025/03/26	2025/03/27-2034/03/26	6.55	6.85	1.96	NA	125,000	—	—	—	10,000	115,000	
		145,000	2024/03/27-2026/03/26	2026/03/27-2034/03/26	6.55	6.85	2.31	NA	125,000	—	—	—	10,000	115,000	
		145,000	2024/03/27-2027/03/26	2027/03/27-2034/03/26	6.55	6.85	2.59	NA	125,000	—	—	—	10,000	115,000	
		145,000	2024/03/27-2028/03/26	2028/03/27-2034/03/26	6.55	6.85	2.82	NA	125,000	—	—	—	10,000	115,000	
	2024/07/04	477,500	2024/07/04-2025/07/03	2025/07/04-2034/07/03	8.57	9.24	2.52	NA	342,500	—	—	—	97,500	245,000	
		477,500	2024/07/04-2026/07/03	2026/07/04-2034/07/03	8.57	9.24	3.00	NA	342,500	—	—	—	97,500	245,000	
		477,500	2024/07/04-2027/07/03	2027/07/04-2034/07/03	8.57	9.24	3.38	NA	342,500	—	—	—	97,500	245,000	
		477,500	2024/07/04-2028/07/03	2028/07/04-2034/07/03	8.57	9.24	3.70	NA	342,500	—	—	—	97,500	245,000	
	2024/10/24	355,000	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	355,000	—	—	—	240,000	115,000	
		355,000	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	355,000	—	—	—	240,000	115,000	
		355,000	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	355,000	—	—	—	240,000	115,000	
		355,000	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	355,000	—	—	—	240,000	115,000	
		12,643,325	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	12,540,550	—	—	—	507,000	12,033,550	
		12,643,325	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	12,540,550	—	—	—	507,000	12,033,550	
		12,643,325	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	12,540,550	—	—	—	507,000	12,033,550	
		12,643,325	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	12,540,550	—	—	—	507,000	12,033,550	
		3,858,100	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	3,858,100	—	—	—	154,900	3,703,200	
		7,716,200	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	7,716,200	—	—	—	309,800	7,406,400	
		11,574,300	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	11,574,300	—	—	—	464,700	11,109,600	
		15,432,400	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	15,432,400	—	—	—	619,600	14,812,800	
	2024/12/27	415,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	3.63	NA	415,000	—	—	—	50,000	365,000	
		415,000	2024/12/27-2026/12/26	2026/12/27-2034/12/26	10.10	11.26	4.32	NA	415,000	—	—	—	50,000	365,000	
		415,000	2024/12/27-2027/12/26	2027/12/27-2034/12/26	10.10	11.26	4.87	NA	415,000	—	—	—	50,000	365,000	
		415,000	2024/12/27-2028/12/26	2028/12/27-2034/12/26	10.10	11.26	5.31	NA	415,000	—	—	—	50,000	365,000	
		60,000	2024/12/27-2026/04/29	2026/04/30-2034/12/26	10.10	11.26	3.89	NA	60,000	—	—	—	—	60,000	
		120,000	2024/12/27-2027/04/29	2027/04/30-2034/12/26	10.10	11.26	4.53	NA	120,000	—	—	—	—	120,000	
		180,000	2024/12/27-2028/04/29	2028/04/30-2034/12/26	10.10	11.26	5.03	NA	180,000	—	—	—	—	180,000	
		240,000	2024/12/27-2029/04/29	2029/04/30-2034/12/26	10.10	11.26	5.45	NA	240,000	—	—	—	—	240,000	
	2025/05/07	347,500	2025/05/07-2026/05/06	2026/05/07-2035/05/06	13.86	13.52	4.24	NA	—	347,500	—	—	50,000	297,500	
		347,500	2025/05/07-2027/05/06	2027/05/07-2035/05/06	13.86	13.52	4.98	NA	—	347,500	—	—	50,000	297,500	
		347,500	2025/05/07-2028/05/06	2028/05/07-2035/05/06	13.86	13.52	5.63	NA	—	347,500	—	—	50,000	297,500	
		347,500	2025/05/07-2029/05/06	2029/05/07-2035/05/06	13.86	13.52	6.12	NA	—	347,500	—	—	50,000	297,500	
		100,000	2025/05/07-2026/05/06	2026/05/07-2035/05/06	13.86	13.52	4.24	NA	—	100,000	—	—	—	100,000	
		200,000	2025/05/07-2027/04/29	2027/04/30-2035/05/06	13.86	13.52	4.98	NA	—	200,000	—	—	—	200,000	
		300,000	2025/05/07-2028/04/29	2028/04/30-2035/05/06	13.86	13.52	5.58	NA	—	300,000	—	—	—	300,000	
		400,000	2025/05/07-2029/04/29	2029/04/30-2035/05/06	13.86	13.52	6.08	NA	—	400,000	—	—	—	400,000	
Total									204,714,956	63,390,000	8,495,676	—	9,166,200	250,443,080	

Notes:

(1) The Company conditionally granted 61,000,000 options to Mr. Chen Zhiping on 27 December 2024 as disclosed above subject to shareholders' approval. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025. At the Feb 2025 EGM, the requisite approval were obtained from the shareholders and all conditions of the conditional grant to Mr. Chen Zhiping have been satisfied. Accordingly, the conditional grant of the 61,000,000 options became valid on 18 February 2025 and for the purpose of this table is considered a movement within the six months ended 30 June 2025.

(2) Please refer to page 72 of this Interim Report for the accounting standard and policy adopted to calculate the fair value of the options.

OTHER INFORMATION (CONTINUED)

B. Share Award Scheme

The Company adopted a share award scheme on 2 September 2021, which was amended and approved by the shareholders of the Company on 18 February 2025 (the “**Share Award Scheme**”). With effect from 1 January 2023, the Share Award Scheme is subject to the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Award Scheme is to recognize and reward the contribution of certain eligible participants through the awarded shares to the growth and development of the Group and to provide incentives in order to retain them for continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

For the six months ended 30 June 2025, the Company has granted 1,614,000 awarded shares to certain selected participants in accordance with the terms of the Share Award Scheme on 7 May 2025.

