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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (I) PROCUREMENT TRANSACTIONS IN THE TOBACCO LEAF PRODUCTS IMPORT BUSINESS; (II) AGENCY BUSINESS IN THE SALES OF TOBACCO LEAF PRODUCTS; AND (III) PROCUREMENT TRANSACTIONS FOR THE EXPORT OF CIGARETTES TO NEW DESIGNATED REGIONS FOR CIGARETTES

References are made to the section headed "Connected Transactions" in the Prospectus, the announcements of the Company dated 17 November 2021, 8 April 2024 and 10 October 2024, and the circulars of the Company dated 14 December 2021 and 1 November 2024, in relation to (among others) (i) the 2021-2024 Offshore Supply Framework Agreements between the Company and each of the relevant counterparties, and the 2024-2026 Offshore Supply Framework Agreement between the Company and CTI North America; (ii) the 2021-2024 Tobacco Leaf Products Export Agency Agreements and the 2024-2026 Tobacco Leaf Products Export Agency Agreements; and (iii) the Framework Agreements on Cigarettes Export to New Regions, all of which were entered into by the Company and each of certain entities under CNTC. The 2024-2026 Offshore Supply Framework Agreement, the 2024-2026 Tobacco Leaf Products Export Agency Agreements and the Framework Agreements on Cigarettes Export to New Regions will expire on 31 December 2026 respectively.

As the Company intends to continue to enter into the transactions of similar nature after expiry of the 2024-2026 Offshore Supply Framework Agreement, the 2024-2026 Tobacco Leaf Products Export Agency Agreements and the Framework Agreements on Cigarettes Export to New Regions, on 9 November 2026, the Company entered into (i) the 2027-2029 Offshore Supply Framework Agreement with CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business, pursuant to which the Company procures tobacco leaf products from CTI North America; (ii) the 2027-2029 Tobacco Leaf Products Export Agency Agreements with each of the relevant counterparties that are entities under CNTC in the Agency Business in the Sales of Tobacco Leaf Products, pursuant to which the Company has acted as an agent in the sales of tobacco leaf products as part of the Tobacco Leaf Products Export Business; and (iii) the 2027-2029 Framework Agreements on Cigarettes Export to New Regions with the relevant Sellers in relation to the procurement of cigarettes from the Sellers under CNTC for the Company's onward sales and export of cigarettes to the New Designated Regions for Cigarettes. The aforementioned agreements were entered into on substantially the same terms and conditions of the 2024-2026 Offshore Supply Framework Agreement, the 2024-2026 Tobacco Leaf Products Export Agency Agreements and the Framework Agreements on Cigarettes Export to New Regions (where applicable), respectively, for a term from 1 January 2027 and expiring on 31 December 2029.

LISTING RULES IMPLICATIONS

CTIG is a controlling shareholder of the Company directly holding approximately 72.29% of the total issued share capital of the Company as at the date of this announcement. CNTC is the sole shareholder and holding company of CTIG. CTI North America, each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products and each of the Sellers are subsidiaries and/or associates of CNTC, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2027-2029 Renewed Agreements will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the transactions contemplated under the 2027-2029 Tobacco Leaf Products Export Agency Agreements are aggregated for the purpose of Rule 14A.81 of the Listing Rules on the basis that these transactions are conducted with counterparties that are associates of CNTC and are parties who are connected with one another. As one or more of the applicable percentage ratios (as defined under the Listing Rules, hereinafter the same) in relation to the transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the transactions contemplated under the 2027-2029 Tobacco Leaf Products Export Agency Agreements, on an aggregated basis, exceed 5%, the transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the transactions contemplated under the 2027-2029 Tobacco Leaf Products Export Agency Agreements together with the Proposed Annual Caps will be subject to reporting, announcement, annual review, circular (including independent board committee's and independent financial adviser's opinions and recommendations) and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions exceed 0.1% but are less than 5%, the transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions with the Annual Caps will be subject to the reporting and announcement requirements but are exempt from the circular (including independent board committee's and independent financial adviser's opinions and recommendations) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CIRCULAR

The Company will send a circular in accordance with the requirements under the Listing Rules, which will contain, among other things: (i) further information on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps); (ii) the letter from the Independent Board Committee with its opinion and recommendation on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps) to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser with its advice on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM. The Company expects to send the circular to the Shareholders as soon as possible within 15 business days after the publication of this announcement.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROCUREMENT TRANSACTIONS IN THE TOBACCO LEAF PRODUCTS IMPORT BUSINESS

The 2024-2026 Offshore Supply Framework Agreement will expire on 31 December 2026. To continue to facilitate the procurement of tobacco leaf products from CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business, on 9 November 2026, the Company entered into the 2027-2029 Offshore Supply Framework Agreement with CTI North America, a subsidiary of CNTC, on substantially the same terms and conditions of the 2024-2026 Offshore Supply Framework Agreement. Pursuant to the 2027-2029 Offshore Supply Framework Agreement, CTI North America shall provide long-term supply of tobacco leaf products to the Company in accordance with the specific terms of procurement agreed with the Company through arm's length negotiation in good faith.

Parties

The Company and CTI North America.

Subject

Procurement of certain tobacco leaf products, primarily including tobacco leaf, stem, scrap, reconstituted tobacco and cut tobacco, by the Company from CTI North America as part of the Tobacco Leaf Products Import Business.

Term

Period from 1 January 2027 to 31 December 2029. Upon expiration, the parties may negotiate to extend the term of such agreement after arm's length negotiation.

Pricing Policy

The continuing connected transactions under the 2027-2029 Offshore Supply Framework Agreement, being procurement of tobacco leaf products by the Company from CTI North America, a subsidiary of CNTC and thus a connected person of the Company, are conducted by the Company as part of the Tobacco Leaf Products Import Business, which consists of (i) procurement of tobacco leaf products by the Company from overseas suppliers; and (ii) sale of such products by the Company to CTI for onward sales to cigarette manufacturers in the PRC. Pursuant to the Approval of Matters Including the Adjustment of Commission Rates Relating to Tobacco Leaves Import by China Tobacco International Company Limited (Zhongyanban [2018] No. 135)(中國煙草總公司關於中國煙草國際有限公司進口煙葉代理費率等事項調整的批覆(中煙辦[2018]135號)) issued by CNTC on 17 July 2018 (the "**No. 135 Notice**"), which has remained effective and has not been amended during the period from the date of the Prospectus to the date of this announcement, the margin (the "**Margin**") at which the Company shall add to the price at which the Company procures such products from its suppliers (the "**Procurement Price**") in its sales of tobacco leaf products to CTI shall be 6% (except for a small portion of tobacco leaf products imported for manufacturing certain cigarette brands which are not relevant to the 2027-2029 Offshore Supply Framework Agreement and the respective transactions contemplated thereunder). As disclosed in the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions – Tobacco Leaf Products Import Business" of the Prospectus, the determination of the Margin under the No. 135 Notice took into account the overall transaction cost associated with the importation process borne by the various parties, including the import tariff, value-added tax, our cost of operations and the risk associated with the applicable exchange rate, and the Company may apply to the State Tobacco Monopoly Administration of the PRC(國家煙草專賣局) for an adjustment of the Margin based on changing international and domestic market conditions. The Procurement Price is negotiated between the parties on an arm's length basis, taking into consideration factors including current international market conditions, relationship with the relevant suppliers, past procurement prices, product quality and annual production volume. Specifically, the Procurement Price

