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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

China Tobacco International (HK) Company Limited announces the audited consolidated financial results of the Group for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as set out below.

FINANCIAL HIGHLIGHTS	2023	2022	Year-on-year
	<i>HK\$'000</i>	<i>HK\$'000</i>	change(%)
Revenue	11,836,221	8,324,205	42%
Cost of sales	(10,747,897)	(7,517,816)	43%
Gross profit	1,088,324	806,389	35%
Other income, net	91,117	43,991	107%
Administrative and other operating expenses	(152,986)	(149,708)	2%
Finance costs	(167,396)	(85,043)	97%
Profit before taxation	859,059	615,629	40%
Income tax	(166,686)	(151,469)	10%
Profit for the year	692,373	464,160	49%
Profit for the year attributable to			
Equity shareholders of the Company	598,773	374,905	60%
Earnings per Share			
Basic and diluted (HK\$)	0.87	0.54	
Dividend per Share (HK\$)	0.32	0.20	

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 recommended a final dividend payment of HK\$0.32 per Share for the year ended 31 December 2023, reflecting a year-on-year growth of 60%, and the Board resolved to distribute an interim dividend since 2024. The Company will strive to create more value for its Shareholders.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Hong Kong dollars)

	Note	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	11,836,221	8,324,205
Cost of sales		<u>(10,747,897)</u>	<u>(7,517,816)</u>
Gross profit		1,088,324	806,389
Other income, net	5	91,117	43,991
Administrative and other operating expenses		<u>(152,986)</u>	<u>(149,708)</u>
Profit from operations		1,026,455	700,672
Finance costs	6(a)	<u>(167,396)</u>	<u>(85,043)</u>
Profit before taxation	6	859,059	615,629
Income tax	7	<u>(166,686)</u>	<u>(151,469)</u>
Profit for the year		<u>692,373</u>	<u>464,160</u>
Profit for the year attributable to:			
Equity shareholders of the Company		598,773	374,905
Non-controlling interests		<u>93,600</u>	<u>89,255</u>
		692,373	464,160
Earnings per Share			
Basic and diluted (HK\$)	9	<u>0.87</u>	<u>0.54</u>
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>10,065</u>	<u>3,577</u>
Other comprehensive income for the year		<u>10,065</u>	<u>3,577</u>
Total comprehensive income for the year		<u>702,438</u>	<u>467,737</u>
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		608,838	378,482
Non-controlling interests		<u>93,600</u>	<u>89,255</u>
		<u>702,438</u>	<u>467,737</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023*(Expressed in Hong Kong dollars)*

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		43,465	42,748
Intangible assets		131,109	161,973
Goodwill		212,929	212,929
Trade and other receivables	<i>10</i>	58,593	44,310
Deferred tax assets	<i>7(d)</i>	80,687	8,481
		526,783	470,441
Current assets			
Inventories		2,973,650	2,509,288
Current tax recoverable	<i>7(c)</i>	–	1,965
Trade and other receivables	<i>10</i>	908,006	1,603,688
Cash and cash equivalents		570,808	1,785,139
Short-term bank deposits		1,761,148	–
		6,213,612	5,900,080
Current liabilities			
Trade and other payables and contract liabilities	<i>11</i>	1,438,098	1,929,323
Lease liabilities		9,131	10,751
Bank borrowings		2,480,495	2,095,137
Current tax payable	<i>7(c)</i>	67,002	40,784
Provision for reinstatement cost		2,887	–
		3,997,613	4,075,995
Net current assets		2,215,999	1,824,085
Total assets less current liabilities		2,742,782	2,294,526

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		537	5,393
Deferred tax liabilities	7(d)	46,953	48,772
Provision for reinstatement costs		—	2,771
		<u>47,490</u>	<u>56,936</u>
NET ASSETS		<u>2,695,292</u>	<u>2,237,590</u>
Capital and reserves			
Share capital		1,403,721	1,403,721
Reserves		1,089,950	619,448
Total equity attributable to equity shareholders of the Company		<u>2,493,671</u>	<u>2,023,169</u>
Non-controlling interests		<u>201,621</u>	<u>214,421</u>
TOTAL EQUITY		<u><u>2,695,292</u></u>	<u><u>2,237,590</u></u>

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

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 Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) after completion of its initial public offering (“**IPO**”) 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 (together, the “**Relevant Businesses**”):

- 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 in 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 from CNTC Group directly to the duty-free outlets in the Kingdom of Thailand (“**Thailand**”), the Republic of Singapore (“**Singapore**”), Hong Kong, Macau, as well as duty-free outlets within the borders, but outside the customs area, of Chinese Mainland or sales of cigarettes from CNTC Group through distributors (the “**Cigarettes Export Business**”);
- export of new tobacco products to overseas market worldwide (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 regions around the world (except Chinese Mainland) (the “**Brazil Operation Business**”).

