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中煙國際（香港）有限公司
China Tobacco International (HK) Company Limited
(incorporated in Hong Kong with limited liability)
(Stock code: 6055)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

China Tobacco International (HK) Company Limited announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 together with the comparative figures for the six months ended 30 June 2023 as set out below.

| FINANCIAL HIGHLIGHTS | | | |
|---|--|--|------------------------------------|
| | <i>Unit: HK\$'000</i> | | |
| Items | For the six months ended 30 June 2024 (unaudited) | For the six months ended 30 June 2023 (unaudited) | Year-on-year change (%) |
| Revenue | 8,704,047 | 7,743,999 | 12% |
| Cost of sales | (7,739,832) | (6,998,654) | 11% |
| Gross profit | 964,215 | 745,345 | 29% |
| Other income, net | 68,426 | 29,671 | 131% |
| Administrative and other operating expenses | (74,862) | (76,978) | -3% |
| Finance costs | (115,463) | (72,365) | 60% |
| Profit before taxation | 842,316 | 625,673 | 35% |
| Income tax | (162,614) | (115,133) | 41% |
| Profit for the period | 679,702 | 510,540 | 33% |
| Profit for the period attributable to Equity shareholders of the Company | 643,341 | 456,952 | 41% |
| Earnings per Share | | | |
| Basic and diluted (HK\$) | <u>0.93</u> | <u>0.66</u> | |

To create higher returns for our Shareholders and share the results of our operating gains, after giving full consideration to the Group's sound profitability and sufficient cash flow, the Board is pleased to announce that it has resolved to distribute an interim dividend from 2024 onwards, and declared an interim dividend of HK\$0.15 per Share for the Reporting Period. The Group will strive to create more value for its Shareholders.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

| | | Six months ended 30 June | |
|---|------|--------------------------|--------------------|
| | Note | 2024 HK\$'000 | 2023 HK\$'000 |
| Revenue | 4 | 8,704,047 | 7,743,999 |
| Cost of sales | | <u>(7,739,832)</u> | <u>(6,998,654)</u> |
| Gross profit | | 964,215 | 745,345 |
| Other income, net | 5 | 68,426 | 29,671 |
| Administrative and other operating expenses | | <u>(74,862)</u> | <u>(76,978)</u> |
| Profit from operations | | 957,779 | 698,038 |
| Finance costs | 6(a) | <u>(115,463)</u> | <u>(72,365)</u> |
| Profit before taxation | 6 | 842,316 | 625,673 |
| Income tax | 7 | <u>(162,614)</u> | <u>(115,133)</u> |
| Profit for the period | | <u>679,702</u> | <u>510,540</u> |
| Profit for the period attributable to: | | | |
| Equity shareholders of the Company | | 643,341 | 456,952 |
| Non-controlling interests | | <u>36,361</u> | <u>53,588</u> |
| | | <u>679,702</u> | <u>510,540</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2024 – unaudited

| | | Six months ended 30 June | |
|---|------|---------------------------------|--------------------|
| | | 2024 | 2023 |
| | Note | HK\$'000 | HK\$'000 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of financial statements | | <u>(10,172)</u> | <u>6,695</u> |
| Other comprehensive income for the period | | <u>(10,172)</u> | <u>6,695</u> |
| Total comprehensive income for the period | | <u>669,530</u> | <u>517,235</u> |
| Total comprehensive income for the period attributable to: | | | |
| Equity shareholders of the Company | | <u>633,169</u> | 463,647 |
| Non-controlling interests | | <u>36,361</u> | <u>53,588</u> |
| | | <u>669,530</u> | <u>517,235</u> |
| Earnings per Share | | | |
| Basic and diluted (HK\$) | 9 | <u><u>0.93</u></u> | <u><u>0.66</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 – unaudited

| | | At 30 June 2024 | At 31 December 2023 |
|---|------|--------------------|------------------------|
| | Note | HK\$'000 | HK\$'000 |
| Non-current assets | | | |
| Property, plant and equipment | | 53,515 | 43,465 |
| Intangible assets | | 115,695 | 131,109 |
| Goodwill | | 212,929 | 212,929 |
| Trade and other receivables | 10 | 71,697 | 58,593 |
| Deferred tax assets | | – | 80,687 |
| | | <u>453,836</u> | <u>526,783</u> |
| Current assets | | | |
| Inventories | | 3,861,601 | 2,973,650 |
| Current tax recoverable | | 37,184 | – |
| Trade and other receivables | 10 | 2,503,717 | 908,006 |
| Cash and cash equivalents | | 711,567 | 570,808 |
| Short-term bank deposits | | 2,097,298 | 1,761,148 |
| | | <u>9,211,367</u> | <u>6,213,612</u> |
| Current liabilities | | | |
| Trade and other payables and contract liabilities | 11 | 3,469,385 | 1,438,098 |
| Lease liabilities | | 6,314 | 9,131 |
| Bank borrowings | | 2,862,287 | 2,480,495 |
| Current tax payable | | 131,119 | 67,002 |
| Provision for reinstatement costs | | 2,945 | 2,887 |
| | | <u>6,472,050</u> | <u>3,997,613</u> |
| Net current assets | | <u>2,739,317</u> | <u>2,215,999</u> |
| Total assets less current liabilities | | <u>3,193,153</u> | <u>2,742,782</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 3,458 | 537 |
| Deferred tax liabilities | | 46,211 | 46,953 |
| | | <u>49,669</u> | <u>47,490</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 30 June 2024 – unaudited*

| | | At 30 June 2024 | At 31 December 2023 |
|--|------|--------------------|------------------------|
| | Note | HK\$'000 | HK\$'000 |
| NET ASSETS | | 3,143,484 | 2,695,292 |
| Capital and reserves | | | |
| Share capital | | 1,403,721 | 1,403,721 |
| Reserves | | 1,501,781 | 1,089,950 |
| Total equity attributable to equity shareholders of the Company | | 2,905,502 | 2,493,671 |
| Non-controlling interests | | 237,982 | 201,621 |
| TOTAL EQUITY | | 3,143,484 | 2,695,292 |