comprises: (i) supplier's costs of raw materials; (ii) applicable premium or discount in relation to product quality and the corresponding market status of a particular grade of tobacco leaf products; and (iii) supplier's costs associated with exchange rate (supplier procures tobacco leaves from local tobacco farmers with local currency but sells processed tobacco leaves to the Company in U.S. dollars). Applicable taxes, for example, export tax imposed by certain countries, are usually borne by the Company. The Company applies the same pricing policies in negotiating and determining the Procurement Prices with independent third-party suppliers and suppliers that are connected persons of the Company. The determination of the Procurement Prices will not affect the margin the Company charges in the Tobacco Leaf Products Import Business (to the extent relevant to the 2027-2029 Offshore Supply Framework Agreement and respective transactions contemplated thereunder), which is fixed at 6% pursuant to the No. 135 Notice.

Historical Transaction Amounts

The table below sets forth the historical transaction amounts of the continuing connected transactions under the 2024-2026 Offshore Supply Framework Agreement for the relevant periods as set out below.

	Historical Transaction Amounts		
	For the year ended 31 December		**For the nine months ended 30 September**
	2024	**2025**	**2026**
	(HK$ in million)		
Procurement Transactions in the Tobacco Leaf Products Import Business	577.20	626.40	165.51

Proposed Annual Caps and Basis of Determination

The table below sets forth the proposed annual caps for the continuing connected transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement for the period from 1 January 2027 to 31 December 2029.

	Proposed Annual Caps For the year ending 31 December		
	2027	**2028**	**2029**
	(HK$ in million)		
Procurement Transactions in the Tobacco Leaf Products Import Business	1,502.95	1,746.03	1,869.26

With respect to the procurement of tobacco leaf products from CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business for the period from 1 January 2027 to 31 December 2029, the Company proposes to set the relevant annual caps as set forth above by taking into account the following factors:

(a) the historical transaction volume and amounts from 2024 to 2026;

(b) CTI North America proactively expands its product source, leading to a substantial increase in its market share, which in turn results in an increase in both volume and procurement amount of Tobacco Leaf Products procured from CTI North America;

(c) an expected increase in the price of Tobacco Leaf Products procured from CTI North America, considering prices in the international tobacco leaf products market;

(d) in view of the potential positive impact that changes in international trade relations may have on future business; and

(e) the shipping schedule for Tobacco Leaf Products may be advanced or delayed, a buffer needs to be reserved for potential cross-year transaction amounts.

Reasons for and Benefits of the Transactions

The Company conducts the Tobacco Leaf Products Import Business in its ordinary course of business, which includes (i) procurement transactions with CTI North America in the Tobacco Leaf Products Import Business and (ii) sales transactions with CTI. The Company has a long-term and stable tobacco leaf products procurement relationship with CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business, which is the offshore subsidiary of CNTC strategically located in preferred tobacco leaf products planting zones. It has been an important overseas supplier to CNTC entities over the years. However, CTI North America is not the sole supplier of tobacco leaf products to the Company in the Tobacco Leaf Products Import Business. Pursuant to the No. 60 Notice, the Company exclusively engages in the Tobacco Leaf Products Import Business, and CTI North America in the procurement transactions in the Tobacco Leaf Products Import Business sells its tobacco leaf products to CTI through the Company. Therefore, the Company needs to carry on transactions with CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business in connection with tobacco leaf products import to CTI, and the Company believes that the 2027-2029 Offshore Supply Framework Agreement is consistent with and important to its business and commercial objectives.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO AGENCY BUSINESS IN THE SALES OF TOBACCO LEAF PRODUCTS

The 2024-2026 Tobacco Leaf Products Export Agency Agreements will expire on 31 December 2026. To continue to facilitate the Agency Business in the Sales of Tobacco Leaf Products, on 9 November 2026, the Company and each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products that are entities under CNTC (as set out below) entered into the 2027-2029 Tobacco Leaf Products Export Agency Agreements on substantially the same terms and conditions of the 2024-2026 Tobacco Leaf Products Export Agency Agreements. As part of the Agency Business in the Sales of Tobacco Leaf Products, the Company acts as an agent in the sales of tobacco leaf products under the 2027-2029 Tobacco Leaf Products Export Agency Agreements in accordance with the specific terms separately agreed between the Company and each of the relevant counterparties through arm's length negotiation in good faith, and generates income from commission received in connection with such transactions.

Parties

The Company and each of the entities under CNTC below:

- Hong Kong Hongta International Tobacco Company Limited;
- China Tobacco International (Macao) Manufacturing Company Limited (formerly known as Golden Leaf (Macau) Tobacco's Manufacturing Ltd.);
- China Tobacco International Lao Manufacturing Co., Ltd (formerly known as Lao-China Hongta Good Luck Tobacco Co., Ltd.);
- Viniton Group Co., Ltd.; and
- Bang Kang Cigarette Factory, Myanmar.

Subject

The Company acts as an agent for entities under CNTC in certain sale transactions of certain tobacco leaf products, primarily including tobacco leaf, stem, scrap, reconstituted tobacco and cut tobacco, as part of the Tobacco Leaf Products Export Business. Over the next three years, the Company will primarily act as an agent in respect of cut tobacco under the Agency Business in the Sales of Tobacco Leaf Products.

Term

Period from 1 January 2027 to 31 December 2029. Upon expiration, the parties may negotiate to extend the term of such agreements after arm's length negotiation.