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but such information is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and the Group will deliver the consolidated financial statements for the year ended 31 December 2023 in due course.

The Group’s auditor has reported on the consolidated financial statements of the Group for the years ended 31 December 2023 and 2022. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; 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 new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, Income taxes: *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments 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. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS15		
Disaggregated by major products or service lines		
– Sales of tobacco leaf products	10,496,971	8,089,659
– Sales of cigarettes	1,208,727	123,868
– Sales of new tobacco products	129,979	110,133
– Provision of services	544	545
	<u>11,836,221</u>	<u>8,324,205</u>

The Group recognises all its revenue point in time. Disaggregation of revenue by geographic markets is further disclosed in note 4(b).

During the year ended 31 December 2023, revenue of approximately HK\$8,079,031,000 (2022: approximately HK\$6,338,681,000) to one customer (2022: two customers) has exceeded 10% of the Group's revenue.

(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 segment.

- 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 in Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions).

- Cigarettes Export Business: export of cigarettes from CNTC Group directly to the duty-free outlets in Thailand, Singapore, Hong Kong, Macau, as well as duty-free outlets within the borders, but outside the customs area, of Chinese Mainland or sales of cigarettes from CNTC Group through distributors.
- New Tobacco Products Export Business: export of new tobacco products to overseas market worldwide.
- Brazil Operation Business: procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Brazil and from Brazil to regions around the world (except 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 non-current assets (except for goodwill and non-current trade and other receivables), cash and cash equivalents, short-term bank deposits, lease liabilities, provision for reinstatement 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 directly 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 years ended 31 December 2023 and 2022 is set out below.

	Tobacco Leaf Products Export Business <i>HKS'000</i>	Tobacco Leaf Products Import Business <i>HKS'000</i>	Cigarettes Export Business <i>HKS'000</i>	New Tobacco Products Export Business <i>HKS'000</i>	Brazil Operation Business <i>HKS'000</i>	Unallocated <i>HKS'000</i>	Total <i>HKS'000</i>
For the year ended 31 December 2023							
Sale of goods	1,651,660	8,079,030	1,208,727	129,979	766,281	-	11,835,677
Service income	544	-	-	-	-	-	544
Reportable segment revenue	<u>1,652,204</u>	<u>8,079,030</u>	<u>1,208,727</u>	<u>129,979</u>	<u>766,281</u>	<u>-</u>	<u>11,836,221</u>
Reportable segment gross profit	<u>45,139</u>	<u>732,391</u>	<u>164,038</u>	<u>5,715</u>	<u>141,041</u>	<u>-</u>	<u>1,088,324</u>
Interest income						99,181	99,181
Depreciation and amortisation						(51,052)	(51,052)
Finance costs						(167,396)	(167,396)
Other corporate expenses						(109,998)	(109,998)
Profit before taxation							859,059
Income tax expense							(166,686)
Profit for the year							<u>692,373</u>
As at 31 December 2023							
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>

	Tobacco Leaf Products Export Business <i>HK\$'000</i>	Tobacco Leaf Products Import Business <i>HK\$'000</i>	Cigarettes Export Business <i>HK\$'000</i>	New Tobacco Products Export Business <i>HK\$'000</i>	Brazil Operation Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022							
Sale of goods	2,121,770	5,424,708	123,868	110,133	543,181	–	8,323,660
Service income	545	–	–	–	–	–	545
Reportable segment revenue	<u>2,122,315</u>	<u>5,424,708</u>	<u>123,868</u>	<u>110,133</u>	<u>543,181</u>	<u>–</u>	<u>8,324,205</u>
Reportable segment gross profit	<u>55,599</u>	<u>621,102</u>	<u>12,949</u>	<u>3,174</u>	<u>113,565</u>	<u>–</u>	<u>806,389</u>
Interest income						31,757	31,757
Other corporate income						693	693
Depreciation and amortisation						(50,248)	(50,248)
Finance costs						(85,043)	(85,043)
Other corporate expenses						(87,919)	(87,919)
Profit before taxation							615,629
Income tax expense							<u>(151,469)</u>
Profit for the year							<u>464,160</u>
As at 31 December 2022							
Reportable segment assets	<u>54,508</u>	<u>3,541,490</u>	<u>43,380</u>	<u>2,278</u>	<u>705,921</u>	<u>2,022,944</u>	<u>6,370,521</u>
Reportable segment liabilities	<u>101,620</u>	<u>1,731,280</u>	<u>4,283</u>	<u>12,391</u>	<u>16,544</u>	<u>2,266,813</u>	<u>4,132,931</u>