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Tobacco International (HK) Company Limited (the “**Company**”) is incorporated in Hong Kong as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong (the “**Stock Exchange**”) after completion of its initial public offering on 12 June 2019. China Tobacco International Group Limited (“**CTIG**”), a company incorporated in Hong Kong with limited liability, is the immediate parent of the Company. China National Tobacco Corporation (“**CNTC**”), a company registered in the People’s Republic of China (the “**PRC**”), is the ultimate controlling company of the Company.

The Company and its subsidiaries (collectively the “**Group**”) are engaged in the following business operations:

- export of tobacco leaf products to Southeast Asia, Hong Kong, Macau, Taiwan and European region (the “**Tobacco Leaf Products Export Business**”);
- import of tobacco leaf products to the Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions) (the “**Tobacco Leaf Products Import Business**”);
- export of cigarettes to the Exclusive Operating Regions and New Designated Regions from CNTC Group directly or through distributors (the “**Cigarettes Export Business**”);
- export of new tobacco products to the global market (except the Chinese Mainland) (the “**New Tobacco Products Export Business**”); and
- procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Republic of Brazil (“**Brazil**”) and from Brazil to the global market (except the Chinese Mainland) (the “**Brazil Operation Business**”).

2 BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2024 but is extracted from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 27 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (“**Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the Tobacco Leaf Products Export Business, the Tobacco Leaf Products Import Business, the Cigarettes Export Business, the New Tobacco Products Export Business and the Brazil Operation Business as further disclosed in note 4(b).

Disaggregation of revenue from contracts with customers by major products and service lines is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Disaggregated by major products or service lines | | |
| – Sales of tobacco leaf products | 8,112,880 | 7,469,818 |
| – Sales of cigarettes | 547,323 | 240,131 |
| – Sales of new tobacco products | 43,517 | 33,895 |
| – Provision of service | 327 | 155 |
| | 8,704,047 | 7,743,999 |

The Group recognises all its revenue point in time.

Geographical information

The following table sets out information on the geographical locations of the Group's revenue from external customers based on the location at which the Group's products are distributed to the customers.

| | Six months ended 30 June | |
|-------------------------------|---------------------------------|------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Chinese Mainland | 7,256,648 | 6,607,111 |
| Republic of Indonesia | 716,963 | 571,828 |
| Brazil | 200,339 | 69,259 |
| Socialist Republic of Vietnam | 131,777 | 49,353 |
| Hong Kong | 94,137 | 100,394 |
| United Arab Emirates | 58,942 | 16,173 |
| Arab Republic of Egypt | 48,608 | 75,167 |
| Republic of the Philippines | 18,803 | 93,053 |
| Others | 177,830 | 161,661 |
| | 8,704,047 | 7,743,999 |

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Tobacco Leaf Products Export Business: export of tobacco leaf products to Southeast Asia, Hong Kong, Macau, Taiwan and European region.
- Tobacco Leaf Products Import Business: import of tobacco leaf products to the Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions).
- Cigarettes Export Business: export of cigarettes to the Exclusive Operating Regions and New Designated Regions from CNTC Group directly or through distributors.
- New Tobacco Products Export Business: export of new tobacco products to the global market (except the Chinese Mainland).
- Brazil Operation Business: procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Brazil and from Brazil to the global market (except the Chinese Mainland).

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include primarily trade and other receivables, and inventories. Segment liabilities include primarily trade and other payables and contract liabilities. The Group's all other assets and liabilities such as a non-current assets, cash and cash equivalents, lease liabilities, provision for restatement costs, other payables not related to business, borrowings and assets/liabilities associated with deferred or current taxes are not considered specifically attributed to individual segments. These assets and liabilities are classified as corporate assets/liabilities and are managed on a central basis.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit i.e. reportable segment revenue less cost of sales associated therewith. In addition to receiving segment information concerning gross profit, management is provided with segment information concerning revenue. There is no inter-segment revenue between the Group's reportable segments. Other corporate income and expenses, net, mainly refers to net exchange gains/losses, administrative and other operating expenses that are not considered specifically attributed to individual segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