The number of awarded shares available for grant under the scheme mandate of the Share Award Scheme on 1 January 2025 was 205,345,815 shares, and the number of awarded shares available for grant under the scheme mandate of the Share Award Scheme on 30 June 2025 was 307,802,148 shares.

For the six months ended 30 June 2025, details of the movement of the awards granted under the Share Award Scheme are as follows:

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price ⁽¹⁾ (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 June 2025
Xiong Shaoming (Director)	2023/8/23	24,700	2025/8/23–2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
		24,700	2026/8/23–2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
		24,700	2027/8/23–2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
	2024/10/24	15,425	2025/10/24–2034/10/23	11.26	—	10.82	NA	15,425	—	—	—	—	15,425
		15,425	2026/10/24–2034/10/23	11.26	—	10.82	NA	15,425	—	—	—	—	15,425
		15,425	2027/10/24–2034/10/23	11.26	—	10.82	NA	15,425	—	—	—	—	15,425
Wang Guisheng (Director)	2023/8/23	15,425	2028/10/24–2034/10/23	11.26	—	10.82	NA	15,425	—	—	—	—	15,425
		45,600	2025/8/23–2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
		45,600	2026/8/23–2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
	2024/10/24	45,600	2027/8/23–2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
		21,975	2025/10/24–2034/10/23	11.26	—	10.82	NA	21,975	—	—	—	—	21,975
		21,975	2026/10/24–2034/10/23	11.26	—	10.82	NA	21,975	—	—	—	—	21,975
		21,975	2027/10/24–2034/10/23	11.26	—	10.82	NA	21,975	—	—	—	—	21,975
		21,975	2028/10/24–2034/10/23	11.26	—	10.82	NA	21,975	—	—	—	—	21,975
		91,300	2026/04/30–2034/10/23	11.26	—	10.82	NA	91,300	—	—	—	—	91,300
		182,600	2027/04/30–2034/10/23	11.26	—	10.82	NA	182,600	—	—	—	—	182,600
		273,900	2028/04/30–2034/10/23	11.26	—	10.82	NA	273,900	—	—	—	—	273,900
		365,200	2029/04/30–2034/10/23	11.26	—	10.82	NA	365,200	—	—	—	—	365,200

OTHER INFORMATION (CONTINUED)

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price ⁽¹⁾ (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 June 2025
Wang Xin (Director)	2023/8/23	29,225	2025/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
		29,225	2026/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
		29,225	2027/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
	2024/10/24	23,825	2025/10/24-2034/10/23	11.26	—	10.82	NA	23,825	—	—	—	—	23,825
		23,825	2026/10/24-2034/10/23	11.26	—	10.82	NA	23,825	—	—	—	—	23,825
		23,825	2027/10/24-2034/10/23	11.26	—	10.82	NA	23,825	—	—	—	—	23,825
		23,825	2028/10/24-2034/10/23	11.26	—	10.82	NA	23,825	—	—	—	—	23,825
		35,800	2026/04/30-2034/10/23	11.26	—	10.82	NA	35,800	—	—	—	—	35,800
		71,600	2027/04/30-2034/10/23	11.26	—	10.82	NA	71,600	—	—	—	—	71,600
		107,400	2028/04/30-2034/10/23	11.26	—	10.82	NA	107,400	—	—	—	—	107,400
		143,200	2029/04/30-2034/10/23	11.26	—	10.82	NA	143,200	—	—	—	—	143,200
		11,200	2025/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2026/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2027/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
Bu Zhiqiang (Associate of Director)	2023/8/23	11,200	2025/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2026/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2027/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
	2024/10/24	6,450	2025/10/24-2034/10/23	11.26	—	10.82	NA	6,450	—	—	—	—	6,450
		6,450	2026/10/24-2034/10/23	11.26	—	10.82	NA	6,450	—	—	—	—	6,450
		6,450	2027/10/24-2034/10/23	11.26	—	10.82	NA	6,450	—	—	—	—	6,450
		6,450	2028/10/24-2034/10/23	11.26	—	10.82	NA	6,450	—	—	—	—	6,450
		5,000	2026/04/30-2034/10/23	11.26	—	10.82	NA	5,000	—	—	—	—	5,000
		10,000	2027/04/30-2034/10/23	11.26	—	10.82	NA	10,000	—	—	—	—	10,000
		15,000	2028/04/30-2034/10/23	11.26	—	10.82	NA	15,000	—	—	—	—	15,000
		20,000	2029/04/30-2034/10/23	11.26	—	10.82	NA	20,000	—	—	—	—	20,000
Li Xiaoping (Associate of Director)	2023/8/23	7,300	2025/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
		7,300	2026/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
		7,300	2027/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
	2024/10/24	8,150	2025/10/24-2034/10/23	11.26	—	10.82	NA	8,150	—	—	—	—	8,150
		8,150	2026/10/24-2034/10/23	11.26	—	10.82	NA	8,150	—	—	—	—	8,150
		8,150	2027/10/24-2034/10/23	11.26	—	10.82	NA	8,150	—	—	—	—	8,150
		8,150	2028/10/24-2034/10/23	11.26	—	10.82	NA	8,150	—	—	—	—	8,150
		8,000	2026/04/30-2034/10/23	11.26	—	10.82	NA	8,000	—	—	—	—	8,000
		16,000	2027/04/30-2034/10/23	11.26	—	10.82	NA	16,000	—	—	—	—	16,000
		24,000	2028/04/30-2034/10/23	11.26	—	10.82	NA	24,000	—	—	—	—	24,000
Yuan Xiang (Associate of Director)	2023/8/23	32,000	2029/04/30-2034/10/23	11.26	—	10.82	NA	32,000	—	—	—	—	32,000
		3,225	2025/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
		3,225	2026/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
		3,225	2027/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
	2024/10/24	2,825	2025/10/24-2034/10/23	11.26	—	10.82	NA	2,825	—	—	—	—	2,825
		2,825	2026/10/24-2034/10/23	11.26	—	10.82	NA	2,825	—	—	—	—	2,825
		2,825	2027/10/24-2034/10/23	11.26	—	10.82	NA	2,825	—	—	—	—	2,825
		2,825	2028/10/24-2034/10/23	11.26	—	10.82	NA	2,825	—	—	—	—	2,825
Bu Weiqiang (Associate of Director)	2023/8/23	8,925	2025/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
		8,925	2026/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
		8,925	2027/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
	2024/10/24	7,475	2025/10/24-2034/10/23	11.26	—	10.82	NA	7,475	—	—	—	—	7,475
		7,475	2026/10/24-2034/10/23	11.26	—	10.82	NA	7,475	—	—	—	—	7,475
		7,475	2027/10/24-2034/10/23	11.26	—	10.82	NA	7,475	—	—	—	—	7,475
		7,475	2028/10/24-2034/10/23	11.26	—	10.82	NA	7,475	—	—	—	—	7,475
		9,200	2026/04/30-2034/10/23	11.26	—	10.82	NA	9,200	—	—	—	—	9,200
		18,400	2027/04/30-2034/10/23	11.26	—	10.82	NA	18,400	—	—	—	—	18,400
		27,600	2028/04/30-2034/10/23	11.26	—	10.82	NA	27,600	—	—	—	—	27,600
Other employees (Not Directors)	2021/12/24	36,800	2029/04/30-2034/10/23	11.26	—	10.82	NA	36,800	—	—	—	—	36,800
		570,000	2025/4/1-2031/12/23	39.40	—	39.35	13.26	97,500	—	97,500	—	—	—
		90,000	2025/7/9-2031/12/23	39.40	—	39.35	NA	70,000	—	—	—	—	70,000
		570,575	2024/9/30-2031/12/23	39.40	—	39.35	NA	125,000	—	—	—	—	125,000
		445,575	2025/9/30-2031/12/23	39.40	—	39.35	NA	263,375	—	—	—	130,825	132,550
Other employees (Not Directors)	2022/1/4	235,000	2025/1/4-2032/1/3	37.10	—	35.00	14.12	200,000	—	200,000	—	—	—
		235,000	2026/1/4-2032/1/3	37.10	—	35.00	NA	200,000	—	—	—	—	200,000

