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

聚焦 聚力 聚心

CONCENTRATION
COHESION
COMMITMENT

2026
INTERIM REPORT

CONTENTS

Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set forth below.

"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 the relevant counterparties in the procurement transactions in the Tobacco Leaf Products Import Business, 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, 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 17 November 2021;
"Acquisition"	an acquisition by the Company of the entire issued and outstanding quotas of CTIB from CTIG pursuant to the terms and conditions of the Quota Purchase Agreement dated 23 September 2021 entered into by the Company and CTIG;
"Agency Business in the Sales of Tobacco Leaf Products"	the Group's agency business whereby the Group acts as an agent in certain sale transactions of tobacco leaf products as part of the Tobacco Leaf Products Export Business;
"AGM"	annual general meeting of the Company;
"Alliance One Brazil"	Alliance One Brasil Exportadora de Tabacos Ltda., a company incorporated in Brazil on 28 October 1971 with limited liability;
"Alliance One Group"	Alliance One International and its subsidiaries, including Alliance One Brazil;
"Alliance One International"	Alliance One International, LLC, a company organized under the laws of the State of North Carolina, United States in August 2018;
"Audit Committee"	the audit committee of the Board;
"Board" or "Board of Directors"	the board of Directors of the Company;
"CBT"	China Brasil Tabacos Exportadora S.A., a company incorporated in Brazil on 15 September 2011 with limited liability and owned as to 51% by CTIB and 49% by Alliance One Brazil;
"China" or "PRC"	the People's Republic of China;
"China Tobacco" or "CNTC Group"	CNTC and its subsidiaries;
"Chinese Mainland"	PRC excluding Hong Kong, Macau 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;

* *is for identification only.*

Definitions (Continued)

"Company" or "CTIHK"	China Tobacco International (HK) Company Limited (中煙國際(香港)有限公司), stock code: 6055, a company incorporated in Hong Kong with limited liability;
"Connected Transactions Control Committee"	the connected transactions control committee of the Board;
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
"CTI"	China Tobacco International Inc.* (中國煙草國際有限公司), a company incorporated with limited liability in the PRC on 6 November 1984 and a wholly-owned subsidiary of CNTC;
"CTI Argentina"	China Tobacco International Argentina S.A., a company incorporated in Argentina on 11 November 2009 and one of the Company's overseas suppliers. CTI Argentina is an indirectly wholly-owned subsidiary of CNTC and a connected person of the Company;
"CTI North America"	China Tobacco International (North America), Inc., a company incorporated in the State of North Carolina, United States and an indirectly wholly-owned subsidiary of CNTC;
"CTIB"	China Tabaco Internacional do Brasil Ltda., a company incorporated in Brazil on 6 June 2002 with limited liability;
"CTIG"	China Tobacco International Group Limited (中煙國際集團有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company;
"Directors"	the directors of the Company;
"EGM"	an extraordinary general meeting of the Company;
"ESG"	Environmental, Social and Governance;
"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;
"Group", "we" or "our"	the Company and its subsidiaries;
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;

Definitions (Continued)

"Latest Practicable Date"	4 September 2026, being the latest practicable date prior to the bulk printing and publication of this interim report;
"Leaf Trading"	Leaf Trading Company Limited LLC, a company incorporated under the laws of Russia in 2000;
"Leaf Trading Framework Tobacco Sales Agreement"	the framework agreement dated 27 January 2026 in relation to the continuing connected transactions for the sale of tobacco entered into between the Company and Leaf Trading;
"Listing Date"	12 June 2019, the date on which the Shares were listed on the Main Board of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented or otherwise modified from time to time;
"Macau"	the Macau Special Administrative Region of the PRC;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules;
"New Designated Regions for Cigarettes"	areas other than (i) Exclusive Operating Regions for Cigarettes; and (ii) the Chinese Mainland;
"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;
"Nomination Committee"	the nomination committee of the Board;
"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 Supply Framework Agreements"	the Offshore Tobacco Leaf Products Long-Term Supply Framework Agreements entered into between the Company, on one hand, and each of CBT, CTI North America and CTI Argentina, on the other hand, as of 28 November 2018;
"Prospectus"	the prospectus dated 28 May 2019 issued by the Company;
"Pyxus"	Pyxus International, Inc. (formerly known as and successor of Alliance One International Inc.), a company incorporated under the laws of the State of Virginia, United States in August 2020 and trading on the New York OTC Market (OTC: PYYX);

Definitions (Continued)

"R$" or "Real"	Brazilian real, the lawful currency of Brazil;
"Remuneration Committee"	the remuneration committee of the Board;
"Reporting Period"	the six months ended 30 June 2026;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Share(s)"	ordinary share(s) of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"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;
"Strategic Development Committee"	the strategic development committee of the Board;
"Taiwan"	The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu;
"Tobacco Leaf Products Export Agency Agreements"	the 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 as of 21 December 2018;
"U.S. dollars"	United States dollars, the lawful currency of the United States of America;
"United States"	the United States of America; and
"%"	percent.