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.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC, excluding the SARs	9,015,260	5,517,101
Republic of Indonesia	1,257,923	1,591,399
Hong Kong	308,087	79,457
Brazil	276,339	171,340
Socialist Republic of Vietnam	179,030	292,111
Arab Republic of Egypt	154,265	80,085
Republic of the Philippines	152,469	199,912
Others	492,848	392,800
	<u>11,836,221</u>	<u>8,324,205</u>

The following table sets out information on the geographical location of the Group's property, plant and equipment, intangible assets, and goodwill ("**specified non-current assets**"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	8,564	18,701
Brazil	378,939	398,949
	<u>387,503</u>	<u>417,650</u>

5 OTHER INCOME, NET

	2023	2022
	HK\$'000	HK\$'000
Net exchange (losses)/gains	(8,064)	11,541
Interest income	99,181	31,757
Government grant (<i>note</i>)	–	568
Others	–	125
	<u>91,117</u>	<u>43,991</u>

Note: In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region Government. There was no such government subsidy for the year ended 31 December 2023.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2023	2022
	HK\$'000	HK\$'000
Interest on bank borrowings	154,246	78,964
Interest on lease liabilities	393	730
Interest accrued on provision	116	116
Other finance cost	12,641	5,233
	<u>167,396</u>	<u>85,043</u>

(b) Staff costs (including directors' emoluments)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, wages and other benefits	100,216	100,718
Contributions to defined contribution retirement plans	<u>2,591</u>	<u>2,387</u>
	<u><u>102,807</u></u>	<u><u>103,105</u></u>

The Group operates a Mandatory Provident Fund Scheme (“**the MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

In addition, as stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by the municipal government of Beijing for its staff. The Group is required to make contributions to such retirement plans. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

Furthermore, the Group’s Brazilian subsidiaries offer a defined contribution pension plan to their employees. They have no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The payments to defined contribution pension plans are recognised as expenses when the services that grant right to these payments are rendered. The Group’s portion may correspond to up to 250% of the contribution made by the employee, according to a scale of age and salary bands that vary from 1% to 6% of the employee’s compensation. Contributions to the plan vest immediately.

(c) Other items

	2023 HK\$'000	2022 HK\$'000
Depreciation		
– owned property and equipment	9,760	9,731
– right-of-use assets	<u>10,229</u>	<u>9,589</u>
	<u>19,989</u>	<u>19,320</u>
Auditors' remuneration		
– audit services	2,182	3,060
– other services	<u>604</u>	<u>310</u>
	<u>2,786</u>	<u>3,370</u>
Amortisation of intangible assets	31,063	30,928
Expense related to short-term lease	3,314	460
Impairment losses recognised/(reversed) on trade and other receivables	2,896	(278)
Cost of inventories [#]	<u>10,694,104</u>	<u>7,480,270</u>

[#] *Cost of inventories includes approximately HK\$53,998,000 (2022: approximately HK\$45,401,000) relating to staff costs, depreciation and amortisation expenses, which total amount is also included in the respective total amounts disclosed separately above or in note 6(c) for each of these types of expenses.*

7 INCOME TAX

(a) Income tax in the statement of profit or loss and other comprehensive income represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	100,127	50,770
Current tax – Overseas		
Provision for the year	140,584	124,648
Deferred tax		
Origination and reversal of temporary difference (<i>note 7(d)</i>)	<u>(74,025)</u>	<u>(23,949)</u>
	<u>166,686</u>	<u>151,469</u>

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. The Group is not eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2023 and 2022 as this concession has been taken elsewhere in the larger group to which the Group belongs.

The provision for Hong Kong Profits Tax for 2023 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK\$6,000 for each business (2022: a maximum reduction of HK\$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2022).

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 2023 and 2022.

(b) Reconciliation between tax expense and accounting profit at an applicable tax rate:

	2023	2022
	HK\$'000	HK\$'000
Profit before taxation	<u>859,059</u>	<u>615,629</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	188,912	147,932
Tax effect of non-deductible expenses	4,080	7,681
Tax effect of non-taxable income	(26,214)	(8,681)
Tax effect of unused tax loss not recognised	1,581	6,443
Others	<u>(1,673)</u>	<u>(1,906)</u>
	<u>166,686</u>	<u>151,469</u>

The Group has not recognised deferred tax assets in respect of tax loss of approximately HK\$35,553,000 (2022: approximately HK\$38,476,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax loss does not expire under current legislation.