| | Tobacco Leaf Products Export Business HK\$'000 | Tobacco Leaf Products Import Business HK\$'000 | Cigarettes Export Business HK\$'000 | New Tobacco Products Export Business HK\$'000 | Brazil Operation Business HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---------------------------------|---|---|--|--|---|-------------------------|-------------------|
| <i>For the six months ended</i> | | | | | | | |
| <i>30 June 2024</i> | | | | | | | |
| Reportable segment revenue | <u>917,781</u> | <u>6,802,187</u> | <u>547,323</u> | <u>43,517</u> | <u>393,239</u> | <u>–</u> | <u>8,704,047</u> |
| Reportable segment gross profit | <u>28,169</u> | <u>744,712</u> | <u>121,480</u> | <u>2,076</u> | <u>67,778</u> | <u>–</u> | <u>964,215</u> |
| Other income, net | | | | | | 68,426 | 68,426 |
| Depreciation and amortisation | | | | | | (21,079) | (21,079) |
| Other corporate expenses | | | | | | (53,783) | (53,783) |
| Finance costs | | | | | | <u>(115,463)</u> | <u>(115,463)</u> |
| Profit before taxation | | | | | | | 842,316 |
| Income tax | | | | | | | <u>(162,614)</u> |
| Profit for the period | | | | | | | <u>679,702</u> |
| <i>As at 30 June 2024</i> | | | | | | | |
| Reportable segment assets | <u>29,467</u> | <u>5,264,494</u> | <u>244,249</u> | <u>–</u> | <u>960,550</u> | <u>3,166,443</u> | <u>9,665,203</u> |
| Reportable segment liabilities | <u>180,140</u> | <u>3,051,360</u> | <u>129,745</u> | <u>15,166</u> | <u>30,210</u> | <u>3,115,098</u> | <u>6,521,719</u> |

| | Tobacco Leaf Products Export Business HK\$'000 | Tobacco Leaf Products Import Business HK\$'000 | Cigarettes Export Business HK\$'000 | New Tobacco Products Export Business HK\$'000 | Brazil Operation Business HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|--|--|--|--|---|-------------------------|-------------------|
| <i>For the six months ended 30 June 2023</i> | | | | | | | |
| Reportable segment revenue | <u>746,435</u> | <u>6,448,079</u> | <u>240,131</u> | <u>33,895</u> | <u>275,459</u> | <u>–</u> | <u>7,743,999</u> |
| Reportable segment gross profit | <u>21,321</u> | <u>611,426</u> | <u>37,613</u> | <u>1,325</u> | <u>73,660</u> | <u>–</u> | <u>745,345</u> |
| Other income, net | | | | | | 29,671 | 29,671 |
| Depreciation and amortisation | | | | | | (24,820) | (24,820) |
| Other corporate expenses | | | | | | (52,158) | (52,158) |
| Finance costs | | | | | | (72,365) | (72,365) |
| Profit before taxation | | | | | | | 625,673 |
| Income tax | | | | | | | (115,133) |
| Profit for the period | | | | | | | <u>510,540</u> |
| <i>As at 31 December 2023</i> | | | | | | | |
| Reportable segment assets | <u>14,981</u> | <u>3,175,370</u> | <u>188,398</u> | <u>5,907</u> | <u>725,252</u> | <u>2,630,487</u> | <u>6,740,395</u> |
| Reportable segment liabilities | <u>47,691</u> | <u>1,280,791</u> | <u>13,008</u> | <u>15,223</u> | <u>8,348</u> | <u>2,680,042</u> | <u>4,045,103</u> |

5 OTHER INCOME, NET

| | Six months ended 30 June | |
|-----------------------------|---------------------------------|-----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Net exchange gains/(losses) | 1,877 | (5,584) |
| Interest income | 66,549 | 35,255 |
| | <u>68,426</u> | <u>29,671</u> |

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following items:

(a) Finance costs

| | Six months ended 30 June | |
|-------------------------------|--------------------------|---------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Interest on bank borrowings | 101,615 | 63,969 |
| Interest on lease liabilities | 70 | 236 |
| Interest accrued on provision | 58 | 58 |
| Other finance cost | 13,720 | 8,102 |
| | <u>115,463</u> | <u>72,365</u> |

(b) Other items

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Depreciation | | |
| – owned property and equipment | 4,950 | 5,661 |
| – right-of-use assets | 3,575 | 3,575 |
| | <u>8,525</u> | <u>9,236</u> |
| Amortisation of intangible assets | 15,451 | 15,583 |
| Expense related to short-term lease | 1,290 | 1,777 |
| Impairment losses (reversed)/recognised on trade and other receivables | (949) | 336 |
| Cost of inventories | 7,715,854 | 6,965,995 |

7 INCOME TAX

| | Six months ended 30 June | |
|-------------------------------------|--------------------------|----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current tax – Hong Kong Profits Tax | 82,669 | 64,929 |
| Current tax – Overseas | – | 115,833 |
| Deferred tax | 79,945 | (65,629) |
| | <u>162,614</u> | <u>115,133</u> |

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the estimated assessable profits for the period. The Group is not eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2024 as this concession has been taken elsewhere in the larger group to which the Group belongs.

Taxation for overseas subsidiaries includes corporate income tax and social contribution tax in Brazil. The applicable rates for corporate income tax and social contribution tax in Brazil are 25% and 9%, respectively during the six months ended 30 June 2024 and 2023.

8 DIVIDENDS

Final dividend attributable to equity shareholders of the Company in respect of 2023 of HK32 cents per share (2022: HK20 cents per share) amounting to a total of HK\$221,338,000 (2022: HK\$138,336,000) was approved by the shareholders of the Company at the annual general meeting of the Company on 17 May 2024 and paid on 14 June 2024.

Subsequent to the end of the Reporting Period, the Board has resolved to declare an interim dividend of HK15 cents per share amounting to HK\$103,752,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2024 of HK\$643,341,000 (six months ended 30 June 2023: HK\$456,952,000) and the weighted average of 691,680,000 ordinary shares (six months ended 30 June 2023: 691,680,000 ordinary shares) in issue during the Reporting Period.