Company Profile

(as of the Latest Practicable Date)

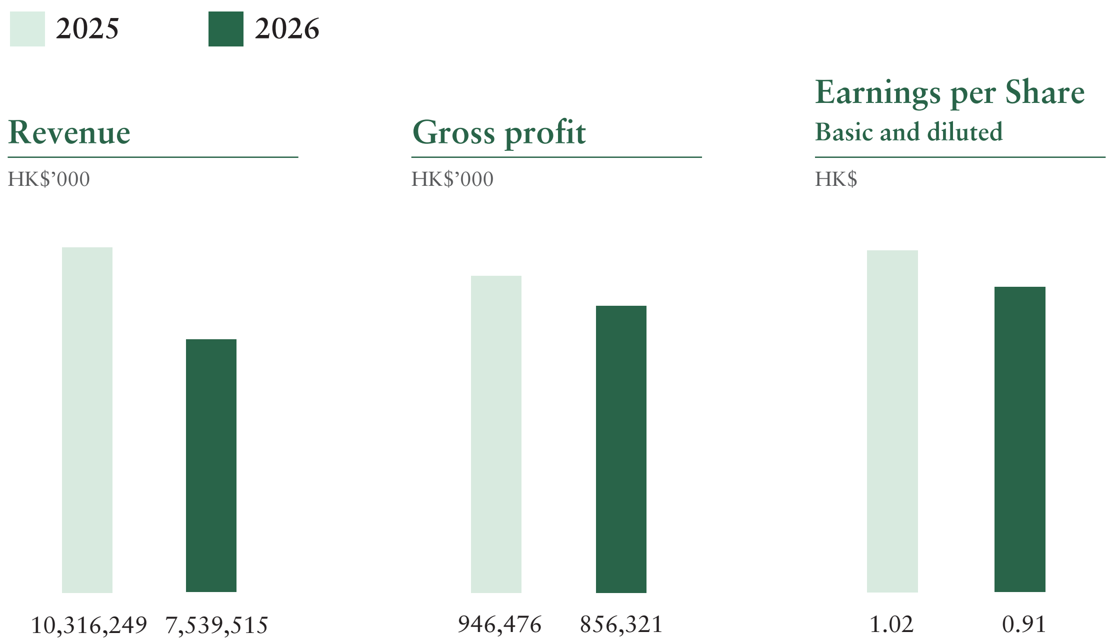
Name in Chinese:	中煙國際(香港)有限公司
Name in English:	China Tobacco International (HK) Company Limited
Executive Directors:	DAI Jiahui WANG Chengrui XU Zengyun MAO Zilu
Independent Non-Executive Directors:	CHOW Siu Lui *(Lead Independent Non-Executive Director)* WANG Xinhua QIAN Yi HE Junhua
General Manager:	DAI Jiahui
Company Secretary:	WANG Chengrui
Authorized Representatives:	DAI Jiahui WANG Chengrui
Audit Committee:	CHOW Siu Lui *(Chairman)* WANG Xinhua HE Junhua
Remuneration Committee:	CHOW Siu Lui *(Chairman)* WANG Xinhua
Nomination Committee:	CHOW Siu Lui WANG Xinhua HE Junhua
Connected Transactions Control Committee:	WANG Xinhua *(Chairman)* QIAN Yi HE Junhua DAI Jiahui
Strategic Development Committee:	DAI Jiahui XU Zengyun CHOW Siu Lui

Company Profile (Continued)

(as of the Latest Practicable Date)

Stock Abbreviation Name:	CTIHK
Stock Code:	6055
Headquarters, Registered Office and Principal Place of Business:	Room 1002, 10/F, Tower A, China Life Center, One Harbour Gate, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong
Legal Adviser:	Clifford Chance
Auditor:	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited
Principal Bankers:	Bank of China (Hong Kong) Limited
Company's Website:	www.ctihk.com.hk

