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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)

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

Reference is made to the prospectus of China Tobacco International (HK) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 May 2019 (the “**Prospectus**”) and the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023 (the “**2022 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Annual Report.

STATUS AND EXPECTED TIMELINE FOR USE OF PROCEEDS

As disclosed in the 2022 Annual Report, the net proceeds from the Listing received by the Company (including the net proceeds from the issue of 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\$904.0 million.

As at the date of this announcement, the Group had utilised HK\$449.5 million of the Net Proceeds, representing approximately 49.7% of the Net Proceeds. The amount of the unutilised Net Proceeds is HK\$454.5 million, representing approximately 50.3% of the Net Proceeds. As at the date of this announcement, the Net Proceeds have been used in a manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

For the reasons set out in the paragraph headed “Reasons for Extending the Expected Timeline for Use of Proceeds” below, the board of directors of the Company (the “**Board**”) has resolved to extend the expected timeline of the use of the unutilised Net Proceeds as below.

The table below sets forth the allocation and status of utilisation of the Net Proceeds as at the date of this announcement and the updated expected timeline of the use of the unutilised Net Proceeds:

Use of Net Proceeds	Approximate percentage of total amount	Actual amount of Net Proceeds (HK\$ million)	Unutilised amount as at 1 January 2023 (HK\$ million)	Amount utilised during the period from 1 January 2023 to the date of this announcement (HK\$ million)	Unutilised amount as at the date of this announcement (HK\$ million)	Expected timeline (as disclosed in the 2022 Annual Report)	Updated expected timeline for utilising the remaining Net Proceeds
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 2023.	Remainder to be utilised by 30 June 2025.
Supporting the ongoing growth of the Group's business	20%	180.8	174.9	1.4	173.5	Remainder to be utilised by 30 June 2023.	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	180.6	0.1	180.5	Remainder to be utilised by 30 June 2023.	Remainder to be utilised by 30 June 2025.
General working capital	10%	90.4	–	–	–	Not Applicable.	Not Applicable.
Improving the Group's management of purchase and sales resources and optimizing the Group's operational management	5%	45.2	22.5	3.4	19.1	Remainder to be utilised by 30 June 2023.	Remainder to be utilised by 30 June 2025.
Total	100%	904.0	459.4	4.9	454.5		

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.

REASONS FOR EXTENDING THE EXPECTED TIMELINE FOR USE OF PROCEEDS

Since 2023, the adverse impact of COVID-19 has gradually reduced. However, due to the uncertainty of the recovery pace of the post-pandemic era, the Group expects that additional time is required for assessing the overseas market conditions and potential targets, to proceed the Group's overseas promotion activities, expansion of new markets, cooperation plans with other international tobacco companies, and the potential investment and acquisition activities at an appropriate timing.

The Group is committed to using the unutilised Net Proceeds of HK\$454.5 million towards its various business objectives as set out in the Prospectus. Accordingly, the Board decided to extend the initial expected timeline for the use of the unutilised Net Proceeds from on or before 30 June 2023 to on or before 30 June 2025.

The Board considers that the extension of the expected timeline for full utilisation of the Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and the shareholders as a whole. Save as disclosed in this announcement, there are no other changes to the plan for utilising the Net Proceeds.

The Board will continuously assess the plans for the use of the unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 June 2023

As at the date of this announcement, the board of Directors comprises Mr. Shao Yan, as Chairman and non-executive Director, Ms. Yang Xuemei, Mr. Wang Chengrui, Mr. Xu Zengyun and Ms. Mao Zilu as executive Directors, and Mr. Chow Siu Lui, Mr. Wang Xinhua, Mr. Chau Kwok Keung and Mr. Qian Yi as independent non-executive Directors.