OTHER INFORMATION (CONTINUED)

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price ⁽¹⁾ (HKD)	Fair value at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 June 2025
Other employees (Not Directors)	2022/4/19	1,588,500	2024/4/19-2032/4/18	18.46	—	17.18	NA	250	—	—	—	—	250
		1,588,500	2025/4/19-2032/4/18	18.46	—	17.18	11.50	1,086,000	—	1,049,000	—	32,750	4,250
		1,588,500	2026/4/19-2032/4/18	18.46	—	17.18	NA	1,086,000	—	—	—	66,500	1,019,500
		614,250	2027/4/19-2032/4/18	18.46	—	17.18	NA	406,000	—	—	—	19,750	386,250
Other employees (Not Directors)	2022/7/21	244,000	2025/7/21-2032/7/20	20.60	—	20.35	NA	54,000	—	—	—	2,500	51,500
		244,000	2026/7/21-2032/7/20	20.60	—	20.35	NA	54,000	—	—	—	2,500	51,500
Other employees (Not Directors)	2022/11/10	171,000	2024/11/10-2032/11/09	11.02	—	10.70	NA	10,000	—	—	—	—	10,000
		171,000	2025/11/10-2032/11/09	11.02	—	10.70	NA	118,875	—	—	—	10,000	108,875
		171,000	2026/11/10-2032/11/09	11.02	—	10.70	NA	118,875	—	—	—	10,000	108,875
Other employees (Not Directors)	2022/12/28	199,625	2025/12/28-2032/12/27	12.78	—	12.96	NA	47,500	—	—	—	25,000	22,500
		199,625	2026/12/28-2032/12/27	12.78	—	12.96	NA	47,500	—	—	—	25,000	22,500
Other employees (Not Directors)	2023/4/19	433,000	2025/4/19-2033/4/18	9.95	—	9.62	11.50	159,250	—	159,250	—	—	—
		433,000	2026/4/19-2033/4/18	9.95	—	9.62	NA	159,250	—	—	—	—	159,250
		428,000	2027/4/19-2033/4/18	9.95	—	9.62	NA	159,250	—	—	—	—	159,250
Other employees (Not Directors)	2023/7/20	479,250	2025/7/20-2033/7/19	7.88	—	8.16	NA	50,000	—	—	—	—	50,000
		479,250	2026/7/20-2033/7/19	7.88	—	8.16	NA	50,000	—	—	—	—	50,000
		479,250	2027/7/20-2033/7/19	7.88	—	8.16	NA	50,000	—	—	—	—	50,000
Other employees (Not Directors)	2023/8/23	6,144,675	2024/8/23-2033/8/22	7.63	—	7.20	NA	900	—	—	—	—	900
		6,144,675	2025/8/23-2033/8/22	7.63	—	7.20	NA	5,580,400	—	—	—	195,675	5,384,725
		6,144,675	2026/8/23-2033/8/22	7.63	—	7.20	NA	5,580,400	—	—	—	195,675	5,384,725
		6,144,675	2027/8/23-2033/8/22	7.63	—	7.20	NA	5,580,400	—	—	—	195,675	5,384,725
Other employees (Not Directors)	2023/10/20	162,125	2025/10/20-2033/10/19	5.97	—	5.82	NA	67,500	—	—	—	—	67,500
		162,125	2026/10/20-2033/10/19	5.97	—	5.82	NA	67,500	—	—	—	—	67,500
		162,125	2027/10/20-2033/10/19	5.97	—	5.82	NA	67,500	—	—	—	—	67,500
		97,500	2025/3/27-2034/3/26	6.55	—	6.60	13.44	87,500	—	77,500	—	10,000	—
Other employees (Not Directors)	2024/3/27	97,500	2026/3/27-2034/3/26	6.55	—	6.60	NA	87,500	—	—	—	10,000	77,500
		97,500	2027/3/27-2034/3/26	6.55	—	6.60	NA	87,500	—	—	—	10,000	77,500
		97,500	2028/3/27-2034/3/26	6.55	—	6.60	NA	87,500	—	—	—	10,000	77,500
		97,500	2029/3/27-2034/3/26	6.55	—	6.60	NA	87,500	—	—	—	10,000	77,500
Other employees (Not Directors)	2024/7/4	180,000	2025/7/4-2034/7/3	8.57	—	8.68	NA	165,000	—	—	—	40,000	125,000
		180,000	2026/7/4-2034/7/3	8.57	—	8.68	NA	165,000	—	—	—	40,000	125,000
		180,000	2027/7/4-2034/7/3	8.57	—	8.68	NA	165,000	—	—	—	40,000	125,000
		180,000	2028/7/4-2034/7/3	8.57	—	8.68	NA	165,000	—	—	—	40,000	125,000