Financial Highlights



	For the six months ended 30 June 2026 (unaudited) HK$'000	For the six months ended 30 June 2025 (unaudited) HK$'000	Year-on-year change (%)
Operating Results			
Revenue	**7,539,515**	10,316,249	-26.9
Gross profit	**856,321**	946,476	-9.5
Profit for the period attributable to equity shareholders of the Company	**627,031**	706,353	-11.2
Earnings per Share Basic and diluted (HK$)	**0.91**	1.02	
Interim dividend per Share (HK$)	**0.19**	0.19	
Financial Position			
Cash and cash equivalents and short-term bank deposits	**3,818,512**	3,975,052	-3.9
Net assets	**4,204,923**	3,700,825	13.5
Financial Ratios			
Return of equity	**15.5%**	19.4%	-3.9pp
Current ratio	**1.97**	1.52	45pp

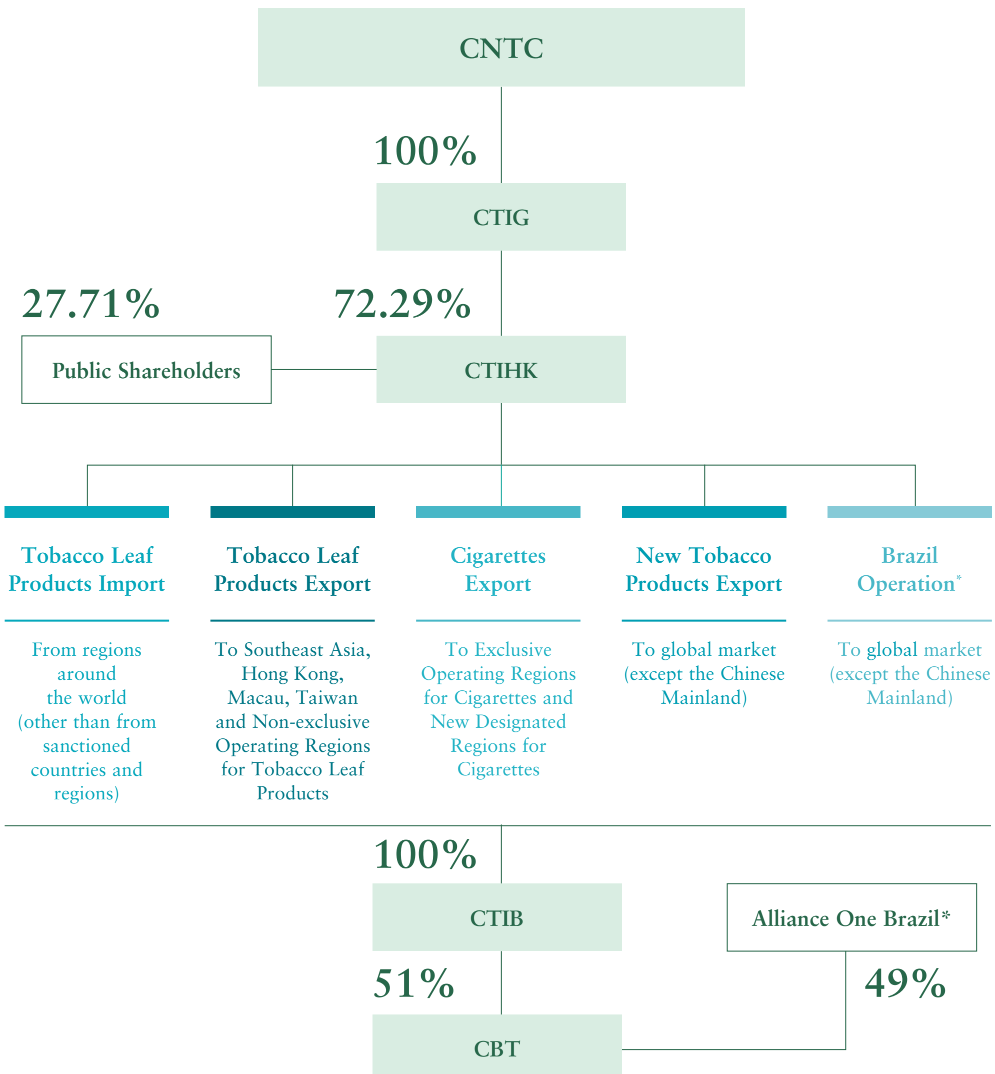
To create returns for our Shareholders and share the results of our operating gains, after giving full consideration to the Group's sound profitability and sufficient cash flow, the Board is pleased to announce that it has resolved to distribute an interim dividend of HK$0.19 per Share, which remains unchanged year-on-year. The Group will continuously create more value for its Shareholders.

Company Introduction and Group Structure

CTIHK was incorporated in Hong Kong in February 2004 and listed on the Stock Exchange in June 2019. Within China Tobacco, CTIHK is currently the sole listed entity mainly carrying out tobacco business. CTIHK has also become a constituent stock of indexes such as Hang Seng Composite Index, Hang Seng Composite Industry Index – Consumer Staples, MSCI China All Shares IMI Index.