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

10 TRADE AND OTHER RECEIVABLES

| | At 30 June 2024 HK\$'000 | At 31 December 2023 HK\$'000 |
|---|---|------------------------------------|
| Trade receivables | 2,089,966 | 513,257 |
| Bills receivable | 19,071 | 2,496 |
| | 2,109,037 | 515,753 |
| Deposits, prepayments and other receivables | 246,621 | 189,991 |
| Advances to producers | 138,805 | 185,848 |
| VAT and other tax recoverable | 80,951 | 75,007 |
| | 2,575,414 | 966,599 |
| Represented by: | | |
| – Current portion | 2,503,717 | 908,006 |
| – Non-current portion | 71,697 | 58,593 |
| | 2,575,414 | 966,599 |

Apart from other tax recoverable and certain advances to producers, all of the remaining trade and other receivables are expected to be recovered or recognised as expenses within one year.

The Group grants short-term advances to producers in cash or agricultural inputs, which are settled through the delivery of tobacco. Additionally, it grants long-term advances to producers for the financing of the production and/or default of the producers in the settlement of their short-term debt.

As at the end of each reporting period, the ageing analysis of trade receivables and bills receivable based on the invoice date and net of loss allowance, is as follows:

| | At 30 June 2024 HK\$'000 | At 31 December 2023 HK\$'000 |
|----------------|---|------------------------------------|
| Within 30 days | 128,278 | 220,842 |
| 31 to 90 days | 70,376 | 77,207 |
| Over 90 days | 1,910,383 | 217,704 |
| | 2,109,037 | 515,753 |

The following table sets out an aging analysis of trade receivable and bills receivable based on due date as at the dates indicated:

| | At 30 June 2024 HK\$'000 | At 31 December 2023 HK\$'000 |
|------------------------|---|------------------------------------|
| Not past due | 2,020,307 | 253,385 |
| Past due 1 to 30 days | 88,730 | 39,808 |
| Past due 31 to 90 days | – | 125,720 |
| Past due 91-180 days | – | 96,840 |
| | <u>2,109,037</u> | <u>515,753</u> |

Trade receivables are normally due within 30 to 180 days from the date of billing. The Group generally does not hold any collateral over the balances.

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

| | At 30 June 2024 HK\$'000 | At 31 December 2023 HK\$'000 |
|--|---|------------------------------------|
| Trade payables | 3,187,322 | 1,232,557 |
| Dividends payables to non-controlling interests | 46,696 | 53,618 |
| Other payables and accruals | <u>61,330</u> | <u>122,661</u> |
| Financial liabilities measured at amortised cost | 3,295,348 | 1,408,836 |
| Contract liabilities | <u>174,037</u> | <u>29,262</u> |
| | <u><u>3,469,385</u></u> | <u><u>1,438,098</u></u> |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. Included in trade payables were certain amounts due to the non-controlling interests of CBT.

As at the end of each reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

| | At 30 June 2024 HK\$'000 | At 31 December 2023 HK\$'000 |
|----------------|---|------------------------------------|
| Within 30 days | 390,884 | 626,348 |
| 31 to 90 days | 2,290,538 | 330,714 |
| Over 90 days | 505,900 | 275,495 |
| | <u>3,187,322</u> | <u>1,232,557</u> |

In the ordinary course of business, the Group may receive quality claims made by the end customers from time to time. As at 30 June 2024, management believes such quality claims will not have a material adverse effect on the financial position or financial performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2024, based on the reality of the international market, the Group bolstered its high-level strategic planning, solidified its current business strengths, and fostered the development of innovative businesses, resulting in a year-on-year growth in its overall results. The key operating accomplishments achieved by the Group in the first half of the year are set out below:

- For the Tobacco Leaf Products Import Business, we deepened cooperation with upstream and downstream partners in the supply chain, enhanced synergies with subsidiaries, strengthened our participation in the raw tobacco market, proactively addressed the adverse impacts of extreme weather and fluctuations in the international shipping market on the supply chain, and continued to boost the ability to secure imported tobacco leaves to ensure the efficient operation of the business.
- For the Tobacco Leaf Products Export Business, we implemented effective actions to tackle the constrained supply of marketable goods, organised the alignment of supply and demand between customers and suppliers to improve customer’s satisfaction levels and our customised service capabilities. We also took the initiative in capturing the changing trends in the supply and demand of tobacco leaves in the international market and optimised our pricing strategies, thereby effectively increasing operating revenue and gross profit margins.
- For the Cigarettes Export Business, we focused on brand cultivation, optimised our product portfolio, and explored the expansion scope for the existing channels, promoted the sales of new products of cigarettes and cigars to improve the business profitability; We also actively facilitated the expansion of cigarettes and cigars from the duty-free market to the duty-paid market, contributing to the growth of our proprietary business. In addition, we upgraded the level of refined management of the supply chain and enhanced the operational efficiency of the integration of production, supply and sales, aiming to drive efficient operations and foster sustainable development of our business.
- For the New Tobacco Products Export Business, we capitalised on the platform’s resource advantages, optimised our product structure and business model in key markets, expanded target market channels, leading to a rise in the share of proprietary business, growth in operational revenue, and the enhancement of the global impact of our brands. We also enhanced the layout and management of global trademarks of our self-owned brands, and fine-tuned our business operation strategies to prevent market risks and boost the competitiveness of our products.
- For Brazil Operation Business, we expanded raw tobacco procurement areas and strengthened the resource allocation capacity of raw tobacco in the Brazilian market. Furthermore, we expanded our sales regions and established a broader customer base to create new sources for profit growth. Additionally, we continuously improved CBT’s ESG performance, realising the achievement in the supply to multinational tobacco companies for the first time, marking a significant milestone in our business operations.