(c) Current tax payable/(recoverable) in the consolidated statement of financial position represents:

	2023	2022
	HK\$'000	HK\$'000
Provision for Hong Kong Profits Tax for the year	100,127	50,770
Provisional Hong Kong Profits Tax paid	<u>(51,011)</u>	<u>(52,304)</u>
	49,116	(1,534)
Balance of Hong Kong Profit Tax provision relating to prior years	<u>(666)</u>	<u>(431)</u>
Balance of profit tax in Hong Kong	48,450	(1,965)
Balance of tax in Brazil	<u>18,552</u>	<u>40,784</u>
	<u>67,002</u>	<u>38,819</u>
Representing		
Current tax recoverable	–	(1,965)
Current tax payable	<u>67,002</u>	<u>40,784</u>
	<u>67,002</u>	<u>38,819</u>

(d) **Deferred tax assets and liabilities recognised:**

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from	Unrealised profits <i>HK\$'000</i>	Fair value adjustments in relation to business combination <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2022	(11,947)	68,301	7,886	64,240
Charged/(credited) to profit or loss (<i>note 7(a)</i>)	3,466	(10,656)	(16,759)	(23,949)
As at 31 December 2022 and 1 January 2023	(8,481)	57,645	(8,873)	40,291
Credited to profit or loss (<i>note 7(a)</i>)	(16,599)	(10,692)	(46,734)	(74,025)
As at 31 December 2023	(25,080)	46,953	(55,607)	(33,734)

(ii) *Reconciliation to the consolidated statement of financial position*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net deferred tax assets in the consolidated statement of financial position	80,687	8,481
Net deferred tax liabilities in the consolidated statement of financial position	(46,953)	(48,772)
	33,734	(40,291)

(e) **Pillar Two income tax**

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK32 cents (2022: HK20 cents) per ordinary share	<u>221,338</u>	<u>138,336</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK20 cents per ordinary share (2022: HK17 cents)	<u>138,336</u>	<u>117,586</u>

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK\$598,773,000 (2022: approximately HK\$374,905,000) and the weighted average of 691,680,000 ordinary shares in issue during the year ended 31 December 2023 (2022: 691,680,000 shares).

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

	2023	2022
	HK\$'000	HK\$'000
Trade receivables	513,257	1,378,793
Bills receivable	2,496	2,714
	515,753	1,381,507
Deposits, prepayments and other receivables	189,991	76,264
Advances to producers	185,848	141,845
VAT recoverable	75,007	48,382
	966,599	1,647,998
Represented by:		
– Current portion	908,006	1,603,688
– Non-current portion	58,593	44,310
	966,599	1,647,998

Apart from other tax recoverable and 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 infrastructure. The recovery of these advances may be renegotiated for future harvests due to specific situations 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	220,842	167,241
31 to 90 days	77,207	999,542
Over 90 days	217,704	214,724
	<u>515,753</u>	<u>1,381,507</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not past due	253,385	1,290,410
Past due 1 to 30 days	39,808	53,549
Past due 31 to 90 days	125,720	35,526
Past due over 90 days	96,840	2,022
	<u>515,753</u>	<u>1,381,507</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	1,232,557	1,815,743
Contract liabilities	29,262	27,930
Dividends payable to non-controlling interests	53,618	50,964
Other payables and accruals	<u>122,661</u>	<u>33,873</u>
Financial liabilities measured at amortised cost	1,438,098	1,928,510
Financial guarantees issued	<u>—</u>	<u>813</u>
	<u>1,438,098</u>	<u>1,929,323</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	626,348	384,964
31 to 90 days	330,714	1,123,841
Over 90 days	<u>275,495</u>	<u>306,938</u>
	<u>1,232,557</u>	<u>1,815,743</u>

Certain producers of CBT obtained financing from financial institutions under the rural credit policies that are implemented through a system managed by the Central Bank of Brazil (Banco Central do Brasil). CBT issued guarantees to these financial institutions with respect to the financing they provided to such producers. As at 31 December 2023, there is no guarantee issued by CBT with respect to such financing (31 December 2022: maximum guaranteed amount of approximately US\$9,101,000 (equivalent to approximately HK\$70,987,000)).