Since its listing, CTIHK has concentrated on expanding its international market, continuously tapping into market potential, and striving to enhance the scale and quality of business development. It has focused on corporate governance, continuously promoted board diversity, and constantly improved its corporate governance and risk management systems. Committed to the realization of social value, it has continuously improved shareholder returns and systematically aligned with international standards to develop an ESG system. Currently, CTIHK's business scopes cover new tobacco products, cigarettes, tobacco leaf products, cigars, and other categories, with markets covering more than 50 countries and regions in East Asia, Southeast Asia, North and South America, Central and Eastern Europe. It operates over 20 brands of new tobacco products, over 30 cigarette brands, and over 50 SKUs of cigar.

In the future, CTIHK will continue to adhere to the development philosophy of "respect the market, respect the rules, and respect the investors", continuously cultivate its core business, strive to carry out cross-border mergers and acquisitions, and constantly enhance its market value, making unremitting efforts to build a globally renowned tobacco enterprise with international competitiveness!



* This business segment of Brazil Operation is operated by CBT.

* Alliance One Brazil is an indirectly wholly-owned subsidiary of Pyxus (OTC: PYYX).

* The section in blue represents all the businesses of the Group.

Management Discussion and Analysis

In the first half of 2026, which marked the opening year of the 15th Five-Year Plan, the Group, faced with a complex and volatile business environment, remained committed to its core positioning as a key player in international market expansion and as an investment and financing platform. By focusing closely on its primary responsibilities and core business, the Group made steady progress despite the pressures. The Group recorded cumulative revenue of HK$7.54 billion, representing a year-on-year decrease of 26.9%; and realized the profit attributable to equity shareholders of the Company for the Reporting Period of HK$627.0 million, down by 11.2% year-on-year. The main operational and developmental achievements of the Group in the first half of the year are as follows:

– In terms of Tobacco Leaf Products Import Business, we actively addressed the decline in tobacco leaf import volumes caused by fluctuations in international trade relations and shipping timing, liaised efficiently with all relevant parties in the supply chain, effectively enhancing its resilience and ensuring the orderly arrival of goods. We continued to enhance synergy with our subsidiaries, strengthened regular communication with suppliers, brought quality control processes forward and improved our overall support capabilities.

– In terms of Tobacco Leaf Products Export Business, we swiftly adapted to the supply-and-demand dynamics resulting from consecutive bumper harvests in the international tobacco leaf market, stepped up marketing efforts, accelerated the pace of contracting and shipment timing, and drove a sustained improvement in profitability. We deepened cooperation with key regional customers and major multinational cigarette manufacturers, expanding the scale of our direct-sales customer base. We enhanced the alignment of supply and demand, continued to explore new business models, broadened international sourcing channels, rapidly expanded the scale of operations in non-exclusive operating regions, improved the efficiency of international resource allocation, and consolidated our core competitive advantages.

– In terms of Cigarettes Export Business, we seized the implementation window of the Measures for the Administration of Tobacco Products in Domestic Duty-free Markets* (《境內免稅市場煙草製品管理辦法》), proactively coordinating supply and demand, forecasting requirements in advance to maintain appropriate stock levels, thereby ensuring a smooth business transition. We accelerated negotiations and the signing of direct supply agreements with domestic duty-free retailers, increased the introduction of new products, continued to optimize our product portfolio, and enhanced our overall profit structure.

– In terms of New Tobacco Products Export Business, we proactively addressed multiple challenges, including geopolitical conflicts, increasingly stringent regulations in target markets and instability in supply and demand, whilst striving to minimize the obstacles to market expansion. We guided suppliers to accelerate product iteration and the technological upgrading of production equipment, optimized brand cultivation, consolidated the foundations for market expansion, and fostered resilience for long-term development.

– In terms of Brazil Operations Business, we effectively enhanced our resource integration and allocation capabilities in the Brazilian market by consolidating our high-quality tobacco farmer base, optimizing regional crop layouts, continuously expanding the scale of raw tobacco procurement, and exercising precision control over procurement costs. We continuously refined the development of our sales teams and talent development programmes, steadily expanded our business footprint in non-China markets, maintained and strengthened our high-quality customer base, and comprehensively improved the quality of our customer service.

Management Discussion and Analysis (Continued)

- In terms of operational management, we upheld lean management, promoted integration between business and finance, strengthen cost and expense control, and steadily improve the efficiency of capital utilization. We actively pursued cooperation with banks to effectively reduce CBT loan interest rates. We continuously strengthened system development, and enhanced risk prevention and control mechanisms to ensure sustained high-quality development of the Group.