- For operational management, the Group strengthened strategic planning, focused on business projects, emphasised on budget management and optimised resource allocation capabilities. We also comprehensively revamped the official website to enhance the Company’s public image and market influence. The Group has continued to implement “Lean Management”, optimise treasury management and reduce financing costs to effectively control operating costs. Meanwhile, we have continuously reinforced system construction, improved governance capabilities, and strengthened risk prevention ability to ensure the sustainable and stable operation of the Group.
- In terms of ESG initiatives, the Group has demonstrated its commitment to sustainable development by conducting a comprehensive assessment of ESG performance, setting goals and action plans for the Group, and developing an ESG Employee Handbook. The Group also actively participated in community care activities, provided employment and internship platforms for local youth. Furthermore, the Group fully implemented employee career development programs to enhance staff development momentum and team cohesion.

BUSINESS OPERATION REVIEW

Core Businesses

Tobacco Leaf Products Import Business

For the six months ended 30 June 2024, the import volume of tobacco leaf products of the Group reached 95,521 tons, representing an increase of 1,299 tons or 1% on a year-on-year basis. The operating revenue reached HK\$6,802.2 million, representing an increase of HK\$354.1 million or 5% on a year-on-year basis. The gross profit reached HK\$744.7 million, representing an increase of HK\$133.3 million or 22% on a year-on-year basis. The increase in the results was mainly attributable to: (1) the increase in the proportion of Brazil tobacco leaf products with higher gross profit margin was recorded on a year-on-year basis during the Reporting Period due to the seasonal fluctuation of tobacco leaves; and (2) the overall unit sale price of the tobacco leaf products increased during the Reporting Period on a year-on-year basis.

Tobacco Leaf Products Export Business

For the six months ended 30 June 2024, the export volume of tobacco leaf products of the Group reached 34,129 tons, representing an increase of 2,733 tons or 9% on a year-on-year basis. The operating revenue reached HK\$917.8 million, representing an increase of HK\$171.3 million or 23% on a year-on-year basis. The gross profit reached HK\$28.2 million, representing an increase of HK\$6.9 million or 32% on a year-on-year basis. The increase in the results was mainly attributable to: (1) our proactive efforts in organising marketable sources of tobacco leaves to seize the increasing demand for tobacco leaves in international markets, resulting in a recorded growth in the export volume of tobacco leaf products on a year-on-year basis; and (2) optimisation of pricing strategies and enhancement of service levels, leading to the growth in revenue, gross profit and gross profit margin of Tobacco Leaf Products Export Business.

Cigarettes Export Business

For the six months ended 30 June 2024, the export volume of cigarettes of the Group reached 1,105,645 thousand sticks, representing an increase of 542,702 thousand sticks or 96% on a year-on-year basis. The operating revenue reached HK\$547.3 million, representing an increase of HK\$307.2 million or 128% on a year-on-year basis. The gross profit reached HK\$121.5 million, representing an increase of HK\$83.9 million or 223% on a year-on-year basis. The significant growth in results was mainly due to: (1) the continuous optimisation of our product portfolio, promotion of new products launching, and expansion of scale of our proprietary business, which resulted in substantial growth in revenue and gross profit of the Cigarettes Export Business; and (2) the continuous recovery of customer traffic in duty-free market, resulting in an increase in product sales on a year-on-year basis.

New Tobacco Products Export Business

For the six months ended 30 June 2024, the export volume of new tobacco products of the Group reached 234,940 thousand sticks, representing an increase of 68,660 thousand sticks or 41% on a year-on-year basis. The operating revenue reached HK\$43.5 million, representing an increase of HK\$9.6 million or 28% on a year-on-year basis. The gross profit reached HK\$2.1 million, representing an increase of HK\$0.8 million or 57% on a year-on-year basis. The growth in results was mainly due to: (1) the increase in demand for orders in key markets resulting from strengthening the cultivation of key brands, exploring the potential for expansion of channels in key markets, and stepping up efforts in customer marketing efforts; and (2) ongoing diversification of product portfolio, optimisation of product pricing strategy, and the increase in the proportion of proprietary business, contributing to bolstering profitability.

Brazil Operation Business

For the six months ended 30 June 2024, the export volume of tobacco leaf products to areas outside China from CBT, a non-wholly-owned subsidiary of CTIB, reached 12,160 tons, representing a decrease of 2,062 tons or 14% on a year-on-year basis. The operating revenue reached HK\$393.2 million, representing an increase of HK\$117.8 million or 43% on a year-on-year basis. The gross profit was HK\$67.8 million, representing a decrease of HK\$5.9 million or 8% on a year-on-year basis. The decrease in sales volume was mainly due to that marketable goods were in short supply and could not fully meet customer needs. The increase in revenue while decrease in gross profit are mainly because there have been significant changes in product structure compared with the same period last year, namely, the sales volume of finished tobacco strips with higher unit sale price but lower gross profit level has shown a relatively significant increase in sales proportion, while sales volume of tobacco leaf by-products with higher gross profit level but lower unit sale price has decreased in sales proportion.