Other employees (Not Directors)	2024/10/24	231,375	2025/10/24-2034/10/23	11.26	—	10.82	NA	231,375	—	—	—	127,125	104,250
		231,375	2026/10/24-2034/10/23	11.26	—	10.82	NA	231,375	—	—	—	127,125	104,250
		231,375	2027/10/24-2034/10/23	11.26	—	10.82	NA	231,375	—	—	—	127,125	104,250
		231,375	2028/10/24-2034/10/23	11.26	—	10.82	NA	231,375	—	—	—	127,125	104,250
		5,159,450	2025/10/24-2034/10/23	11.26	—	10.82	NA	5,116,650	—	—	—	202,625	4,914,025
		5,159,450	2026/10/24-2034/10/23	11.26	—	10.82	NA	5,116,650	—	—	—	202,625	4,914,025
		5,159,450	2027/10/24-2034/10/23	11.26	—	10.82	NA	5,116,650	—	—	—	202,625	4,914,025
		5,159,450	2028/10/24-2034/10/23	11.26	—	10.82	NA	5,116,650	—	—	—	202,625	4,914,025
		4,352,200	2026/04/30-2034/10/23	11.26	—	10.82	NA	4,352,200	—	—	—	165,000	4,187,200
		8,704,400	2027/04/30-2034/10/23	11.26	—	10.82	NA	8,704,400	—	—	—	330,000	8,374,400
		13,056,600	2028/04/30-2034/10/23	11.26	—	10.82	NA	13,056,600	—	—	—	495,000	12,561,600
		17,408,800	2029/04/30-2034/10/23	11.26	—	10.82	NA	17,408,800	—	—	—	660,000	16,748,800
Other employees (Not Directors)	2024/12/27	204,000	2025/12/27-2034/12/26	10.10	—	11.26	NA	204,000	—	—	—	5,000	199,000
		204,000	2026/12/27-2034/12/26	10.10	—	11.26	NA	204,000	—	—	—	5,000	199,000
		204,000	2027/12/27-2034/12/26	10.10	—	11.26	NA	204,000	—	—	—	5,000	199,000
		204,000	2028/12/27-2034/12/26	10.10	—	11.26	NA	204,000	—	—	—	5,000	199,000
		60,000	2026/4/30-2034/12/26	10.10	—	11.26	NA	60,000	—	—	—	—	60,000
		120,000	2027/4/30-2034/12/26	10.10	—	11.26	NA	120,000	—	—	—	—	120,000
		180,000	2028/4/30-2034/12/26	10.10	—	11.26	NA	180,000	—	—	—	—	180,000
		240,000	2029/4/30-2034/12/26	10.10	—	11.26	NA	240,000	—	—	—	—	240,000

OTHER INFORMATION (CONTINUED)

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price ⁽¹⁾ (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 June 2025
Other employees (Not Directors)	2025/5/7	125,500	2026/5/7–2035/5/6	13.86	—	13.52	NA	—	125,500	—	—	—	125,500
		125,500	2027/5/7–2035/5/6	13.86	—	13.52	NA	—	125,500	—	—	—	125,500
		125,500	2028/5/7–2035/5/6	13.86	—	13.52	NA	—	125,500	—	—	—	125,500
		125,500	2029/5/7–2035/5/6	13.86	—	13.52	NA	—	125,500	—	—	—	125,500
		100,000	2026/5/7–2035/5/6	13.86	—	13.52	NA	—	100,000	—	—	—	100,000
		200,000	2027/4/30–2035/5/6	13.86	—	13.52	NA	—	200,000	—	—	—	200,000
		300,000	2028/4/30–2035/5/6	13.86	—	13.52	NA	—	300,000	—	—	—	300,000
		400,000	2029/4/30–2035/5/6	13.86	—	13.52	NA	—	400,000	—	—	—	400,000
		112,000	2026/5/7–2035/5/6	13.86	—	13.52	NA	—	112,000	—	—	—	112,000
Total								91,125,350	1,614,000	1,583,250	—	4,100,850	87,055,250

Notes:

- (1) To be in line with the purpose of the Share Award Scheme and to maximize the incentive effect of the awarded shares, there is no purchase price for any of the awarded shares granted under the Share Award Scheme.
- (2) Please refer to page 73 of this Interim Report for the accounting standard and policy adopted to calculate the fair value of the awards.

Pledge of Controlling Shareholder's Equity

During the Review Period and as at 30 June 2025, there is no pledge of Shares by controlling shareholders of the Company.