- In terms of human resource management, we stayed focused on business-oriented approaches and organizational empowerment. We extended our reach to the frontline and engaged closely with operational staff, actively planning pathways to optimize organizational efficiency and driving continuous quality improvements in human resources management. We refined our career development frameworks, unblocked promotion pathways, and optimized our workforce structure. Through diversified training programs and mentorship schemes, we continuously upgraded the comprehensive capabilities of our workforce. Concurrently, we launched a human resources information system to standardize the management and control of core processes. Demonstrating our commitment to corporate social responsibility as a state-owned enterprise, we actively participated in the "Youth Flying High Scheme" university summer internship program, helping Hong Kong youth enhance their employability. Furthermore, focusing on corporate culture, we implemented detailed and practical employee care initiatives to strengthen employees' sense of belonging and team cohesion, building solid internal synergies to support the Group's business expansion and high-quality development.

- In terms of sustainable development, relying on our "GROW" (Green, Responsibility, Optimization, Well-being) sustainability framework, we coordinated with subsidiaries to embed relevant requirements into core business processes, thereby supporting the Group's sustainable business development. We continued to meet the requirements of international assessment frameworks such as the Sustainable Tobacco Program (STP) and Good Agricultural Practices (GAP), thereby effectively expanding our sales volume to major multinational tobacco companies. The effectiveness of our sustainability governance was enhanced and our ESG rating coverage was broadened to include nine renowned domestic and international rating agencies.

BUSINESS OPERATION REVIEW

Core Businesses

Tobacco Leaf Products Import Business

For the six months ended 30 June 2026, the import volume of tobacco leaf products of the Group reached 69,429 tons, representing a decrease of 28,452 tons or 29.1% on a year-on-year basis. The operating revenue reached HK$4,998.8 million, representing a decrease of HK$3,400.1 million or 40.5% on a year-on-year basis. The gross profit reached HK$544.0 million, representing a decrease of HK$143.1 million or 20.8% on a year-on-year basis. The decrease in results was primarily attributable to factors such as international trade relations and shipment timing, which led to a year-on-year decrease in the volume of tobacco leaves imported from regions including the United States during the Reporting Period.

2026 H1

Import volume	Operating revenue
69,429 tons ↓ 29.1%	HK$4,998.8 million ↓ 40.5%

Management Discussion and Analysis (Continued)

Tobacco Leaf Products Export Business

For the six months ended 30 June 2026, the export volume of tobacco leaf products of the Group reached 42,563 tons, representing an increase of 4,087 tons or 10.6% on a year-on-year basis. The operating revenue reached HK$1,764.6 million, representing an increase of HK$608.9 million or 52.7% on a year-on-year basis. The gross profit reached HK$101.4 million, representing an increase of HK$38.2 million or 60.6% on a year-on-year basis. The increase in the results was mainly attributable to: (1) actively expanding new sourcing channels and continuously advancing business development in non-exclusive operating regions, resulting in a year-on-year increase in the export volume of tobacco leaf products; and (2) effectively aligning supply and demand, strengthening value-added service capabilities, which boosted the profitability of the Tobacco Leaf Products Export Business.

2026 H1

Export volume		Operating revenue	
42,563 tons	↑ 10.6%	HK$1,764.6 million	↑ 52.7%

Cigarettes Export Business

For the six months ended 30 June 2026, the export volume of cigarettes of the Group reached 656,303 thousand sticks, representing a decrease of 362,220 thousand sticks or 35.6% on a year-on-year basis. The operating revenue reached HK$412.2 million, representing a decrease of HK$139.6 million or 25.3% on a year-on-year basis. The gross profit reached HK$148.8 million, representing an increase of HK$6.9 million or 4.9% on a year-on-year basis. The decrease in sales volume and revenue was primarily due to the temporary impact from the adjustments to business processes in the domestic duty-free market, which resulted in delays in shipment of cigarettes to the domestic duty-free market. The increase in gross profit was attributable to the continued deepening of direct supply to duty-free retail channels and the ongoing optimization of the product portfolio, alongside the steady expansion of our proprietary business, which significantly enhanced the overall profitability of the Cigarettes Export Business.