The Group requires advance from certain customers when they place the purchase orders which are recognised as contract liabilities until the control over underlying goods has been transferred. For the years ended 31 December 2023 and 2022, all the opening contract liabilities have been recognised as revenue during the year.

In the ordinary course of business, the Group may receive quality claims made by the end customers from time to time. As at 31 December 2023 and 2022, management believes such quality claims will not have a material adverse effect on the financial performance of the Group.

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, despite the world continued to see a weak recovery of the economy and persisting geopolitical conflicts, the Group committed to strategically positioning itself as a “capital markets operation and international business expansion platform” and took a combination of measures to successively achieve a consistent substantial growth in our operating results. For the Tobacco Leaf Products Import Business, we have leveraged the rebound in international shipping capacity after the lifting of pandemic restrictions to improve our supply chain efficiency and ensure the timely delivery of tobacco leaves. Furthermore, we conducted extensive research on the supply and demand of tobacco leaves and analysed market conditions in major tobacco leaf regions. Subsequently, we implemented a quality-driven pricing incentive mechanism that offered favorable price for tobacco leaves of superior quality, aiming to motivate suppliers to improve the overall quality of their tobacco leaves, which enhanced the operational sustainability of the tobacco industry chain. For the Tobacco Leaf Products Export Business, we have explored our markets beyond Southeast Asia, Hong Kong, Macau and Taiwan, and expanded our sales channels. Additionally, we entered into long-term supply mechanisms with major customers and suppliers to strengthen the resilience of the supply chain. We have seized the upward trend of the changes in the supply and demand in the international tobacco leaf market to improve the profitability of our business. For the Cigarettes Export Business, in order to ensure the timely delivery of our cigarette products, the Group has proactively seized the opportunities of market recovery following the resumption of normal travel to coordinate clients and suppliers by streamlining and optimising the rapid response mechanism of production, supply and sales. We also deeply cultivated cigar niche markets by promoting the full coverage of Chinese cigars to all duty-free channels in the areas within the borders, but outside the customs areas, of the PRC, and realising sales of the Chinese “Great Wall” Cigar in Hong Kong duty-paid market. Lastly, the profitability of our business has been improved by optimising our product portfolio, expediting the introduction of new products, and enriching product specifications. In respect of the New Tobacco Products Export Business, the Group has enhanced its monitoring and research efforts on global market trends, with a specific focus on expanding key markets and expediting the development of new markets. This strategic approach aims to drive new product enhancements and iterations while actively refining the supply chain model. As a result, the Group has witnessed an improvement in market responsiveness, leading to increased sales volume for our products. Besides, in order to safeguard the intellectual property rights of our self-owned brands, we have been diligently undertaking the registration of our global trademarks. For Brazil Operation Business, we have proactively controlled procurement costs, ensured the quality of our supplies, and strengthened our efforts in expanding the sales channels beyond China. In terms of capital operation, the Group strengthened communication and cooperation with multinational tobacco enterprises and focused on identifying high-quality potential M&A targets globally. In terms of operation management, the Group continued to implement “Lean Management” to effectively reduce operating cost ratio and enhance capital efficiency. With the aim to build a professional and market-oriented talent team equipped with international perspectives, we optimised team allocation and strengthened comprehensive staff training. Meanwhile, we have optimised internal systems and reinforced risk management control by organising professional training such as connected transactions and disclosure of inside information. As a result, our employees’ compliance awareness has been raised. In terms of social responsibility, we established volunteer teams to organise community visits, tree planting and coastal clean-up activities, building up a positive image of the Group.

BUSINESS OPERATION REVIEW

Core Businesses

Tobacco Leaf Products Import Business

For the year ended 31 December 2023, the import volume of tobacco leaf products of the Group reached 117,216 tons, representing an increase of 25,252 tons or 27% on a year-on-year basis. The operating revenue reached HK\$8,079.0 million, representing an increase of HK\$2,654.3 million or 49% on a year-on-year basis. The gross profit reached HK\$732.4 million, representing an increase of HK\$111.3 million or 18% on a year-on-year basis. The significant year-on-year increase was mainly attributable to: (1) a substantial increase in revenue and gross profit as tobacco leaves which had experienced shipment delays due to the pandemic, arrived at the ports during this year; and (2) an increase in the overall unit sale price of imported tobacco leaf products during this year as compared to last year.