Exchangeable Bonds Issued by Controlling Shareholder

Reference is made to the announcements of the Company dated 12 November 2021, 30 June 2022, 4 November 2022, 3 July 2023, 12 October 2023, 5 August 2024 and 7 January 2025, and capitalized terms in this section shall have the same meaning as defined in such announcements. In relation to US\$350,000,000 Secured Guaranteed Exchangeable Bonds (the “Bonds”) due 2026 of the controlling shareholders of the Company, the Company was informed by EVE Battery that, the Bonds had been delisted from the Stock Exchange on 23 December 2024, and as a result, EVE Battery’s pledge of 60,909,821 ordinary shares of the Company was fully released.

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 shares (excluding treasury shares) was held by the public for the six months ended 30 June 2025.

OTHER INFORMATION (CONTINUED)

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 “**Listing**”). 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 as of 30 June 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 30 June 2025 (HK\$ million)	Unutilized amount as at 30 June 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	24.8	1,356.0	2,598.9	By the end of 2026
(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	24.8	5,311.0	2,598.9	

* 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 (《電子煙管理辦法》) 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 in Mainland of China must comply with the relevant regulations.

OTHER INFORMATION (CONTINUED)

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. There is no change as to the intended use of proceeds as previously disclosed by the Company.

The intended and actual use of proceeds from the Placing and the Subscription up to 30 June 2025 are set out as follows:

Intended 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 30 June 2025 (HK\$ million)	Unutilized amount as at 30 June 2025 (HK\$ million)	Expected timeline
(i) Expansion of production capacity*	55%	2,445.0	59.5	640.8	1,804.2	By the end of 2026
(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 2026
(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	59.5	2,196.8	2,248.7	

* According to the Measures for the Administration of Electronic Cigarettes (《電子煙管理辦法》) 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 in Mainland of China must comply with the relevant regulations.

OTHER INFORMATION (CONTINUED)

Appendix D2 to the Listing Rules

According to paragraph 40 of Appendix D2 to the Listing Rules headed “Disclosure of Financial Information”, save as disclosed in this interim report, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not been changed materially from the information disclosed in the Company’s 2024 annual report.

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 2025 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 2025.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE SHAREHOLDERS OF
SMOORE INTERNATIONAL HOLDINGS LIMITED

思摩爾國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Smoore International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 54 to 78, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
	NOTE		
Revenue	4	6,013,290	5,083,554
Cost of revenue		(3,769,440)	(3,159,603)
Gross profit		2,243,850	1,923,951
Other income and expenses		349,691	385,635
Distribution and selling expenses		(491,229)	(374,516)
Administrative expenses		(609,548)	(339,229)
Research and development expenses		(722,564)	(760,112)
Finance costs		(13,619)	(18,512)
Other gains and losses	5	(55,177)	(6,051)
Impairment loss recognised on trade receivables, net		(2,669)	389
Profit before tax		698,735	811,555
Income tax expense	6	(206,581)	(128,357)
Profit for the period	7	492,154	683,198
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		9,012	41,399
Other comprehensive income for the period		9,012	41,399
Total comprehensive income for the period		501,166	724,597
Total comprehensive income for the period attributable to shareholders of the Company		501,166	724,597
Earnings per share	9		
Basic (RMB cents)		8.08	11.20
Diluted (RMB cents)		7.96	11.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	4,989,627	4,637,073
Intangible assets		369,205	196,363
Deposits paid for acquisition of property, plant and equipment		173,632	258,745
Deferred tax assets		38,610	34,904
Long-term bank deposits		2,086,060	3,106,699
Rental deposits		32,572	21,449
Other financial assets		5,134,508	2,552,717
		12,824,214	10,807,950
Current assets			
Inventories		1,003,180	910,425
Trade and bills receivables	11	2,015,323	2,084,825
Other receivables, deposits and prepayments		888,375	769,816
Contract costs		4,313	—
Financial assets at fair value through profit or loss ("FVTPL")		1,231,334	857
Restricted bank deposits		138	590,195
Short-term bank deposits over three months		4,153,173	7,319,610
Bank balances and cash		5,211,753	5,170,700
		14,507,589	16,846,428
Current liabilities			
Trade and bills payables	12	1,241,857	1,369,576
Other payables and accrued expenses		1,639,220	1,721,052
Tax payables		166,311	76,638
Contract liabilities		609,763	399,947
Lease liabilities		131,938	115,789
Deferred income		1,922	1,863
Advances drawn on bills receivables discounted with recourse		518,000	1,574,500
		4,309,011	5,259,365
Net current assets		10,198,578	11,587,063
Total assets less current liabilities		23,022,792	22,395,013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2025

	NOTE	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		275,852	190,214
Deferred income		13,397	13,965
Deferred tax liabilities		287,989	286,123
		577,238	490,302
Net assets		22,445,554	21,904,711
Capital and reserves			
Share capital	13	431,909	431,299
Reserves		21,994,903	21,465,789
Equity attributable to shareholders of the Company		22,426,812	21,897,088
Non-controlling interests		18,742	7,623
Total equity		22,445,554	21,904,711