Pricing Policy

The rate of commission charged by the Company in connection with the transactions under the 2027-2029 Tobacco Leaf Products Export Agency Agreements is determined based on the resources devoted by the Company in connection with such transactions and varies according to the unit price of the relevant tobacco leaf products. The Company generally charges a higher commission rate for the tobacco leaf products carrying lower unit prices and vice versa to derive a reasonable profit. These transactions are conducted in the ordinary and usual course of business on normal commercial terms (or terms that are better to the Company). The Company currently expects to receive a commission of not less than 1% for tobacco leaf products (excluding cut tobacco) and less than 1% for cut tobacco, respectively, of the contract amount as revenue in such transactions. For cut tobacco, the minimum commission rate that the Group expects to receive is 0.25% of the selling price. The minimum commission rate is determined based on the gross margin that the Group expects to generate from the sale of such products, which is (i) 0.25% for the blended cut tobacco, cut tobacco and expanded cut tobacco with a unit price of US$20,000 per metric ton or above, and (ii) 0.5% for the blended cut tobacco, cut tobacco and expanded cut tobacco with a unit price below US$20,000 per metric ton, respectively.

Historical Transaction Amounts

The table below sets forth the historical amounts of the commission received by the Company in connection with the transactions under the 2024-2026 Tobacco Leaf Products Export Agency Agreements as part of the Agency Business in the Sales of Tobacco Leaf Products for the relevant periods as set out below.

	Historical Transaction Amounts		
	For the year ended 31 December		**For the nine months ended 30 September**
	2024	**2025**	**2026**
	(HK$ in million)		
Commission received by the Company in connection with the transactions under the 2024-2026 Tobacco Leaf Products Export Agency Agreements as part of the Agency Business in the Sales of Tobacco Leaf Products	2.00	4.20	0.07

Proposed Annual Caps and Basis of Determination

The table below sets forth the proposed annual caps for the commission to be received by the Company in connection with the transactions under the 2027-2029 Tobacco Leaf Products Export Agency Agreements as part of the Agency Business in the Sales of Tobacco Leaf Products for the period from 1 January 2027 to 31 December 2029.

	Proposed Annual Caps For the year ending 31 December		
	2027	**2028**	**2029**
	(HK$ in million)		
Commission to be received by the Company in connection with the transactions under the 2027-2029 Tobacco Leaf Products Export Agency Agreements as part of the Agency Business in the Sales of Tobacco Leaf Products	1.23	1.37	1.53

In setting such proposed annual caps, the Company has taken into account:

(a) historical transaction amounts during 2024-2026;

(b) the Company's expected orders as currently received by the Company from customers under the Agency Business in the Sales of Tobacco Leaf Products and the Company's expected unit prices of Tobacco Leaf Products for 2027-2029, taking into account the expected decrease of agency transactions during 2027-2029 due to the direct sales model under the Offshore Sales of Tobacco Leaf Products Framework Agreement dated 29 August 2025;

(c) having considered the international market prices of tobacco leaf products, it is expected that the prices of Tobacco Leaf Products for customers under the Agency Business in the Sales of Tobacco Leaf Products will rise, and accordingly the relevant amount of commission will also increase year by year, during the period of 2027-2029;

(d) the shipping schedule for Tobacco Leaf Products may be advanced or delayed, and a buffer needs to be reserved for potential cross-year transaction amounts; and

(e) the principal product category under the Agency Business in the Sales of Tobacco Leaf Products for the next three years will be cut tobacco, and the transaction amount of cut tobacco will be taken as the primary reference basis.

Reasons for and Benefits of the Transactions

Pursuant to the No. 60 Notice, after the Reorganization Completion Date, export of tobacco leaf products by entities under CNTC to Southeast Asia, Taiwan, Hong Kong and Macau shall be exclusively conducted through the Company. Certain tobacco leaf product suppliers, being the Company's connected persons, historically sold a small volume of tobacco leaf products to their long-term customers in such areas. After the Reorganization Completion Date, such tobacco leaf product suppliers continue to negotiate all terms of sales including prices, quantities and grades of tobacco leaf products with such customers directly, while the Company acts as an agent in such transactions and receives a commission for the services it provides in connection with such transactions. This export agency arrangement enables the Company to generate commission income without requiring the Company to devote substantial manpower or resources to the Agency Business in the Sales of Tobacco Leaf Products, which will benefit the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In connection with its continuing connected transactions, the Company has adopted the measures as set out in the sections headed "Connected Transactions – Measures to Ensure Our Connected Transactions are on Normal Commercial Terms or Better" and "– Corporate Governance Policies and other Measures to Protect the Interests of Shareholders" of the Prospectus. In particular, the Company has undergone and will undertake the following steps and measures, among others, to ensure that the terms of the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better.

- In relation to the procurement transactions in the Tobacco Leaf Products Import Business, the Company's management team has considered sample products, price quotes and performance of various suppliers, including reviewing and comparing information from the Company's historical and ongoing procurement transactions with independent third party suppliers, in order to ensure that tobacco leaf products to be procured from the relevant counterparty in the procurement transactions in the Tobacco Leaf Products Import Business will be made on normal commercial terms or better to the Company. Various contracts and transaction documents with independent third party suppliers have also been, and will continue to be, reviewed and considered by the Company's management team when determining the terms of the tobacco leaf products procurement transactions under the 2027-2029 Offshore Supply Framework Agreement, to ensure that such principles and terms are consistent with those set out in the Company's contracts with other third-party suppliers. In particular, the Company's management will review and consider at least two sets of contracts and transaction documents from independent third party suppliers to ensure that the principles and terms of the 2027-2029 Offshore Supply Framework Agreement are fair and reasonable, on normal commercial terms or better.

- In relation to the Agency Business in the Sales of Tobacco Leaf Products, when determining the commission the Company received from the sales of tobacco leaf products, the Company's management team has considered, and will continue to consider, the resources the Company devotes to the business and the unit prices of the tobacco leaf products under such agency business. In addition, historical commissions the Company received from the sales of tobacco leaf products, including those received from independent third parties, have been reviewed and used as reference when setting the pricing policies and terms of the Agency Business in the Sales of Tobacco Leaf Products contemplated under the 2027-2029 Tobacco Leaf Products Export Agency Agreements.

- The Company has established the Connected Transactions Control Committee, which currently consists of four Directors, including Mr. Wang Xinhua as an independent non-executive Director, being the chairman of the Connected Transactions Control Committee; Mr. Qian Yi and Ms. He Junhua as independent non-executive Directors; and Mr. Dai Jiahui as an executive Director. The Connected Transactions Control Committee has (i) reviewed the pricing and procedures carried out by the management of the Company for such transactions; (ii) reviewed the pricing policies and principal terms set out in the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements; and (iii) reported to the independent non-executive Directors on their views of such transactions. In addition, the Connected Transactions Control Committee will (i) review the management system for such transactions, supervise its implementation and make recommendations to the Board; (ii) review and approve such transactions and their related matters; and (iii) provide information for independent non-executive Directors and auditors to perform their periodical review of such transactions.