Tobacco Leaf Products Export Business

For the year ended 31 December 2023, the export volume of tobacco leaf products of the Group reached 70,509 tons, representing a decrease of 25,022 tons or 26% on a year-on-year basis. The operating revenue reached HK\$1,652.2 million, representing a decrease of HK\$470.1 million or 22% on a year-on-year basis. The gross profit reached HK\$45.1 million, representing a decrease of HK\$10.5 million or 19% on a year-on-year basis. The decline in the Group's results was mainly because: (1) the existing supplies of marketable tobacco leaves decreased; and (2) the continuous rise in cigarette tax and the tightening smoking control measures in major exporting regions have resulted in a reduced demand for tobacco leaves from manufacturers.

Cigarettes Export Business

For the year ended 31 December 2023, the export volume of cigarettes of the Group reached 2,803,867 thousand sticks, representing an increase of 2,420,560 thousand sticks or 631% on a year-on-year basis. The operating revenue reached HK\$1,208.7 million, representing an increase of HK\$1,084.9 million or 876% on a year-on-year basis. The gross profit reached HK\$164.0 million, representing an increase of HK\$151.1 million or 1,167% on a year-on-year basis. The significant growth in results was mainly due to: (1) the significant growth in sales volume driven by the rapid recovery of our business as a result of increasing consumer traffic of duty-free outlets within the Group's operational regions; (2) the enhancement of our Cigarettes Export Business by actively expanding our business scope, introducing new distributors, increasing market coverage and elevating the impetus for business growth; and (3) the continuous efforts in enriching product portfolio, strengthening the introduction of new products, and increasing the share of proprietary business, in order to drive gross profit growth.

New Tobacco Products Export Business

For the year ended 31 December 2023, the export volume of new tobacco products of the Group reached 677,310 thousand sticks, representing an increase of 174,920 thousand sticks or 35% on a year-on-year basis. The operating revenue reached HK\$130.0 million, representing an increase of HK\$19.8 million or 18% on a year-on-year basis. The gross profit reached HK\$5.7 million, representing an increase of HK\$2.5 million or 80% on a year-on-year basis. The growth in results was mainly due to: (1) the increase of customers' orders resulting from strengthening the expansion of international market channels and customers and seizing the growth opportunities in emerging markets; (2) strengthening the connection among production, supply and sales to develop competitive products in response to diversified target market demands; and (3) the on-going diversification of our product portfolio and the optimisation in the product structure, which drives the improvement of gross profit.

Brazil Operation Business

For the year ended 31 December 2023, the export volume of tobacco leaf products to areas outside China from CBT, a non-wholly-owned subsidiary of CTIB, reached 32,396 tons, representing an increase of 3,149 tons or 11% on a year-on-year basis. The operating revenue reached HK\$766.3 million, representing an increase of HK\$223.1 million or 41% on a year-on-year basis. The gross profit was HK\$141.0 million, representing an increase of HK\$27.5 million or 24% on a year-on-year basis. The increase in results was mainly due to: (1) timing of shipment which led to a significant year-on-year increase in the sales volume of tobacco leaf by-products with higher gross profit level; and (2) price increase of finished tobacco strips produced in the 2022 tobacco season and sold to regions outside China, which exceeded the cost increase during this year, increasing the gross profit amount.

PROSPECTS FOR 2024

In 2024, despite a growingly intricate and demanding external environment, the Group will persist in implementing the two-pronged strategy of “organic and inorganic growth” to intensify our distinctive advantages and enhance our resilience. We prioritize the following areas in our efforts to:

- Focus on the strategic objectives of “constructing the capital operation platform and developing innovative business”. We will continuously explore opportunities to identify high-quality M&A targets for the purpose of leveraging the synergies that arise through the integration of the entire industry chain.
- Proactively explore new markets, innovate business models and expand supply and sales channels, to create new opportunities for various business growth.
- Seize the opportunities of increasing cigar leaf demand in Chinese Mainland and optimise the procurement mode of cigar leaves, to consistently enhance sales volume and gross profit.
- Seize the trend in the supply and demand in the international tobacco leaf market, strengthen pricing capabilities, stabilise the supply of Tobacco Leaf Products Import Business and increase the profitability of Tobacco Leaf Products Export Business; establish traceable system for CBT's tobacco leaf products to broaden non-Chinese market channels for CBT.