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Share award reserve RMB'000	Shares held under share award scheme RMB'000	Statutory reserve RMB'000 (Note i)	Other reserve RMB'000 (Note ii)	Translation reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling Subtotal RMB'000	Total RMB'000
At 1 January 2024 (audited)	428,272	8,108,033	1,313	528,892	135,733	(214,351)	66,287	(1,194,032)	(93,978)	13,643,440	21,409,609	—	21,409,609
Profit for the period	—	—	—	—	—	—	—	—	—	683,198	683,198	—	683,198
Other comprehensive income for the period	—	—	—	—	—	—	—	—	41,399	—	41,399	—	41,399
Total comprehensive income for the period	—	—	—	—	—	—	—	—	41,399	683,198	724,597	—	724,597
Recognition of share-based payment expenses	—	—	—	33,457	36,196	—	—	—	—	—	69,653	—	69,653
Exercise of share options	71	2,672	—	(2,363)	—	—	—	—	—	—	380	—	380
Vesting of shares under share award scheme	—	7,800	—	—	(29,216)	21,416	—	—	—	—	—	—	—
Purchase of shares under share award scheme	—	—	—	—	—	(603,738)	—	—	—	—	(603,738)	—	(603,738)
Dividends recognised as distribution (Note 8)	—	(275,861)	—	—	—	—	—	—	—	—	(275,861)	—	(275,861)
At 30 June 2024 (unaudited)	428,343	7,842,644	1,313	559,986	142,713	(796,673)	66,287	(1,194,032)	(52,579)	14,326,638	21,324,640	—	21,324,640
At 1 January 2025 (audited)	431,299	7,681,080	1,313	405,821	94,882	(738,726)	75,714	(1,194,032)	19,680	15,120,057	21,897,088	7,623	21,904,711
Profit for the period	—	—	—	—	—	—	—	—	—	492,154	492,154	—	492,154
Other comprehensive income for the period	—	—	—	—	—	—	—	—	9,012	—	9,012	—	9,012
Total comprehensive income for the period	—	—	—	—	—	—	—	—	9,012	492,154	501,166	—	501,166
Recognition of share-based payment expenses	—	—	—	113,320	120,817	—	—	—	—	—	234,137	—	234,137
Recognition of share-based payment expenses of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	11,119	11,119
Exercise of share options	610	91,950	—	(18,831)	—	—	—	—	—	—	73,729	—	73,729
Lapsed of share options	—	—	—	(31,347)	—	—	—	—	—	31,347	—	—	—
Vesting of shares under share award scheme	—	12,500	—	—	(25,372)	12,872	—	—	—	—	—	—	—
Lapsed of shares under share award scheme	—	—	—	—	(16,887)	—	—	—	—	16,887	—	—	—
Dividends recognised as distribution (Note 8)	—	(283,456)	—	—	—	4,148	—	—	—	—	(279,308)	—	(279,308)
At 30 June 2025 (unaudited)	431,909	7,502,074	1,313	468,963	173,440	(721,706)	75,714	(1,194,032)	28,692	15,660,445	22,426,812	18,742	22,445,554

Notes:

- (i) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer at least 10% of its profit after taxation to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- (ii) Other reserve represents i) the difference between the share capital and share premium of Smoore Shenzhen Technology Co., Ltd ("Smoore Shenzhen"), a subsidiary of the Company, and cash considerations for the acquisition of 95% and 5% interest in Smoore Shenzhen by Smoore (Hong Kong) Limited and Smile Baby Investment Limited, the wholly-owned subsidiaries of the Company, respectively; and ii) the difference between the par value and fair value of convertible preferred shares of the Company at the date of issuance as part of the group reorganisation in prior year.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	813,755	602,829
INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	(428,143)	(402,857)
Purchase of intangible assets	(7,483)	(9,135)
Development costs paid	(179,542)	—
Placement of restricted bank deposits	(138)	(355,215)
Withdrawal of restricted bank deposits	590,195	681
Placement of long-term bank deposits	—	(2,000,000)
Placement of short-term bank deposits over three months	(4,286,764)	(5,685,760)
Withdrawal of short-term bank deposits over three months	8,450,137	9,083,515
Purchase of other financial assets at amortised cost	(2,505,510)	—
Placement of other financial assets at FVTPL	(3,540,658)	(600,000)
Withdrawal of other financial assets at FVTPL	2,318,411	—
Payments for rental deposits	(20,891)	(6,905)
Refund of rental deposits upon termination of leases	2,814	7,408
Interest received	147,048	236,177
Government grants received	498	—
NET CASH FROM INVESTING ACTIVITIES	539,974	267,909
FINANCING ACTIVITIES		
Proceeds from issue of shares upon exercise of share options	73,729	380
Dividends paid	(279,317)	(276,037)
Repayment of lease liabilities	(68,254)	(50,797)
Interest paid	(13,619)	(18,512)
Advances drawn on bills receivables discounted with recourse	563,057	1,280,829
Repayment of bank borrowing relating to bills receivables discounted with recourse	(1,574,500)	—
Purchase of shares under share award scheme	—	(603,738)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,298,904)	332,125

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,825	1,202,863
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,170,700	5,332,076
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(13,772)	(68)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	5,211,753	6,534,871

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 (“**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. The Group also provides technological services related 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 Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

3. Principal Accounting Policies (Continued)

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Corporate client oriented business	4,738,984	3,966,811
Self-branded business	1,274,306	1,116,743
Total revenue	6,013,290	5,083,554

	For the six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Timing of revenue recognition for contracts with customers		
At a point in time	5,847,159	5,037,242
Over time	166,131	46,312
Total revenue	6,013,290	5,083,554

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

4. Revenue and Segment Information (Continued)

(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	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Segment revenue	6,013,290	5,083,554
Segment profit	706,408	820,065
Unallocated losses	(13,622)	(19,232)
Unallocated income	9,889	13,178
Unallocated expenses	(3,940)	(2,456)
Profit before tax	698,735	811,555

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

4. Revenue and Segment Information (Continued)

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

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	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Hong Kong, China (Note)	2,128,271	1,858,625
United Kingdom	1,501,465	1,149,981
United States of America	648,850	567,266
Mainland China	417,262	364,777
The Republic of Croatia	222,905	92,588
France	161,195	160,310
Malaysia	124,464	2,023
Japan	118,811	114,880
Canada	101,353	81,652
Others	588,714	691,452
	6,013,290	5,083,554

Note: Revenue generated from Hong Kong, China are on re-export or trans-shipment 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

5. Other Gains and Losses

	For the six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Net foreign exchange (loss) gain	(37,238)	8,134
Loss arising on forward foreign exchange contracts/swap contracts	(482)	—
Gain arising on short-term bank deposits with variable interest rate	5,524	1,118
Gain arising on debt instrument	2,498	—
Gain on early termination of leases	258	396
Loss on disposal/write-off of property, plant and equipment	(25,737)	(22,935)
Others	—	7,236
	(55,177)	(6,051)

6. Income Tax Expense

	For the six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Mainland China Enterprise Income Tax ("EIT")	78,729	87,985
Hong Kong Profits Tax	34,729	11,882
Other countries and regions	94,963	1,588
	208,421	101,455
Deferred tax	(1,840)	26,902
	206,581	128,357

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

6. Income Tax Expense (Continued)

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 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.

