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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated June 27, 2019 in relation to the Renewal Tenancy Agreement.

The Board announces that on February 21, 2020, the Company and Tulley entered into the Termination Agreement to terminate the Renewal Tenancy Agreement with effect from the Termination Date.

Tulley is a wholly-owned subsidiary of CTIG, the controlling shareholder of the Company. Therefore, Tulley is a connected person of the Company by virtue of it being an associate of CTIG pursuant to the Listing Rules. As the continuing connected transaction under the Renewal Tenancy Agreement was terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated June 27, 2019 in relation to the Renewal Tenancy Agreement. As disclosed in the aforesaid announcement, the Company and Tulley entered into the Renewal Tenancy Agreement pursuant to which Tulley agreed to lease the Renewal Property to the Company for a term of twelve months commencing from July 1, 2019 and expiring on June 30, 2020.

THE TERMINATION AGREEMENT

On February 21, 2020, the Company and Tulley entered into the Termination Agreement to terminate the Renewal Tenancy Agreement with effect from the Termination Date. Pursuant to the Termination Agreement, among others, (i) the Company shall surrender and deliver up vacant possession of the Renewal Property to Tulley on the Termination Date; and (ii) save for the rental fee up to the Termination Date and any compensation that may be payable as a result of any damage to the Renewal Property cause by the Company, the Company is not required to pay any penalty or compensation to Tulley in respect of the termination of the Renewal Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT

The Company has leased the Renewal Property from Tulley since July 2018 and has been using it as its office and its registered office in Hong Kong. With effect from February 21, 2020, the Company will move its office and registered office in Hong Kong to its new office location at Room 1002, 10/F, Tower A, China Life Center, One Harbour Gate, 18 Hung Leun Road, Hung Hom, Kowloon, Hong Kong due to its business needs, and therefore entered into the Termination Agreement to terminate the Renewal Tenancy Agreement with effect from the Termination Date. The Board believes that the entering into of the Termination Agreement will not cause any material adverse impact to the Company's business and operational activities.

The Directors (including the independent non-executive Directors) believe that (i) the Termination Agreement is entered into in the ordinary and usual course of business of the Company on normal commercial terms or better to the Company; and (ii) the terms of the Termination Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Shao Yan, Chairman of the Board and non-executive Director, had declared his interest in the transaction contemplated under the Termination Agreement by virtue of him being a director and chairman of the board of directors of CTIG, and had abstained from voting on the relevant Board resolution in respect of the Termination Agreement. Save as disclosed above, to the best knowledge of the Company, none of the Directors have any material interests in the transaction contemplated under the Termination Agreement, and therefore no other Directors were required to abstain from voting on the Board resolutions proposed to approve the Termination Agreement.

GENERAL

The Company is the designated offshore platform of its indirect holding company, China Tobacco International, for capital markets operation and international business expansion. It engages mainly in: (i) tobacco leaf products import business, (ii) tobacco leaf products export business, (iii) cigarettes export business, and (iv) new tobacco products export business.

Tulley is principally engaged in investment holding and is a wholly-owned subsidiary of CTIG, the controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

Tulley is a wholly-owned subsidiary of CTIG, the controlling shareholder of the Company. Therefore, Tulley is a connected person of the Company by virtue of it being an associate of CTIG pursuant to the Listing Rules.

As the continuing connected transaction under the Renewal Tenancy Agreement was terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“China Tobacco International”	China Tobacco International Inc. (中國煙草國際有限公司), a company incorporated with limited liability in the PRC and the sole shareholder of CTIG and a wholly-owned subsidiary of CNTC;
“CNTC”	China National Tobacco Corporation* (中國煙草總公司), an enterprise incorporated in the PRC, and the sole shareholder of China Tobacco International and the ultimate controlling shareholder of the Company;
“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, the shares of which are listed on the Stock Exchange (stock code: 6055);
“CTIG”	China Tobacco International Group Limited, the controlling shareholder of the Company. It changed its company name from “Tian Li International Company Limited (天利國際經貿有限公司)” to its current name on August 16, 2019;
“Directors”	the directors of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Renewal Property”	the property in Hong Kong leased to the Company by Tulley under the Renewal Tenancy Agreement, the details of which are set out in the section headed “Description of the Renewal Property and Monthly Rental” in the announcement of the Company dated June 27, 2019;
“Renewal Tenancy Agreement”	the tenancy agreement in respect of the Renewal Property entered into between the Company and Tulley on June 27, 2019 for a further term of twelve months commencing from July 1, 2019 and expiring on June 30, 2020;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Date”	February 29, 2020;
“Termination Agreement”	the termination agreement entered into between the Company and Tulley on February 21, 2020 in respect of the termination of the Renewal Tenancy Agreement;
“Tulley”	Tulley International Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of CTIG; and
“%”	per cent.

The English translation of an entity or 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 enterprises established in the PRC and their English translations, the Chinese names shall prevail.*

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

Hong Kong, February 21, 2020

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