- The Company will engage an independent financial adviser to review the continuing connected transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements. The independent financial adviser will confirm in the Company's interim and annual reports whether such transactions were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or better to the Company; and (iii) according to the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

- The independent non-executive Directors will review the continuing connected transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements on a semi-annual basis, and confirm in the Company's interim and annual reports whether such transactions were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or better to the Company; and (iii) according to the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements that is fair and reasonable and in the interests of the Shareholders as a whole. In particular, they will (i) on a semi-annual basis, review the financial information of the Company to understand such transactions entered into during the reporting period; (ii) on a semi-annual basis, review transaction documents for the

Company's compliance with the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements, the pricing policies and whether such transactions have been conducted on the normal commercial terms or better to the Company on a sampling basis; (iii) on an annual basis, review the report on such transactions during the reporting period; (iv) on an annual basis, convene the special meetings of the Connected Transactions Control Committee to discuss the review conducted by the Connected Transactions Control Committee on such transactions during the reporting period, and the review opinions on such transactions jointly with the independent financial adviser; (v) on a semi-annual basis, review the interim or audited financial statements of the Company for the reporting period with disclosure note on related party transactions included therein; and (vi) on a semi-annual basis, convene the special meetings of the Connected Transactions Control Committee to enquire the Company's management about its control measures and implementations in relation to such transactions.

- The external auditors of the Company will review and report on the continuing connected transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements on an annual basis, and confirm whether anything has come to their attention that causes them to believe (i) such transactions have not been approved by the Board; (ii) such transactions involving the provision of goods or services by the Company, were not, in all material respects, in accordance with the pricing policies of the Company; (iii) such transactions were not entered into, in all material respects, in accordance with the terms of the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements; and (iv) the aggregate amount of each of such transactions has exceeded its annual cap for the reporting period.

- The Company has formulated internal guidelines with respect to, among others, the procurement transactions in the Tobacco Leaf Products Import Business and the Agency Business in the Sales of Tobacco Leaf Products, which provide, among others, relevant pricing policies for procurement of tobacco leaf products and agency commission of tobacco leaf products, respectively, as well as price negotiation procedures for the procurement of tobacco leaf products from overseas suppliers. In addition, the Company has put in place an internal policy to ensure fair and reasonable connected transactions and compliance with disclosure requirements according to the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROCUREMENT TRANSACTIONS FOR THE EXPORT OF CIGARETTES TO NEW DESIGNATED REGIONS FOR CIGARETTES

As the potential customers of cigarettes export business are located in the new regions, including New Designated Regions for Cigarettes, which do not fall within the exclusive operating areas for the procurement transactions under the Cigarettes Export Business Exclusive Operation and Long-Term Supply Framework Agreements that have been fully exempted by the Stock Exchange, the Company entered into the Framework Agreements on Cigarettes Export to New Regions with relevant entities under CNTC on 8 April 2024 in relation to the procurement of cigarettes from the relevant entities under CNTC for the Company's onward sales and export of cigarettes to the New Designated Regions for Cigarettes. The Framework Agreements on Cigarettes Export to New Regions will expire on 31 December 2026. To continue to facilitate such transactions, on 9 November 2026, the Company entered into the 2027-2029 Framework Agreements on Cigarettes Export to New Regions with the relevant Sellers on substantially the same terms and conditions of the Framework Agreements on Cigarettes Export to New Regions.

Parties

The Company and, for the time being, the Sellers below:

- China Tobacco Sichuan;
- China Tobacco Shandong;
- China Tobacco Hubei; and
- China Tobacco Anhui.

Subject

Pursuant to the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, the Sellers shall provide long-term supply of cigarettes (that is, including cigarettes, cigars and other tobacco monopoly products as stipulated under the State Monopoly Regime, and those cigarette products under the Sellers' brands) to the Company for the Company's onward sales and export of cigarettes in the New Designated Regions for Cigarettes. Over the next three years, the Company expects cigars to be the principal category of cigarette products to be procured by it under the Procurement Transactions for the Export of Cigarettes to New Designated Regions for Cigarettes.

The Sellers should ensure that when transacting with the Company, approvals, permits and qualifications for export and distribution of cigarettes as required under PRC laws and regulations have been obtained by the relevant CNTC entity.

Specific terms of transactions relating to the supply arrangements contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions shall be separately determined through arm's length negotiation between the Sellers and the Company in the individual agreements to be entered into pursuant to the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, taking into account factors such as international market conditions and usual business norms. Specific areas in the New Designated Regions for Cigarettes will be determined pursuant to individual agreements entered into for the procurement transactions under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions.

Terms

Period from 1 January 2027 to 31 December 2029. Upon expiration, the parties may negotiate to extend the term of such agreements after arm's length negotiation.

Payment Terms

The Company will settle the payment with the Sellers within 10 days via telegraphic remittance after the receipt of the remittance notice from the Sellers.

Consequence of Default

If the Company becomes aware that the Seller has breached its obligation under the terms of the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, the Company shall promptly notify the Seller in writing and the Seller shall immediately rectify such breach. After remedying such breach, the Company and the Seller shall discuss in good faith with respect to any losses sustained by the Company as a result of the breach and the amount of damages that the Seller shall pay to the Company. Where the parties fail to reach an agreement through negotiation, the parties shall submit the dispute to the Hong Kong International Arbitration Centre.

Amendment and Termination

During the term of the agreement, in the event that (i) there shall be any fundamental changes to the currently effective State Monopoly Regime, or (ii) any terms or conditions of the agreement violate any applicable rules and regulations of competent regulatory authorities, so that it becomes impossible for any party to continue carrying on the transactions contemplated in the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, either party shall have the right to propose to amend the 2027-2029 Framework Agreements on Cigarettes Export to New Regions. In the event that both parties cannot agree on the amendment of the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, the Company shall have the unilateral right to terminate the 2027-2029 Framework Agreements on Cigarettes Export to New Regions.

Pricing Policies

The Company applies different pricing policies for different categories of cigarettes, namely, premium and other first tier duty-free cigarettes, other duty-free cigarettes, and duty-paid market cigarettes. The procurement price is negotiated with reference to (i) the pricing documents issued by relevant authorities in respect of each particular transaction or product (including the No. 250 Notice); and (ii) if there are no such pricing document, international market practice and industry norms.