The Group is subject to the global minimum top-up tax under the Pillar Two Rules. As at 30 June 2025, the top-up tax relates to the Group's operations in certain jurisdictions. A top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year in these jurisdictions, resulting in an estimated effective income tax rate higher than 15%. The Group has recognised a current tax expense of RMB76,218,000 related to the Pillar Two Rules for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil) which is expected to be levied on certain subsidiaries.

7. Profit for the Period

	For the six months ended 30 June	
	2025	2024
	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	87,229	88,819
Depreciation of property, plant and equipment other than right-of-use assets	232,603	258,614
Amortisation of intangible assets	14,175	16,875
	334,007	364,308
Less: amounts capitalised as cost of inventories manufactured and property, plant and equipment	(187,605)	(221,122)
amounts capitalised in intangible assets	(11,228)	—
	135,174	143,186
Allowance for inventories included in cost of revenue	3,466	17,993
Government grants	19,192	57,955

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

8. Dividends

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Dividends recognised as distribution during the period	279,308	275,861

During the current interim period, a final dividend of HK5 cents per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: HK5 cents) was declared and paid to owners of the Company. The aggregate amount of the final dividend paid in the interim period amounted to HK\$304,792,000 (equivalent to approximately RMB279,317,000) (six months ended 30 June 2024: HK\$303,581,000 (equivalent to approximately RMB276,037,000)).

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\$1,238,578,000 in aggregate (six months ended 30 June 2024: HK\$308,888,000) will be paid to owners of the Company whose names appear in the register of members of the Company on 11 September 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	492,154	683,198
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating earnings per share	6,091,740	6,101,812
Effect of dilutive potential ordinary shares:		
Share options/award shares	93,359	50,173
	6,185,099	6,151,985

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 2025 and 2024.

10. Property, Plant and Equipment

During the current interim period, the Group acquired property, plant and equipment of RMB787,730,000 (six months ended 30 June 2024: RMB344,958,000). Furthermore, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 1 to 10 years during the current interim period. On lease commencement, the Group recognised right-of-use assets of RMB190,174,000 (six months ended 30 June 2024: RMB62,953,000) and lease liabilities of RMB181,625,000 (six months ended 30 June 2024: RMB61,943,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

11. Trade and Bills Receivables

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Trade receivables from contracts with customers	2,053,186	2,103,221
Less: Allowance for credit losses	(37,863)	(36,314)
	2,015,323	2,066,907
Bills receivables	—	17,918
	2,015,323	2,084,825

The Group allows a credit period of 0 to 105 days (31 December 2024: 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 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Trade receivables		
Within 30 days	492,339	764,436
31 to 60 days	637,280	550,894
61 to 90 days	479,201	477,720
Over 90 days	406,503	273,857
	2,015,323	2,066,907

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

12. Trade and Bills Payables

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Trade payables	1,136,290	1,209,152
Bills payables	105,567	160,424
	1,241,857	1,369,576

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

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 30 days	389,907	730,256
31 to 60 days	500,169	284,727
61 to 90 days	182,233	158,228
Over 90 days	63,981	35,941
	1,136,290	1,209,152

The maturity dates of bills payables are within six months as at 30 June 2025 and 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

13. Share Capital

	Number of shares	Share Capital US\$'000
Ordinary shares		
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2024 (audited), 30 June 2024 (unaudited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	10,000,000,000	100,000
	Number of shares	Share Capital US\$'000 RMB'000
Issued and fully paid		
At 1 January 2024 (audited)	6,137,238,720	61,373 428,272
Exercise of share options (note 14)	1,000,000	10 71
At 30 June 2024 (unaudited)	6,138,238,720	61,383 428,343
Exercise of share options (note 14)	41,588,576	415 2,956
At 31 December 2024 (audited)	6,179,827,296	61,798 431,299
Exercise of share options (note 14)	8,495,676	85 610
At 30 June 2025 (unaudited)	6,188,322,972	61,883 431,909

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

14. Share-Based Payment Transactions

Equity-settled share option scheme of the Company

(i) The Share Option Scheme

On 15 June 2020, a share option scheme (the “**Post-IPO Share Option Scheme**”) was adopted by the shareholders of the Company for the purpose of incentivising and retaining directors, senior management and other employees for their contribution to the Group. Under the Post-IPO Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

On 27 December 2024 (the “**date of Grant**”), the Company has conditionally granted a total of 61,000,000 share options under the Share Option Scheme to Mr. Chen Zhiping (the “**Grant**”). As disclosed in the Company’s separate announcement also dated 27 December 2024, the scheme mandate limit remaining for the share option scheme is 7,995,340 Shares, which is not sufficient to cover the Grant. As such, the Grant is conditional on, among others, the shareholders of the Company’s approval of a new scheme mandate limit of 10% of the total number of Shares in issue (excluding treasury Shares) pursuant to Chapter 17 of the Listing Rules. Assuming the shareholders of the Company approves the Proposed Amendment of the share option scheme, the new scheme mandate limit and the Grant in the same extraordinary shareholder meeting (the “**EGM**”), and that there is no change to the number of issued Share of the Company from the date of this announcement to the EGM, a total of 556,982,729 Shares will be available for future grant under the scheme mandate limit.

On 18 February 2025, the Post-IPO Share Option Scheme was amended and approved by the shareholders of the Company in the EGM (“**Share Option Scheme**”). The terms of Share Option Scheme are subject to Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to incentivize and reward eligible persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company. Participants of the Share Option Scheme included employees (whether full time or part time) or Directors of the members of the Group, and the number of share subscription could be determined by the Board.