2026 H1

Export volume		Operating revenue	
656,303 thousand sticks	↓ 35.6%	HK$412.2 million	↓ 25.3%

Management Discussion and Analysis (Continued)

New Tobacco Products Export Business

For the six months ended 30 June 2026, the export volume of new tobacco products of the Group reached 53,418 thousand sticks, representing a decrease of 27,912 thousand sticks or 34.3% on a year-on-year basis. The operating revenue reached HK$9.8 million, representing a decrease of HK$4.8 million or 32.8% on a year-on-year basis. The gross profit reached HK$0.5 million, representing a decrease of HK$0.3 million or 33.1% on a year-on-year basis. The decrease in the results was primarily attributable to factors such as geopolitical conflicts, increasingly stringent regulations in target markets and instability in supply and demand, which led to a year-on-year decrease in sales volume in key markets.

2026 H1

Export volume	Operating revenue
53,418 thousand sticks ↓ 34.3%	HK$9.8 million ↓ 32.8%

Brazil Operation Business

For the six months ended 30 June 2026, the export volume of tobacco leaf products to areas outside China from CBT, a non-wholly-owned subsidiary of CTIB, reached 12,673 tons, representing an increase of 4,745 tons or 59.9% on a year-on-year basis. The operating revenue reached HK$354.2 million, representing an increase of HK$158.9 million or 81.3% on a year-on-year basis. The gross profit was HK$61.6 million, representing an increase of HK$8.0 million or 15.0% on a year-on-year basis. The increase in results was mainly due to an increase in the volume of tobacco leaf products available for sale during the Reporting Period, driven by an expansion in production scale.

2026 H1

Export volume	Operating revenue
12,673 tons ↑ 59.9%	HK$354.2 million ↑ 81.3%

PROSPECTS FOR THE SECOND HALF OF 2026

In the second half of 2026, we will continue to maintain strategic focus, consolidate the foundations of our development, enhance operational and governance effectiveness, and drive our international business towards higher quality, innovation, and resilient growth, whilst striving to achieve sustainable growth in shareholder value. To achieve these goals, we will prioritize advancement in the following key areas:

– Seizing the opportunities presented by the industry's 15th Five-Year Plan for development and reform, we will leverage our strengths as the principal vehicle for international market expansion and an investment and financing platform. Through a dual-drive strategy combining organic growth and external expansion, we will promote the integration of international business resources and the development of a full industrial chain, explore potential investment opportunities to drive the high-quality development of China Tobacco's overseas operations.

Management Discussion and Analysis (Continued)

– In terms of Tobacco Leaf Products Import and Export Businesses, we will continue to strengthen our capacity for coordinating supply sources and enhancing supply chain resilience to ensure a stable supply and demand. We will optimize business mechanisms as appropriate, continuously enhance our value-added service capabilities, improve our core competitiveness, and actively explore opportunities for business growth and new markets. We will deepen business collaboration with suppliers, key customers and multinational corporations, gain a deeper understanding of customer needs to improve the efficiency of matching supply and demand.

– In terms of Cigarettes Export Business, we will strengthen coordination with duty-free retailers and complete the negotiation and signing of direct supply agreements with domestic duty-free retailers. We will actively seize opportunities during the policy transition period, enhance production and sales collaboration with suppliers and duty-free retailers, shorten stock preparation cycles, accelerate stock turnover, and drive an increase in sales volume. We will continue to expand into new overseas markets and channels for cigars, diversify our product portfolio, and increase both sales volume and profitability.

– In terms of New Tobacco Products Export Business, we will continue to deepen synergy between production and sales to improve supply-demand matching efficiency. We will actively optimize our brand portfolio and product mix, guiding suppliers to accelerate product iteration and upgrades to strengthen core product competitiveness. Focusing on core markets, we will explore new operational models, precisely allocate marketing resources, and continuously enhance the market influence of key brands.

– In terms of Brazil Operation Business, we will adhere to applying the "three enhancements and one control" development approach across all stages of tobacco leaf production and sales. We will continue to optimize raw tobacco procurement areas, secure a stable supply of raw tobacco, and enhance quality control standards. We will steadily expand our sales network to customers outside China, continue to build a positive brand reputation, and enhance our brand image. We will strictly control all tobacco leaf operating costs to achieve cost reductions and efficiency gains. We will closely monitor the impact of extreme El Niño weather conditions on tobacco-growing regions, deploying response measures in advance to safeguard the stable operation of CBT.

– In terms of operational management, we will strengthen the development of middle and back office management systems and continue to refine management systems and workflows, deepen the implementation of digital transformation, broaden the scope of digitalization, and use digitalization to drive the standardization of corporate management processes, the formalization of operations and the transition to paperless offices, thereby providing a solid foundation for enhancing corporate governance effectiveness and the quality of scientific decision-making. We will improve financial analysis and forecasting capabilities and further enhance capital management and risk control. Besides, internal control mechanisms will be further refined to enhance our risk prevention capacities. We will systematically improve the standard of human resources management, continuously optimize employee career development plans, and refine performance appraisal and incentive mechanisms to cultivate talent momentum for the Company's long-term development.