PROSPECTS FOR THE SECOND HALF OF 2024

In the second half of 2024, we will uphold the tenet of “respect market, respect rules, respect investors”, and based on the strategic position of “capital markets operation and international business expansion platform” to achieve the Group’s high-quality development goals by prioritising the following areas in our efforts.

- Adhere to the strategy of “organic and inorganic growth” via deepening the construction of the capital operation platform and the expansion of international business for promoting in-depth development of various businesses and improving the Group’s core competitiveness; continuously enhance the systematisation and standardisation of management processes to improve the Group’s integrated operation.
- Continue to strengthen the resilience of our supply chain to actively response supply volatility in the international tobacco leaf market, thereby enhancing the stability of importing high-quality tobacco leaves; continually improve our customised service capabilities for customers and refine product pricing strategies to augment the gross profit margin of Tobacco Leaf Products Export Business; proactively explore new markets and supply channels, gradually enhance international tobacco leaf resource allocation capabilities to broaden the horizons for business development.
- Continue to focus on the optimisation of brand portfolio and upgrade of product structure, and enhance the efficient operation of the supply chain system to improve the business profitability; strengthen the strategic cooperation with Chinese cigar enterprises and gradually expand the cigar business scope; actively explore and develop new markets, and accelerate the broadening of operational region of duty-paid business.
- Continue to enhance the international awareness of our new tobacco products, intensify cooperation between the production and sales ends, comprehensively promote the technological innovation of new tobacco products and product upgrading, and accelerate the development in emerging markets for the purpose of enhancing market competitiveness; optimise the cooperation mode and pricing strategy of key customers in key markets, and cultivate brand influence in key markets.
- Continue to implement ESG system construction constantly enhance and refine ESG-related policies, promote the integration of ESG concepts in all aspects of the Group’s operations, and establish a positive corporate social image.
- Comprehensively upgrade the ERP system to optimise operation management process, reduce the consolidated operating costs, enhance the information data security, in order to improve the efficiency of corporate governance.
- Strengthen our analysis and forecasting capabilities, focus on financing cost control and promote refined treasury management; continuously improve internal control measures and strengthen risk prevention and control capabilities; leverage the full potential of talents and dynamically optimise human resources strategy to establish a professional, market-oriented and international team.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit

For the six months ended 30 June 2024, the Group's revenue increased by 12% to HK\$8,704.0 million (2023: HK\$7,744.0 million) as compared with the same period in 2023, cost of sales increased by 11% to HK\$7,739.8 million (2023: HK\$6,998.7 million) as compared with the same period in 2023, and gross profit increased by 29% to HK\$964.2 million (2023: HK\$745.3 million) as compared with the same period in 2023. The increase in the overall financial performance of the Group was mainly driven by the growth in the Tobacco Leaf Products Import Business, the Cigarettes Export Business and the Tobacco Leaf Products Export Business.

Other Income, Net

For the six months ended 30 June 2024, the Group's other income, net increased by 131% to HK\$68.4 million (2023: HK\$29.7 million) as compared with the same period in 2023, which was mainly due to the significant increase in interest income driven by a higher average deposit interest rate and an increase in short-term bank deposits.

Finance Costs

For the six months ended 30 June 2024, the Group's finance costs increased significantly by 60% to HK\$115.5 million (2023: HK\$72.4 million) as compared with the same period in 2023. The expenses were primarily interest on bank borrowings. The significant increase in finance costs was mainly due to the increase of CBT bank borrowings balance and the bank borrowings interest rates.

Profit and Profit Attributable to Equity Shareholders of the Company for the Reporting Period

For the six months ended 30 June 2024, the Group's profit for the Reporting Period increased by 33% to HK\$679.7 million (2023: HK\$510.5 million) as compared with the same period in 2023. Profit attributable to equity shareholders of the Company increased by 41% to HK\$643.3 million (2023: HK\$457.0 million) as compared with the same period in 2023. The increase in profit for the Reporting Period and profit attributable to equity shareholders of the Company for the Reporting Period was mainly driven by the growth in the Tobacco Leaf Products Import Business, the Cigarettes Export Business and the Tobacco Leaf Products Export Business.

Earnings per Share

The calculation of basic earnings per Share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2024 of HK\$643.3 million (six months ended 30 June 2023: HK\$457.0 million) and the weighted average of 691,680,000 ordinary Shares (six months ended 30 June 2023: 691,680,000 ordinary Shares) in issue during the Reporting Period. For the six months ended 30 June 2024, the Group's earnings per Share was HK\$0.93 (six months ended 30 June 2023: HK\$0.66).

Diluted earnings per Share presented are the same as the basic earnings per Share as there were no potentially dilutive ordinary Shares issued.

Liquidity, Financial Resources and Gearing Ratio

Total assets of the Group amounted to HK\$9,665.2 million as at 30 June 2024 (as at 31 December 2023: HK\$6,740.4 million). The Group had cash and cash equivalents and short-term bank deposits of HK\$2,808.9 million as at 30 June 2024 (as at 31 December 2023: HK\$2,332.0 million). The Board is of the opinion that the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures. Total liabilities of the Group amounted to HK\$6,521.7 million as at 30 June 2024 (as at 31 December 2023: HK\$4,045.1 million).

The Group adopts conservative treasury policies and implements strict cash risk management. The Group's cash and cash equivalents and short-term bank deposits are mainly in U.S. dollars and Hong Kong dollars. Surplus cash is generally placed in short term deposits denominated in U.S. dollars and Hong Kong dollars.