The table below discloses movement of the share option scheme:

	2025		2024	
	Exercise price HK\$	Number of share options	Exercise price HK\$	Number of share options
As at 1 January (audited)	5.99–20.80	265,714,956	5.99–20.80	129,524,700
Granted during the period	13.52	2,390,000	6.85	580,000
Lapsed during the period	5.99–16.88	(9,166,200)	5.99–20.80	(13,182,000)
Exercised during the period	5.99–16.88	(8,495,676)	—	—
As at 30 June (unaudited)	5.99–20.80	250,443,080	5.99–20.80	116,922,700
Exercisable at the end of the reporting period	5.99–20.80	35,403,655	9.71–20.80	20,142,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

14. Share-Based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(i) *The Share Option Scheme (Continued)*

During the current interim period, 2,390,000 share options were granted on 7 May 2025 under the Share Option Scheme. The fair value of the options determined at the date of grant using the Binomial Option Pricing model was HK\$12,813,000 (equivalent to approximately RMB11,903,000). The key inputs into the model were as follows:

	Share options granted on 7 May 2025
Weighted average share price	HK\$13.52
Exercise price	HK\$13.52
Expected life	10 years
Risk-free rate	3.13%
Expected dividend yield	0.74%

The directors of the Company estimated the risk-free rate based on the yield of the China government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

14. Share-Based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(ii) Share Award Scheme

On 2 September 2021 ("Adoption date"), the Company's Restricted Share Award Plan (the "**Restricted Share Award Scheme**") was adopted with a duration of 10 years commencing from the Adoption date. On 18 February 2025 ("Amendment Date"), the Restricted Share Award Scheme was amended and approved with a duration of 10 years commencing from the Amendment Date. The purposes of the Restricted Share Award Scheme is to recognise and reward the contribution of certain eligible participants through the awarded shares to the growth and development of the Group and to provide incentives in order to retain them for continual operation and development to the Group; and to attract suitable personnel for further development of the Group.

The table below discloses movement of the Restricted Share Award Scheme:

	2025	2024
As at 1 January (audited)	91,125,350	35,462,900
Granted during the period	1,614,000	390,000
Lapsed during the period	(4,100,850)	(2,443,825)
Vested during the period	(1,583,250)	(1,868,750)
As at 30 June (unaudited)	87,055,250	31,540,325
Exercisable at the end of the reporting period	14,650	112,750

The fair value of the share awarded was determined based on the market value of the Company's shares at the grant dates. The vesting period under the Restricted Share Award Scheme ranges from three months to five years. During the current interim period, 1,614,000 awarded shares were granted on 7 May 2025 under the Restricted Share Award Scheme. The estimated fair value of the share awarded granted was HK\$21,821,000 (equivalent to approximately RMB20,270,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

14. Share-Based Payment Transactions (Continued)

Equity-settled share option scheme of TranspireBio Holdings Limited (“Transpire Bio”)

(iii) 2024 Equity Incentive Plan

On 31 May 2024, a share option scheme (the “**2024 equity incentive plan**”) was adopted by the board of directors and approved by the shareholders of TranspireBio, incorporated in the Cayman Islands, for the purpose of securing and retaining the services of the eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the TranspireBio. Under the 2024 equity incentive plan, the board of directors of TranspireBio may grant options to eligible award recipients, including employees, directors and consultants of TranspireBio and its subsidiaries, to subscribe for shares in TranspireBio.

The table below discloses movement of the 2024 equity incentive plan:

	2025		2024	
	Exercise price USD\$	Number of share options	Exercise price USD\$	Number of share options
As at 1 January (audited)	0.0041	1,132,582,500	—	—
Granted during the period	0.024	196,056,625	0.0041	1,132,582,500
As at 30 June (unaudited)	0.0041–0.024	1,328,639,125	0.0041	1,132,582,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

14. Share-Based Payment Transactions (Continued)

Equity-settled share option scheme of TranspireBio Holdings Limited (“Transpire Bio”) (Continued)

(iii) 2024 Equity Incentive Plan (Continued)

During the current interim period, 196,056,625 share options were granted on 2 January 2025 under the 2024 equity incentive plan. The fair value of the options determined at the date of grant using the Binomial Option Pricing model was USD2,540,000 (equivalent to approximately RMB18,276,000). The key inputs into the model were as follows:

	Share options granted on 2 January 2025
Weighted average share price	USD0.024
Exercise price	USD0.024
Expected life	10 years
Risk-free rate	4.58%
Expected dividend yield	0.00%

The directors of TranspireBio estimated the risk-free rate based on the yield of the US government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

15. Fair Value Measurements of Financial Instruments

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input	Signification unobservable input
	30 June 2025 RMB'000	31 December 2024 RMB'000			
Financial assets at FVTPL					
— debt instrument	429,862	—	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	—
— short-term deposit with variable interest	801,472	—	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	—
— swap contracts	—	857	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

15. Fair Value Measurements of Financial Instruments (Continued)

There was no transfer between different level of the fair value hierarchy during the current interim period.

Except the above financial instruments that are measured at fair value on a recurring basis, the directors of the Company consider the carrying amounts of financial assets and liabilities recorded at amortised costs approximate their fair values.

16. Related Party Transactions

(a) The Group has following transactions and balances with a related party:

Name of related party	Nature of transactions	For the six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
EVE Energy Co., Ltd, Shareholder of the Company	Purchase of raw material	167,520	205,442
Name of related party	Nature of transactions	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
EVE Energy Co., Ltd	Trade and bills payables	41,517	104,186
Shareholder of the Company	Other payables and accrued expenses	332	67
		41,849	104,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

16. Related Party Transactions (Continued)

(b) Compensation of key management personnel

The remuneration of key management personnel, including the executive directors and other senior management, were as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries and other allowances	5,620	5,534
Performance related bonuses	—	—
Retirement benefit schemes contributions	213	170
Share-based payment expense	25,354	7,057
	31,187	12,761

The remuneration of directors and key executives is determined with regard to the performance of individuals and market trends.

17. Commitments

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	474,461	707,750

18. Comparative Financial Information

Certain comparative financial information set out in the condensed consolidated financial statements have been reclassified to conform with current period's presentation.