Management Discussion and Analysis (Continued)

– In terms of sustainable development, we will further refine our sustainable development strategy and improve the sustainable development evaluation mechanism guided by the ESG development index. In accordance with the requirements of the STP assessment framework, we will collaborate with upstream suppliers to implement supply chain management, proactively meet customers' sustainability eligibility criteria, and enable the sustainable growth of our core business. We will actively promote internal emissions and carbon reduction and work with upstream and downstream partners to establish a green and low-carbon value chain. We will uphold a people-centred approach, caring for the health and development of our employees. We will fulfil our corporate social responsibility to create shared value.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit

For the six months ended 30 June 2026, the Group's revenue decreased by 26.9% to HK$7,539.5 million (six months ended 30 June 2025: HK$10,316.2 million) as compared with the same period in 2025, cost of sales decreased by 28.7% to HK$6,683.2 million (six months ended 30 June 2025: HK$9,369.8 million) as compared with the same period in 2025, and gross profit decreased by 9.5% to HK$856.3 million (six months ended 30 June 2025: HK$946.5 million) as compared with the same period in 2025. The decrease in the revenue of the Group was mainly driven by the decrease in the Tobacco Leaf Products Import Business and the Cigarettes Export Business, which partially offset by significant increase in the Tobacco Leaf Products Export Business and Brazil Operation Business. The decrease in the gross profit of the Group was mainly driven by the decrease in the Tobacco Leaf Products Import Business.

2026 H1

Revenue

HK$7,539.5 million ↓ 26.9%

Other Income, Net

For the six months ended 30 June 2026, the Group's other income, net increased by 33.9% to HK$96.4 million (six months ended 30 June 2025: HK$72.0 million) as compared with the same period in 2025, which was mainly due to increase in exchange gain driven by appreciation of Real.

Administrative and Other Operating Expenses

For the six months ended 30 June 2026, the Group's administrative and other operating expenses increased by 4.4% to HK$82.9 million (six months ended 30 June 2025: HK$79.5 million) as compared with the same period in 2025, which included staff cost of HK$34.5 million, depreciation and amortisation of intangible assets of HK$22.4 million and professional fees of HK$5.5 million. The increase in administrative and other operating expenses was mainly due to expansion of the Group's business activities.

Finance Costs

For the six months ended 30 June 2026, the Group's finance costs decreased by 3.3% to HK$80.1 million (six months ended 30 June 2025: HK$82.9 million) as compared with the same period in 2025. The expenses were primarily interest on bank borrowings. The decrease in finance costs was mainly due to the decrease of CBT bank borrowings balance and the bank borrowings interest rates.

2026 H1

Finance costs

HK$80.1 million ↓ 3.3%

Management Discussion and Analysis (Continued)

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

For the six months ended 30 June 2026, the Group's profit decreased by 9.4% to HK$655.0 million (six months ended 30 June 2025: HK$722.6 million) as compared with the same period in 2025. Profit attributable to equity shareholders of the Company decreased by 11.2% to HK$627.0 million (six months ended 30 June 2025: HK$706.4 million) as compared with the same period in 2025. The decrease in profit and profit attributable to equity shareholders of the Company for the Reporting Period was primarily driven by the decrease in the Tobacco Leaf Products Import Business.

Earnings per Share

The calculation of basic earnings per Share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2026 of HK$627.0 million (six months ended 30 June 2025: HK$706.4 million) and the weighted average of 691,680,000 ordinary Shares (six months ended 30 June 2025: 691,680,000 ordinary Shares) in issue during the Reporting Period. For the six months ended 30 June 2026, the Group's earnings per Share was HK$0.91 (six months ended 30 June 2025: HK$1.02).

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

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2026, total assets of the Group amounted to HK$8,203.1 million (31 December 2025: HK$8,973.4 million). As at 30 June 2026, the Group had cash and cash equivalents and short-term bank deposits of HK$3,818.5 million (31 December 2025: HK$3,312.7 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 30 June 2026, total liabilities of the Group amounted to HK$3,998.2 million (31 December 2025: HK$5,126.9 million).

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

As at 30 June 2026, the Group had a gearing ratio (being borrowings and lease liabilities divided by total equity) of 0.51 (31 December 2025: 0.73). As at 30 June 2026, the Group had a current ratio (being the current assets divided by the current liabilities) of 1.97 (31 December 2025: 1.68).