- Enhance the Group’s gross profit level by initiatively exploring the development mode of the duty-paid cigarette business and expediting the introduction of new products to expand the scale of our proprietary business.
- Amplify the sales volume of new tobacco products by continuously expediting research and development, iterations and upgrades of our products, while emphasizing brand cultivation and new market channels expansion.
- Bolster the Group’s internal control system, refine human resources management, elevate the Group’s ESG governance level, prioritise financing cost control, and emphasize treasury lean management to enhance the Group’s overall operational quality.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit

For the year ended 31 December 2023, the Group’s revenue increased by 42% to HK\$11,836.2 million (2022: HK\$8,324.2 million) as compared with the same period in 2022, costs increased by 43% to HK\$10,747.9 million (2022: HK\$7,517.8 million) as compared with the same period in 2022, and gross profit increased by 35% to HK\$1,088.3 million (2022: HK\$806.4 million) as compared with the same period in 2022. The increase in overall financial performance of the Group was mainly driven by the growth in the Tobacco Leaf Products Import business, Cigarettes Export Business and Brazil Operation Business.

Other Income, Net

For the year ended 31 December 2023, the Group’s other income (net) increased by 107% to HK\$91.1 million (2022: other income (net) of HK\$44.0 million) as compared with the same period in 2022, which was mainly due to: (1) a significant increase in interest income driven by a higher benchmark interest rate for U.S. dollar and an increase in short-term bank deposits; and (2) a shift from exchange gains in the same period of 2022 to exchange losses, partially offsetting the increase in interest income.

Administrative and Other Operating Expenses

For the year ended 31 December 2023, the Group’s administrative and other operating expenses increased by 2% to HK\$153.0 million (2022: HK\$149.7 million) as compared with the same period in 2022. The year-on-year growth in administrative and other operating expenses remained relatively stable, while the Group’s revenue and profit for the year experienced a substantial increase, which was primarily attributed to the Group’s effective cost management and optimisation of expenditure structure.

Finance costs

For the year ended 31 December 2023, the Group's finance costs increased by 97% to HK\$167.4 million (2022: HK\$85.0 million) as compared with the same period in 2022. The expenses were primarily interest on bank borrowings and other finance costs. The significant increase in finance costs was mainly due to the increase of CBT bank borrowings balance and bank borrowings interest rates.

Profit and Total Comprehensive Income for the Year

For the year ended 31 December 2023, profit for the year attributable to equity shareholders of the Company increased by 60% to HK\$598.8 million (2022: HK\$374.9 million) as compared with the same period in 2022. The Group's profit for the year increased by 49% to HK\$692.4 million (2022: HK\$464.2 million) as compared to the same period in 2022. The year-on-year increase in profit for the year attributable to equity shareholders of the Company and the Group's profit for the year was mainly driven by the growth in the Tobacco Leaf Products Import Business, the Cigarettes Export Business, Brazil Operation Business and interest income.

Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Group of HK\$598.8 million (2022: HK\$374.9 million) and the weighted average of 691,680,000 ordinary shares (2022: 691,680,000 shares) in issue during the year ended 31 December 2023. For the year ended 31 December 2023, the Group's earnings per Share were HK\$0.87 (for the year ended 31 December 2022: HK\$0.54).

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

Net Current Assets

As at 31 December 2023, net current assets of the Group amounted to HK\$2,216.0 million (as at 31 December 2022: HK\$1,824.1 million).

Significant Investments

During the year ended 31 December 2023, the Group did not have any significant investments.

Material Acquisition and Disposal

The Group did not conduct any material acquisition or disposal of any subsidiary, associate or joint venture during the year ended 31 December 2023.

Capital Expenditures

Save as disclosed in this results announcement, at 31 December 2023, the Group had no plan relating to material investments and capital assets.

INDEBTEDNESS

Borrowings

As at 31 December 2023, all of the bank borrowings were unsecured, carried at amortised cost and expected to be settled within one year. All of the bank borrowings borne fixed interest and the weighted average interest rates were 7.58% per annum (as at 31 December 2022: 4.75%).

Exposure to Fluctuations in Exchange Rates

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in Real. 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.

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (as at 31 December 2022: nil).

Pledge of Assets

As at 31 December 2023, the Group did not pledge any assets (as at 31 December 2022: nil).

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2023, total assets of the Group amounted to HK\$6,740.4 million (as at 31 December 2022: HK\$6,370.5 million) and cash and cash equivalents and short-term bank deposits of HK\$2,332.0 million (as at 31 December 2022: HK\$1,785.1 million). The Board is of the opinion that the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures. As at 31 December 2023, total liabilities of the Group amounted to HK\$4,045.1 million (as at 31 December 2022: HK\$4,132.9 million).

As at 31 December 2023, the Group had a gearing ratio (being borrowings and lease liabilities divided by total equity) of 0.92 (as at 31 December 2022: 0.94).