(i) Premium and Other First Tier Duty-Free Cigarettes

The pricing of premium and other first tier duty-free cigarette products is determined in compliance with the current pricing regime for the duty-free cigarettes established by STMA, the price at which any operating entity procures premium and other first tier duty-free cigarettes from entities under CNTC must be determined in compliance with the No. 250 Notice issued in September 2017.

According to the No. 250 Notice issued by STMA, the export prices of premium cigarettes shall not be lower than 35% of the tax-excluded allocation price of those sold domestically, while the export prices of other first tier duty-free cigarettes shall not be lower than 45% of the tax-excluded allocation price of those sold domestically. The Company's suppliers must comply with the price floors set by STMA, which are tied to the relevant cigarette allocation prices that are also determined by STMA. On the basis of those price floors, the Company determines the ultimate procurement prices through arm's length negotiations with relevant entities under CNTC in procuring premium cigarettes and first tier cigarettes for export sales. Specifically, the procurement prices generally comprise: (i) suppliers' costs associated with the manufacturing of cigarettes, which include cost of raw material, utility cost, rent of factory premises, storage expenses, staff costs and others; (ii) prevailing market price of shipping costs and insurance costs; (iii) applicable premium in relation to cigarette brand, as industrial companies have greater bargaining power and stronger tendency to add a premium to well-known, influential cigarette brands; (iv) applicable discount in relation to factors including historic business relationship with the relevant industrial companies, the Company's business reputation, financial conditions, scale of sales channels and ability to manage downstream wholesalers and others; and (v) other factors, including the relevant industrial companies' suggested retail price and reasonable profit margin of the Company and downstream wholesalers. The Company is not required to be responsible for tax payment in the cigarettes export business. We subsequently determine sales price through arm's length negotiation with our customers in proprietary business, taking into consideration factors including retail prices of the relevant cigarettes in the target markets, expected profit margin of the duty-free outlets, our procurement cost and reasonable profit margin and competitiveness of the relevant cigarettes. With respect to our incremental business, we determine sales prices by adding an applicable margin of 1% to 2%, 2% to 5% or more than 5% to our procurement prices. Such margins were determined taking into consideration factors including reasonable profit margin of the Company, market demand of the relevant cigarettes and services provided by the downstream wholesalers.

(ii) Other Duty-Free Cigarettes

The prices at which the Company procures other duty-free cigarettes categories from relevant entities under CNTC are determined through arm's length negotiation, using the same pricing policies and taking into consideration the same factors for premium and other first tier duty-free cigarettes as described above, but the pricing for other duty-free cigarettes is not subject to any government-prescribed price floors.

Subsequently, similar as described above for premium and other first tier duty-free cigarettes, the Company determines sales prices of other duty-free cigarettes through arm's length negotiation with customers in the Company's proprietary business. With respect to customers in the Company's incremental business, the Company currently determines sales prices by adding an applicable margin scale of 1% to 2%, 2% to 5% or more than 5% to procurement prices.

(iii) Duty-Paid Market Cigarettes

The Company determines the ultimate procurement prices through arm's length negotiations with relevant entities under CNTC in procuring duty-paid market cigarettes for export sales. The procurement prices generally comprise similar factors as considered for the duty-free cigarettes, including: (i) suppliers' costs associated with the manufacturing of cigarettes, which include cost of raw material, utility cost, rent of factory premises, storage expenses, staff costs and others; (ii) prevailing market price of shipping costs and insurance costs; (iii) applicable premium in relation to cigarette brand, as industrial companies have greater bargaining power and stronger tendency to add a premium to well-known, influential cigarette brands; (iv) applicable discount in relation to factors including historic business relationship with the relevant industrial companies, the Company's business reputation, financial conditions, scale of sales channels and ability to manage downstream wholesalers and others; and (v) other factors, including the relevant industrial companies' suggested retail price and reasonable profit margin of the Company and downstream wholesalers.

Historical Transaction Amounts

The table below sets forth the historical transaction amounts of the continuing connected transactions under the Framework Agreements on Cigarettes Export to New Regions for the relevant periods as set out below.

	Historical Transaction Amounts		
	For the year ended 31 December		For the nine months ended 30 September
	2024	2025	2026
	(HK$ in million)		
Procurement of Cigarettes Transactions under the Framework Agreements on Cigarettes Export to New Regions	10.25	13.11	0.79

Annual Caps and Basis of Determination

The table below sets forth the annual caps for the continuing connected transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions for the period from 1 January 2027 to 31 December 2029.

	Annual Caps		
	For the year ending 31 December		
	2027	2028	2029
	(HK$ in million)		
Procurement of Cigarettes Transactions under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions	18.17	20.36	23.95

In determining such annual caps, the Directors have considered the following factors:

(a) the historical transaction volume and amounts in relation to the cigarettes procured from the Sellers from 2024 to 2026;

(b) the current and expected demand of customers in the New Designated Regions for Cigarettes, including outlet operators and downstream wholesalers, taking into account their seasonal sales targets, the orders currently under negotiation and historical transaction amounts with such customers;

(c) the expected demand for cigarettes of end customers in the New Designated Regions for Cigarettes, taking into account historical demand of end customers and their current and expected preferences and requirements as to cigarette brands and quality;

(d) the trends in relation to the preference for PRC-branded cigarettes in the New Designated Regions for Cigarettes;

(e) the expected growth in demand for cigarettes arising from the expansion into new markets and new channels; and

(f) the principal product category under the Procurement Transactions for the Export of Cigarettes to New Designated Regions for Cigarettes for the next three years will be cigars, and the transaction amount of cigars will be taken as the primary reference basis.

Reasons for and Benefits of the Transactions

The Company conducts the cigarettes export business in its ordinary course of business, including (i) procurement transactions with the relevant counterparties thereof in the cigarettes export business and (ii) sales transactions with independent third-party customers. The Company has established a long-term and stable procurement relationship with the relevant counterparties of the procurement transactions in the cigarettes export business, which are subsidiaries of CNTC. Over the years, they have been important domestic suppliers of our cigarettes export business. The suppliers that can provide cigarettes based on the requirements of potential customers for cigarettes related to specific production areas and specific brands of cigarettes are identified as our connected persons. In order to ensure the Company's continuous and stable procurement of cigarettes from specific production areas and brands, the Company must conduct transactions with connected persons in the procurement transactions of the cigarettes export business.

Under the State Monopoly Regime, CNTC Group is the only legal supplier of PRC cigarettes sold to duty-free and duty-paid markets for export purpose. Therefore, the Company has to transact with CNTC Group in the cigarettes procurement transactions of the Company's export business. The Company expects to continue procuring cigarettes provided by CNTC Group.

