

# TARGET

## Intelligence Report

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T U E S D A Y

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### **SMOORE INTERNATIONAL HOLDINGS LTD: ARE YOU ADDICTED TO E-CIGARETTES ?**

**If So, You Will Love This Report !**

Whether or not prospective investors had an inkling of the future profitability (or otherwise) of Smoore International Holdings Ltd (思摩爾國際控股有限公司) (Code: 6969, Main Board, The Stock Exchange of Hongkong Ltd), it may, today, be considered not much more than another academic question.

But regardless, for right-minded investors, that which came to be widely known on or about Monday, August 24, 2020, it must have come as somewhat of a shock.

This was despite investors of this Company, having been informed, on or about July 21, 2020, that things were not, exactly, that which they had been led to believe, just one month earlier, when they purchased some of the Shares in a Global Offering.

Because that public announcement with regard to the Interim Results of Smoore International Holdings Ltd in respect of the first half of the Financial Year, ending December 31, 2020, could only be viewed as something of a shocker of unimaginable dimensions.

Smoore International Holdings Ltd published and disseminated its Global Offering Prospectus on Monday, June 29, 2020, and, on scanning this 590-Page document, one could be forgiven for thinking that the profits of this manufacturer of vaping devices and vaping components could only go in one direction: Up into the stratosphere – post-haste!

But it had not come to pass ... at least, not in respect of the first half of the 2020 Financial Year.

The Chairman of Smoore International Holdings Ltd, Mr Chen Zhi Ping (陳志平), inter alia, informed his shareholders of the following statistics:

	For The Six Months, Ended June 30		Percentage Increase/(Decrease)
	2020	2019	
	<b>All Figures Are Denominated In Renminbi'000</b> (except where otherwise stated)		
Revenue	3,880,518	3,273,653	18.54
Gross Profit	1,900,512	1,358,449	39.90
Administrative Expenses	(281,187)	(103,719)	171.10

Loss on Fair Value Changes of Convertible Promissory Notes and Convertible Preferred Shares	1,057,596	Nil	Not Applicable
Profit and Total Comprehensible Income For The Period	76,661	920,998	(91.68)
Shareholders' Funds (Net Assets)	960,384	734,673	30.72

In his statement to Shareholders, Chairman Chen Zhi Ping made mention of the impact of the COVID-19 pandemic (not epidemic, Sir).

He said, among other things:

*'In the first quarter of 2020, limited by production capacity, the Group's sales fell by approximately 8.8% compared with the same period last year. After production returned to normal in the second quarter, the Group promptly realized and quickly responded to customer demand for products through the establishment of dedicated task force and timely coordination among material supply, employee recruitment and training, production planning to meet the rapidly growing order needs of large customers, and the revenue increased by approximately 38.9% in the second quarter over the same period last year.'*

About that which Chairman Chen Zhi Ping had not commented was that the Company's largest, single customer, geographically domiciled in The United States of America, reduced its orders of the Company's products from the value of 999,019,000 renminbi, with regard to the first half of the 2019 Financial Year, to 649,089,000 renminbi, in respect of the like period in the 2020 Financial Year.

That reduction was equivalent to a decrease of 35.03 percent, Year-On-Year.

### **The Initial Public Offering (IPO) Of Smoore International Holdings Ltd**

The Global Offering of the Offer Shares of Smoore International Holdings Ltd was, in hindsight, one of the largest IPOs that had been pitched, during the first six months of the 2020 calendar year.

Management ... [CLICK TO ORDER FULL ARTICLE](#)

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