As at 31 December 2023, the Group had a current ratio (being current assets divided by the current liabilities) of 1.55 (as at 31 December 2022: 1.45).

EMPLOYEES

As at 31 December 2023, the Group had 42 (as at 31 December 2022: 31) employees in Hong Kong and 239 (as at 31 December 2022: 214) employees (excluding seasonal workers) in Brazil. For the year ended 31 December 2023, the staff cost incurred by the Group amounted to HK\$102.8 million (2022: HK\$103.1 million).

The Group strives 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 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 places a strong focus on providing practical training by coordinating resources. Our General Manager takes responsibility for employee orientation, while the management team and department heads deliver briefings on relevant businesses. Each department organises tailor-made training sessions based on its functions and specific needs. Throughout the year, an extensive variety of training programs have been conducted, covering areas such as new employee onboarding, core business introduction, tobacco industry trends, listing compliance, internal regulations and procedures, utilisation of professional tools and systems, information security, and analysis of industry dynamics and trends.

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 were 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 the 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 and the announcement of the Company dated 28 June 2023 in relation to update on expected timeline for use of proceeds.

The use of Net Proceeds during the period from the Listing Date up to 31 December 2023 and the expected timeline of the unutilised amount of the Net Proceeds are set out as follows:

Use of Net Proceeds	Approximate percentage of total amount	Actual amount of Net Proceeds (HK\$ million)	Amount		Unutilised amount as at 31 December 2023 (HK\$ million)	Expected timeline
			Unutilised amount as at 1 January 2023 (HK\$ million)	utilised during the year ended 31 December 2023 (HK\$ million)		
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	174.9	3.4	171.5	Remainder to be utilised by 30 June 2025.
Strategic business cooperation with other international tobacco companies, including to jointly explore and develop emerging tobacco markets	20%	180.8	180.6	0.5	180.1	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	22.5	6.6	15.9	Remainder to be utilised by 30 June 2025.
Total	100%	904.0	459.4	10.5	448.9	

Note: The expected timeline for utilization 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.

During the year ended 31 December 2023, the Group did not issue any equity securities (including securities convertible into equity securities) or debentures.

PROPOSED FINAL DIVIDEND

The Board recommends a final dividend of HK\$0.32 per Share for the year ended 31 December 2023 (2022: HK\$0.20 per Share), payable in Hong Kong dollars subject to the Shareholders' approval at the AGM. As at the date of this announcement, the Company has 691,680,000 Shares in issue. Based on the number of issued Shares as at the date of this announcement, the final dividend, if declared and paid, will amount to an aggregate amount of approximately HK\$221,338,000.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final 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 Wednesday, 22 May 2024. The final dividend is expected to be paid on or about Friday, 14 June 2024 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2024.

OTHER INFORMATION

Annual General Meeting

The AGM will be held on Friday, 17 May 2024. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 13 May 2024 to Friday, 17 May 2024, both dates inclusive, during which period no transfer of its Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of its Shares shall ensure that all transfer documents 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 May 2024.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards. For the year ended 31 December 2023, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2023.

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 enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

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

During the year ended 31 December 2023, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chow Siu Lui, Mr. Wang Xinhua and Mr. Chau Kwok Keung. The chairman of the Audit Committee is Mr. Chow Siu Lui.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023. Based on its review and discussions with management, the Audit Committee was satisfied that the annual results were prepared in accordance with applicable accounting standards and fairly present the Group's consolidated financial position and results for the year ended 31 December 2023.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The financial figures in this announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Company's independent auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's independent auditor.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, there is no major event after 31 December 2023 that is required to be disclosed by the Company.

PUBLICATION OF 2023 ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <http://www.ctihk.com.hk>. The annual report of the Company for the year ended 31 December 2023 will be despatched to the Shareholders and be available on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“AGM”	the annual general meeting of the Company;
“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“CBT”	China Brasil Tabacos Exportadora S.A., a company incorporated in Brazil on 15 September 2011 with limited liability;
“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”, “we” or “our”	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;
“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;

“CTIB Group”	CTIB and its subsidiaries, including CBT;
“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;
“Group”	the Company and its subsidiaries;
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	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, 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;
“Prospectus”	the prospectus dated 28 May 2019 issued by the Company;
“Real”	Brazilian real, the lawful currency of Brazil;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S. dollars”	United States dollars, the lawful currency of the United States of America; and
“%”	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
SHAO Yan
Chairman

Hong Kong, 8 March 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. Chau Kwok Keung and Mr. Qian Yi as independent non-executive Directors.