As the potential customers are located in the New Designated Regions for Cigarettes, which do not fall within the designated operating areas for the procurement transactions of the cigarettes export business of the Company which is exempted by the Stock Exchange for an indefinite term, the Company entered into the 2027-2029 Framework Agreements on Cigarettes Export to New Regions with relevant counterparties with a term of no more than three years. The entering into of the 2027-2029 Framework Agreements on Cigarettes Export to New Regions will ensure that the Sellers undertake the obligation to supply the Company with the products necessary for the Company's operation of the cigarettes export and distribution business in the long run, which is beneficial to the Company's future business expansion and brings useful and constructive supplements to the existing market regions of the cigarettes export business, establishing a more comprehensive and diversified customer portfolio, gaining reputation in a wider region to reach more potential purchasers, and increasing the Group's revenue by satisfying the demand for Chinese cigarettes in the global market.

LISTING RULES IMPLICATIONS

CTIG is a controlling shareholder of the Company directly holding approximately 72.29% of the total issued share capital of the Company as at the date of this announcement. CNTC is the sole shareholder and holding company of CTIG. CTI North America, each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products and each of the Sellers are subsidiaries and/or associates of CNTC, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2027-2029 Renewed Agreements will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the transactions contemplated under the 2027-2029 Tobacco Leaf Products Export Agency Agreements are aggregated for the purpose of Rule 14A.81 of the Listing Rules on the basis that these transactions are conducted with counterparties that are associates of CNTC and are parties who are connected with one another. As one or more of the applicable percentage ratios in relation to the transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements, on an aggregated basis, exceed 5%, the transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements together with the Proposed Annual Caps will be subject to reporting, announcement, annual review, circular (including independent board committee's and independent financial adviser's opinions and recommendations) and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions exceed 0.1% but are less than 5%, the transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions with the Annual Caps will be subject to the reporting and announcement requirements but are exempt from the circular (including the independent board committee's and the independent financial adviser's opinions and recommendations) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Li Bin, a non-executive Director and chairman of the Board, who also concurrently holds executive positions at the CTIG and CTI, has abstained from voting on the relevant Board resolutions to approve the 2027-2029 Renewed Agreements and the respective transactions contemplated thereunder (including the (Proposed) Annual Caps). All remaining Directors (including all the independent non-executive Directors) do not have a material interest in the 2027-2029 Renewed Agreements or the respective transactions contemplated thereunder (including the (Proposed) Annual Caps) and were not required to abstain from voting on the Board resolutions approving the 2027-2029 Renewed Agreements and the transactions contemplated thereunder (including the (Proposed) Annual Caps). The Board (excluding Mr. Li Bin and the independent non-executive Directors (whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be dispatched in connection with this announcement)) considers that the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including Proposed Annual Caps) are fair and reasonable, on normal commercial terms or better in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole. The Board (excluding Mr. Li Bin but including all the independent non-executive Directors) considers that the 2027-2029 Framework Agreements on Cigarettes Export to New Regions and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, on normal commercial terms or better in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

As at the date of this announcement, the Company is principally engaged in the following businesses: (i) export of tobacco leaf products to Southeast Asia, Hong Kong, Macau, Taiwan and Non-exclusive Operating Regions for Tobacco Leaf Products; (ii) import of tobacco leaf products to the Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions); (iii) export of cigarettes to Exclusive Operating Regions for Cigarettes and New Designated Regions for Cigarettes from CNTC Group directly or through distributors; (iv) export of new tobacco products to the global market (except the Chinese Mainland); and (v) procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Republic of Brazil and from Republic of Brazil to regions around the world (except the Chinese Mainland).

CNTC

CNTC is an enterprise incorporated in the PRC on 15 December 1983, and the sole shareholder of CTI and CTIG and the ultimate controlling shareholder of the Company, CTI North America and the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products. CNTC is wholly owned by the State Council of the PRC. CNTC and its subsidiaries are the only entities under the State tobacco monopoly regime of the PRC to engage in the production, sale, and import and export businesses of tobacco monopoly commodities in the PRC.

CTI North America

CTI North America is a company incorporated in the State of North Carolina, the United States, on 16 July 2012. As at the date of this announcement, CTI North America is an indirectly wholly-owned subsidiary of CNTC through CTIG and principally engaged in contract farming of tobacco leaves and procurement, processing, warehousing and export of raw tobacco as well as procurement of tobacco leaf products.

Relevant Counterparties in the Agency Business in the Sales of Tobacco Leaf Products

China Tobacco International (Macao) Manufacturing Company Limited (formerly known as Golden Leaf (Macau) Tobacco's Manufacturing Ltd.) is a limited liability company incorporated in Macau in December 1992. As at the date of this announcement, China Tobacco International (Macao) Manufacturing Company Limited is an indirectly wholly owned subsidiary of CNTC through CNTC Guangdong Company*(中國煙草總公司廣東省公司)(as to 17.4%), CTIG (as to 51%) and China Tobacco Guangdong Industrial Co., Ltd.*(廣東中煙工業有限責任公司)(as to 31.6%) and principally engaged in the production and sales of cigarettes.

Viniton Group Co., Ltd. is a limited liability company incorporated in the Kingdom of Cambodia on 12 May 1993. As at the date of this announcement, Viniton Group Co., Ltd. is owned as to 80% by CNTC through China Tobacco Guangdong Industrial Co., Ltd.*(廣東中煙工業有限責任公司)and 20% by Cambodia ASEAN International Investment Co., Ltd.*(柬埔寨亞細安國際投資有限公司), and principally engaged in the production of tobacco products and production, processing, sales and export of cigarettes.

Bang Kang Cigarette Factory, Myanmar is a joint venture company incorporated in the Republic of the Union of Myanmar in 1999. As at the date of this announcement, Bang Kang Cigarette Factory, Myanmar is owned as to 50% by CNTC through Chongqing Tobacco Investment Management Co., Ltd.*(重慶市煙草投資管理有限公司)and 50% by Hein Yun Virginia Tobacco Industries Co., Ltd. and principally engaged in the production, processing and sales of cigarettes. As at the date of this announcement, Hein Yun Virginia Tobacco Industries Co., Ltd is a company incorporated in the Republic of the Union of Myanmar in 1996 and principally engaged in the production, sales, import and export of tobacco products; Hein Yun Virginia Tobacco Industries Co., Ltd. is held as to 50% by Aung Myint and 50% by Kyauk Kyone Tan.