As at 30 June 2024, the Group had a gearing ratio (being borrowings and lease liabilities divided by total equity) of 0.91 (as at 31 December 2023: 0.92). As at 30 June 2024, the Group had a current ratio (being the current assets divided by the current liabilities) of 1.42 (as at 31 December 2023: 1.55).

Net Current Assets

As at 30 June 2024, net current assets of the Group amounted to HK\$2,739.3 million (as at 31 December 2023: HK\$2,216.0 million).

Foreign Exchange Risk

The Group entered into transactions primarily in U.S. dollars and Real. The functional currency of CBT is U.S. dollars. Actual payments received by CBT are made in U.S. dollars, but majority of costs and expenses are paid by CBT in Real. During the six months ended 30 June 2024, the Group did not enter into any hedging arrangements to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis.

Pledge of Assets

As at 30 June 2024, the Group did not pledge any assets (as at 31 December 2023: nil).

Contingent Liabilities

As at 30 June 2024, the Group did not have significant contingent liabilities (as at 31 December 2023: nil).

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.15 per Share for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 13 September 2024 to Monday, 16 September 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 September 2024. The interim dividend is expected to be paid on or about Friday, 27 September 2024 to the Shareholders whose names appear on the register of members of the Company on Monday, 16 September 2024.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2024.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not conduct any material acquisition or disposal of any subsidiary, associate or joint venture during the six months ended 30 June 2024.

CAPITAL EXPENDITURES

Save as disclosed in this results announcement, the Group had no plan relating to material investments and capital assets during the six months ended 30 June 2024.

EMPLOYEES

As at 30 June 2024, the Group had 47 (as at 31 December 2023: 42) employees in Hong Kong and 254 (as at 31 December 2023: 239) employees (excluding seasonal workers) in Brazil. For the six months ended 30 June 2024, the staff cost incurred by the Group amounted to HK\$63.1 million (2023: HK\$54.9 million). The Group seeks to remunerate our employees on a market-competitive basis and has established internal policies with respect to employee compensation for our local employees. The remuneration package of all its employees comprises basic salary, performance-related bonus and certain other employee benefits. The Group reviews the remuneration package of its employees annually in reference to the pay trend of the Hong Kong and Brazil markets with consideration of factors such as years of service, relevant professional experience, and performance evaluations.

The Group provides induction training to all employees to familiarize them with its business operations and the tobacco industry. The Group provides additional professional training specific to its employees' job responsibilities during their course of employment on an ad hoc basis.

EVENTS AFTER THE REPORTING PERIOD

The Board has resolved to declare an interim dividend of HK\$0.15 per Share for the six months ended 30 June 2024. Details of the interim dividend proposed are given in note 8.

Save as disclosed above, there is no major event after 30 June 2024 that is required to be disclosed by the Group.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

On the Listing Date, the Company issued 166,670,000 Shares at a price of HK\$4.88 per Share pursuant to the initial public offering of the Shares, the total gross proceeds of which amounted to approximately HK\$813 million, and the Shares are listed on the Main Board of the Stock Exchange (the “**Listing**”). The closing price on the Listing Date was HK\$5.35 per Share. On 4 July 2019, the Company issued 25,000,000 Shares at a price of HK\$4.88 per Share pursuant to the full exercise of over-allotment option relating to the Listing by China International Capital Corporation Hong Kong Securities Limited and China Merchants Securities (HK) Co., Limited, the total gross proceeds of which amounted to approximately HK\$122 million. The net proceeds from the Listing (including the net proceeds from the issue of the 25,000,000 Shares pursuant to the exercise of the over-allotment option and net of underwriting fees and relevant expenses) (the “**Net Proceeds**”) amounted to approximately HK\$904 million. The net price to the Company (which was calculated by dividing the Net Proceeds by the number of Shares issued in connection with the initial public offering of Shares) was approximately HK\$4.72 per Share. The Net Proceeds have been and will continue to be used in a manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The use of Net Proceeds during the period from the Listing Date up to 30 June 2024 is set out as follows:

| Use of Net Proceeds | Approximate percentage of total amount | Actual amount of Net Proceeds (HK\$ million) | Unutilised amount as at 1 January 2024 (HK\$ million) | Amount utilised during the period from 1 January 2024 to 30 June 2024 (HK\$ million) | Unutilised amount as at 30 June 2024 (HK\$ million) | Expected timeline for utilising the remaining Net Proceeds (as disclosed in an announcement of the Company dated 28 June 2023) |
|---|--|--|---|--|---|--|
| | | | | | | |
| Making investments and acquisitions that are complementary to the Group's business | 45% | 406.8 | 81.4 | – | 81.4 | Remainder to be utilised by 30 June 2025. |
| Supporting the ongoing growth of the Group's business | 20% | 180.8 | 171.5 | 4.3 | 167.2 | Remainder to be utilised by 30 June 2025. |
| Strategic business cooperation with other international tobacco companies, including to jointly explore and develop emerging tobacco market | 20% | 180.8 | 180.1 | 0.4 | 179.7 | Remainder to be utilised by 30 June 2025. |
| General working capital | 10% | 90.4 | – | – | – | Not Applicable. |
| Improving the Group's management of purchase and sales resources and optimizing the Group's operational management | 5% | 45.2 | 15.9 | 6.4 | 9.5 | Remainder to be utilised by 30 June 2025. |
| Total | 100% | 904.0 | 448.9 | 11.1 | 437.8 | |