China Tobacco International Lao Manufacturing Co., Ltd (formerly known as Lao-China Hongta Good Luck Tobacco Co., Ltd.) is a limited liability company incorporated in the Lao People's Democratic Republic in 1992. As at the date of this announcement, China Tobacco International Lao Manufacturing Co., Ltd is owned as to 91% by CNTC through CTIG (as to 51%) and Hongta Tobacco (Group) Co., Ltd.*(紅塔煙草(集團)有限責任公司)(as to 40%), 6% by Shawan Wanli Import and Export Co., Ltd.*(沙灣萬里進出口有限公司)and 3% by Daoshanwan Co., Ltd.*(道沙灣有限公司), and principally engaged in the farming of tobacco leaves and production, processing and sales of tobacco leaf products and cigarettes.

Hong Kong Hongta International Tobacco Company Limited is a limited liability company incorporated in Hong Kong on 9 December 1998. As at the date of this announcement, Hong Kong Hongta International Tobacco Company Limited is owned as to 70% by CNTC through Hongta Tobacco (Group) Co., Ltd.*(紅塔煙草(集團)有限責任公司)(as to 55%) and Yunnan Tobacco International Co., Ltd.*(雲南煙草國際有限公司)(as to 15%) and 30% by Yanlord International Investment Co., Ltd. and principally engaged in the production of tobacco products. As at the date of this announcement, Yanlord International Investment Co., Ltd. is a company incorporated in the British Virgin Islands on 13 May 1998 and principally engaged in investment holding.

The Sellers

Each of the Sellers is an enterprise incorporated in the PRC, and a subsidiary of CNTC, the ultimate controlling shareholder of the Company. Each of the Sellers is principally engaged in selling cigarettes to both the Company and other third-party buyers. CNTC owns and/or controls all industrial companies, business companies, import-export companies and certain other entities that engage in the production, supply, sale, import and export matters of the PRC tobacco industry.

CIRCULAR

The Company will send a circular in accordance with the requirements under the Listing Rules, which will contain, among other things: (i) further information on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps); (ii) the letter from the Independent Board Committee with its opinion and recommendation on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps) to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser with its advice on the 2027-2029 Offshore Supply Framework Agreement and the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM. The Company expects to send the circular to the Shareholders as soon as possible within 15 business days after the publication of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"2021-2024 Offshore Supply Framework Agreements"	the 2021-2024 offshore tobacco leaf products long-term supply framework agreements entered into between the Company, on one hand, and each of CBT and CTI North America, on the other hand, on 17 November 2021

"2021-2024 Tobacco Leaf Products Export Agency Agreements"	the 2021-2024 tobacco leaf products export agency agreements entered into between the Company and each of certain entities under CNTC in the transactions where the Company acted as an agent on 17 November 2021
"2024-2026 Offshore Supply Framework Agreement"	the 2024-2026 offshore tobacco leaf products long-term supply framework agreement entered into between the Company and CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business on 10 October 2024
"2024-2026 Tobacco Leaf Products Export Agency Agreements"	the 2024-2026 tobacco leaf products export agency agreements entered into between the Company, on one hand, and each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products, on the other hand, on 10 October 2024
"2027-2029 Framework Agreements on Cigarettes Export to New Regions"	the 2027-2029 framework agreements between the Company and the Sellers with respect to the procurement of cigarettes from such connected persons for the Company's onward sales and export of cigarettes in the New Designated Regions for Cigarettes, for the time being, including the framework agreements dated 9 November 2026, entered into by (i) the Company, and (ii) each of China Tobacco Hubei, China Tobacco Sichuan, China Tobacco Shandong and China Tobacco Anhui respectively
"2027-2029 Offshore Supply Framework Agreement"	the 2027-2029 offshore tobacco leaf products long-term supply framework agreement entered into between the Company and CTI North America in respect of procurement transactions in the Tobacco Leaf Products Import Business on 9 November 2026
"2027-2029 Renewed Agreements"	the 2027-2029 Offshore Supply Framework Agreement, the 2027-2029 Tobacco Leaf Products Export Agency Agreements and the 2027-2029 Framework Agreements on Cigarettes Export to New Regions
"2027-2029 Tobacco Leaf Products Export Agency Agreements"	the 2027-2029 tobacco leaf products export agency agreements entered into between the Company, on one hand, and each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products, on the other hand, on 9 November 2026
"Agency Business in the Sales of Tobacco Leaf Products"	the Company's agency business whereby the Company acts as an agent in certain sale transactions of tobacco leaf products as part of the Tobacco Leaf Products Export Business

"Annual Caps"	the maximum annual aggregate value for the 2027-2029 Framework Agreements on Cigarettes Export to New Regions in respect of the period from 1 January 2027 to 31 December 2029 as set out in this announcement
"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
"China Tobacco Anhui"	China Tobacco Anhui Industrial Co., Ltd*(安徽中煙工業有限責任公司), an enterprise incorporated in the PRC, and a subsidiary of CNTC
"China Tobacco Hubei"	China Tobacco Hubei Industrial Co., Ltd*(湖北中煙工業有限責任公司), an enterprise incorporated in the PRC, and a subsidiary of CNTC
"China Tobacco Shandong"	China Tobacco Shandong Industrial Co., Ltd*(山東中煙工業有限責任公司), an enterprise incorporated in the PRC, and a subsidiary of CNTC
"China Tobacco Sichuan"	China Tobacco Sichuan Industrial Co., Ltd*(四川中煙工業有限責任公司), an enterprise incorporated in the PRC, and a subsidiary of CNTC
"Chinese Mainland"	PRC excluding Hong Kong, Macau and Taiwan
"Cigarettes Export Business Exclusive Operation and Long-Term Supply Framework Agreement"	as disclosed in the Prospectus, the framework agreements entered into by the Company and each of the relevant entities under CNTC with respect to the procurement of cigarettes from such connected persons for the Company's onward sale and export of cigarettes in Hong Kong, Macau, the Kingdom of Thailand, the Republic of Singapore as well as areas within the borders, but outside the customs areas, of the Chinese Mainland
"CNTC"	China National Tobacco Corporation*(中國煙草總公司), an enterprise incorporated in the PRC, and the sole shareholder of CTI and CTIG and the ultimate controlling shareholder of the Company. CNTC is wholly owned by the State Council of the PRC
"CNTC Group"	CNTC and its subsidiaries