Note: The updated expected timeline for utilisation of the unutilised Net Proceeds above is based on the Group's best estimation and is subject to change based on the future development of market conditions.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

During the annual general meeting of the Company dated 17 May 2024 (the “2024 AGM”), Mr. Dai Jiahui was re-elected as executive Director, and Mr. Chow Siu Lui and Mr. Qian Yi were re-elected as independent non-executive Directors. With effect from the conclusion of the 2024 AGM, Mr. Chau Kwok Keung ceased to act as an independent non-executive Director of the Company upon his retirement from the Board at the conclusion of the 2024 AGM, as Mr. Chau Kwok Keung intended to devote more time to his other work engagements and commitments, and did not seek for re-election. Ms. He Junhua was appointed as an independent non-executive director of the Company at the 2024 AGM with effect from the conclusion of the 2024 AGM. In addition, following the retirement of Mr. Chau Kwok Keung and the appointment of Ms. He Junhua as an independent non-executive director of the Company, Mr. Chau Kwok Keung ceased to be a member of the connected transactions control committee of the Company, and a member of the audit committee of the Company; and Ms. He Junhua was appointed as a member of the Connected Transactions Control Committee and a member of the Audit Committee. For details, please refer to the relevant circular and announcement of the Company dated 23 April 2024 and 17 May 2024, respectively.

Mr. Wang Xinhua, one of the Company's independent non-executive Directors, has ceased to act as an independent director of China Petroleum Engineering Company Limited (Listed on Shanghai Stock Exchange with stock code: 600339) since 22 February 2024.

Save as disclosed above and in the relevant circular and announcements of the Company dated 23 April 2024 and 17 May 2024, respectively, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 and the accounting principles and practices adopted by the Group, and discussed internal control and financial report matters.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate the directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

PUBLICATION OF 2024 INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.ctihk.com.hk/>. The interim report of the Company for the six months ended 30 June 2024 will be despatched to the Shareholders and be available on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

| | |
|---------------------------------|--|
| “Audit Committee” | the audit committee of the Board; |
| “Board” | the board of Directors of the Company; |
| “CBT” | China Brasil Tabacos Exportadora S.A., a company incorporated in Brazil on 15 September 2011 with limited liability and owned as to 51% by China Tabaco Internacional do Brasil Ltda.; |
| “China” or “PRC” | the People’s Republic of China; |
| “China Tobacco” or “CNTC Group” | CNTC and its subsidiaries; |
| “Chinese Mainland” | PRC excluding Hong Kong SAR, Macau SAR and Taiwan; |
| “CNTC” | China National Tobacco Corporation* (中國煙草總公司), an enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company; |
| “Companies Ordinance” | Companies Ordinance, Chapter 622 of the Laws of Hong Kong; |
| “Company” | China Tobacco International (HK) Company Limited (中煙國際(香港)有限公司), stock code: 6055, a company incorporated in Hong Kong with limited liability; |

| | |
|--|---|
| “Connected Transactions Control Committee” | the connected transactions control committee of the Board; |
| “Corporate Governance Code” | Corporate Governance Code as set out in Appendix C1 to the Listing Rules; |
| “CTIB” | China Tabaco Internacional do Brasil Ltda. (中煙國際巴西有限公司), a company incorporated in Brazil on 6 June 2002 with limited liability; |
| “CTIG” | China Tobacco International Group Limited (中煙國際集團有限公司), the controlling shareholder of the Company; |
| “Directors” | the directors of the Company; |
| “Exclusive Operating Regions” | duty-free outlets in the Kingdom of Thailand, the Republic of Singapore, Hong Kong, Macau, as well as duty-free outlets within the borders, but outside the customs areas, of Chinese Mainland; |
| “Group”, “we” or “our” | the Company and its subsidiaries; |
| “HK\$” or “Hong Kong dollars” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC; |
| “Listing Date” | 12 June 2019, the date on which the Shares were listed on the Main Board of the Stock Exchange; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented or otherwise modified from time to time; |
| “Macau” | the Macau Special Administrative Region of the PRC; |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules; |
| “New Designated Regions” | refers to areas other than (i) Exclusive Operating Regions; and (ii) the Chinese Mainland; |
| “Nomination Committee” | the nomination committee of the Board; |
| “Prospectus” | the prospectus dated 28 May 2019 issued by the Company; |

| | |
|-----------------------------------|---|
| “Real” | Brazilian real, the lawful currency of Brazil; |
| “Remuneration Committee” | the remuneration committee of the Board; |
| “Reporting Period” | the six months ended 30 June 2024; |
| “Share(s)” | ordinary share(s) of the Company; |
| “Shareholder(s)” | holder(s) of the Share(s); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Strategic Development Committee” | the strategic development committee of the Board; |
| “Taiwan” | The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; |
| “U.S. dollars” | United States dollars, the lawful currency of the United States of America; |
| “%” | percent. |

By order of the Board
China Tobacco International (HK) Company Limited
SHAO Yan
Chairman

“*” is for identification purpose only. If there is any inconsistency between the Chinese name and its English translation, the Chinese name shall prevail.

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises Mr. Shao Yan as chairman and non-executive director, Mr. Dai Jiahui, Mr. Wang Chengrui, Mr Xu Zengyun and Ms. Mao Zilu as executive directors, and Mr. Chow Siu Lui, Mr. Wang Xinhua, Mr. Qian Yi, and Ms. He Junhua as independent non-executive directors.