"Company"	China Tobacco International (HK) Company Limited (中煙國際(香港)有限公司), a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 6055) and for the purpose of the transactions contemplated under the 2027-2029 Renewed Agreements, includes the Company and/or its subsidiary(ies)
"Connected Transactions Control Committee"	the connected transactions control committee of the Board
"CTI"	China Tobacco International Inc.* (中國煙草國際有限公司), a company incorporated with limited liability in the PRC and a wholly-owned subsidiary of CNTC
"CTI North America"	China Tobacco International (North America), Inc., a company incorporated in the State of North Carolina, the United States and an indirectly wholly-owned subsidiary of CNTC and for the purpose of the transactions contemplated under the 2027-2029 Offshore Supply Framework Agreement, includes CTI North America and/or its subsidiary(ies)
"CTIG"	China Tobacco International Group Limited (中煙國際集團有限公司), the controlling shareholder of the Company and a wholly-owned subsidiary of CNTC
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the 2027-2029 Offshore Supply Framework Agreement and 2027-2029 Tobacco Leaf Products Export Agency Agreements and the respective transactions contemplated thereunder (including the Proposed Annual Caps), or any adjournment thereof
"Exclusive Operating Regions for Cigarettes"	duty-free outlets of 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 the Chinese Mainland

"Framework Agreements on Cigarettes Export to New Regions"	the framework agreements between the Company and the Sellers with respect to the procurement of cigarettes from such connected persons for the Company's onward sales and export of cigarettes in the New Designated Regions for Cigarettes, for the time being, including the framework agreements dated 8 April 2024 entered into by (i) the Company, and (ii) each of China Tobacco Guizhou, China Tobacco Hebei, China Tobacco Henan, China Tobacco Hubei, China Tobacco Jiangsu, China Tobacco Shanghai and China Tobacco Sichuan, respectively
"Group" or "We"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors who do not have a material interest in the relevant transactions, established to advise the Independent Shareholders in relation to the 2027-2029 Offshore Supply Framework Agreement and 2027-2029 Tobacco Leaf Products Export Agency Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2027-2029 Offshore Supply Framework Agreement and 2027-2029 Tobacco Leaf Products Export Agency Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
"Independent Shareholders"	the Shareholders, excluding those who are required to abstain from voting at the EGM to be convened in accordance with the Listing Rules and other applicable laws, rules and regulations
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the People's Republic of China

"New Designated Regions for Cigarettes"	areas other than (i) Exclusive Operating Regions for Cigarettes; and (ii) the Chinese Mainland
"No. 60 Notice"	the Notice Regarding the Operations of China Tobacco International (HK) Company Limited (Zhongyanban [2018] No. 60)(中國煙草總公司關於中煙國際(香港)有限公司運營的通知(中煙辦[2018]60號)) issued by CNTC on 22 March 2018
"No. 250 Notice"	The Notices of Issuing Interim Measures on Strengthening the Planning and Pricing Management of Duty-free Cigarettes Export by STMA (Guoyanji [2017] No. 250)(國家煙草專賣局關於印發加強免稅出口捲煙計劃和價格管理暫行辦法的通知(國煙計[2017]250號)) issued by STMA on 15 September 2017
"Non-exclusive Operating Regions for Tobacco Leaf Products"	areas other than (i) Southeast Asia, Hong Kong, Macau and Taiwan; and (ii) the Chinese Mainland
"Offshore Sales of Tobacco Leaf Products Framework Agreement"	the framework agreements between the Company and the relevant entities under CNTC with respect to the offshore sales of tobacco leaf products from the Group to such connected persons, and for the time being, including the framework agreements dated 29 August 2025 entered into by Bang Kang Cigarette Factory, Myanmar, Viniton Group Co., Ltd. and China Tobacco International Lao Manufacturing Co., Ltd (formerly known as Lao-China Hongta Good Luck Tobacco Co., Ltd.), respectively
"PRC"	the People's Republic of China, excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan
"Proposed Annual Caps"	the proposed maximum annual aggregate value for each of the 2027-2029 Offshore Supply Framework Agreement and 2027-2029 Tobacco Leaf Products Export Agency Agreements in respect of the period from 1 January 2027 to 31 December 2029 as set out in this announcement
"Prospectus"	the prospectus dated 28 May 2019 issued by the Company
"Reorganization Completion Date"	30 June 2018, as of which date the reorganization of the businesses of the Company and other entities under CNTC was completed

"Seller(s)"	the sellers under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, being relevant entities under CNTC, and for the time being include China Tobacco Hubei, China Tobacco Sichuan, China Tobacco Shandong and China Tobacco Anhui, and for the purpose of the transactions contemplated under the 2027-2029 Framework Agreements on Cigarettes Export to New Regions, include the Seller(s) and/or its subsidiary(ies)
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of the shares of the Company
"Southeast Asia"	Indonesia, the Philippines, Malaysia, Vietnam, Cambodia, Laos, Myanmar, Thailand, Singapore, Brunei, the Democratic Republic of Timor-Leste and other countries
"State Monopoly Regime"	the State tobacco monopoly regime of the PRC prescribed by the Tobacco Monopoly Law and the Implementation Measures, in accordance with which the production, sale, import and export of tobacco monopoly commodities in the PRC are subject to State monopoly under law
"STMA"	the State Tobacco Monopoly Administration of the PRC(國家煙草專賣局)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan"	The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
"Tobacco Leaf Products Export Business"	the Company's export business of tobacco leaf products, which are procured from CNTC and its subsidiaries and sold to Southeast Asia (including Indonesia, the Philippines, Vietnam, Malaysia, Thailand, Laos, Myanmar, Cambodia, Singapore, Brunei, the Democratic Republic of Timor-Leste and others), Taiwan, Hong Kong, Macau and Non-exclusive Operating Regions for Tobacco Leaf Products
"Tobacco Leaf Products Import Business"	the Company's exclusively operated import business of tobacco leaf products, which are procured from origin countries or regions around the world (other than from sanctioned countries and regions) and sold to CTI

"Tobacco Monopoly Law"	the Tobacco Monopoly Law of the PRC(中華人民共和國煙草專賣法), as promulgated by the Standing Committee of the National People's Congress on 29 June 1991 and effective on 1 January 1992, as amended, supplemented and otherwise modified from time to time
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States of America
"%"	percent

In this announcement, the English translation of an entity's or a company's name in Chinese which is marked with "" is for identification purpose only. If there is any inconsistency between the Chinese names of entities or companies established in the PRC and their English translations, the Chinese names shall prevail.*

By order of the Board
China Tobacco International (HK) Company Limited
Li Bin
Chairman



Hong Kong, 9 November 2026

As at the date of this announcement, the Board comprises Mr. Li Bin, 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.