Net Current Assets

As at 30 June 2026, net current assets of the Group amounted to HK$3,806.1 million (31 December 2025: HK$3,438.4 million).

Foreign Exchange Risk

The Group entered into transactions primarily in U.S. dollars and Real. The functional currency of CBT is U.S. dollars. Actual payments received by CBT are made in U.S. dollars, but majority of costs and expenses are paid by CBT in Real. During the six months ended 30 June 2026, 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.

Management Discussion and Analysis (Continued)

Pledge of Assets

As at 30 June 2026, the Group did not pledge any assets (31 December 2025: nil).

Contingent Liabilities

As at 30 June 2026, the Group did not have significant contingent liabilities (31 December 2025: nil).

Review of Continuing Connected Transactions

Connected Persons

(a) Connected Persons at the Issuer Level

CNTC and CTIG are the Company's substantial shareholders. Under the Listing Rules, CNTC and CTIG and their respective subsidiaries (including CTI which is a wholly-owned subsidiary of CNTC), are the Company's connected persons at the issuer level.

(b) Connected Persons at the Subsidiary Level

On 26 November 2021, the Company completed the Acquisition of the entire issued and outstanding quotas of CTIB from CTIG pursuant to the terms and conditions of the Quota Purchase Agreement dated 23 September 2021 entered into by the Company and CTIG. As at the Latest Practicable Date, CBT is owned as to 51% by CTIB and 49% by Alliance One Brazil. For more information on the Acquisition, please refer to the Company's announcements dated 23 September 2021, 22 October 2021 and 29 November 2021 and circular dated 29 September 2021.

After the completion of the Acquisition on 26 November 2021 and as of the Latest Practicable Date, CTIB has become a wholly-owned subsidiary of the Company and CBT has become an indirect non-wholly-owned subsidiary of the Company. As Alliance One International through its wholly-owned subsidiary, Alliance One Brazil, holds 49% of the total issued share capital of CBT, Alliance One Group are the Company's connected persons at the subsidiary level.

During the Reporting Period and as at the Latest Practicable Date, CTIB is a wholly-owned subsidiary of the Company, and CBT is a non-wholly-owned subsidiary of the Company and is owned as to 51% by the Company through CTIB and 49% by Alliance One Brazil, an indirectly wholly-owned subsidiary of Pyxus. Leaf Trading is an indirectly wholly-owned subsidiary of Pyxus. As such, Leaf Trading is a connected person of the Company at the subsidiary level.

Continuing Connected Transactions

During the six months ended 30 June 2026, the Group conducted certain transactions with the above connected persons of the Company at the issuer level in the ordinary and usual course of business, and these transactions constituted continuing connected transactions of the Company (the "**CCTs with Connected Persons at the Issuer Level**") under the Listing Rules.

During the Reporting Period, the Group (including the Company and CBT) conducted certain transactions with the above connected persons of the Company at the subsidiary level in the ordinary and usual course of business, and these transactions constituted continuing connected transactions of the Company (the "**CCTs with Connected Persons at the Subsidiary Level**", together with the CCTs with Connected Persons at the Issuer Level, the "**Continuing Connected Transactions**") under the Listing Rules.

We have followed the pricing policies set forth in the Exclusive Operation and Long-Term Supply Framework Agreements as well as pricing policies in connection with the CCTs with Connected Persons at the Issuer Level and the CCTs with Connected Persons at the Subsidiary Level as set forth below as well as the guidelines under the Listing Rules in determining the prices and terms of the connected transactions conducted during the Reporting Period. During the Reporting Period, the aggregate revenue amount of the CCTs with Connected Persons at the Issuer Level and the CCTs with Connected Persons at the Subsidiary Level was HK$5,122.3 million and HK$445.9 million, respectively, accounting for approximately 67.9% and 5.9% of our total revenue, respectively, during the Reporting Period. The total procurement of the CCTs with Connected Persons at the Issuer Level and the CCTs with Connected Persons at the Subsidiary Level was HK$1,862.9 million and HK$466.3 million, respectively, accounting for approximately 36.8% and 9.2% of our total purchase, respectively, during the Reporting Period.

The details of the Continuing Connected Transactions conducted by the Group during the Reporting Period that are subject to reporting requirement under the Listing Rules are set out in this section. Unless otherwise defined herein, capitalised terms used in this section shall have the same meaning as those defined in the Prospectus.

Review of Continuing Connected Transactions (Continued)

(A) Sales Transactions in the Tobacco Leaf Products Import Business

To facilitate the sales of imported tobacco leaf products to CTI, as of 30 June 2026, the Company and CTI have entered into a Tobacco Leaf Products Import Business Exclusive Operation and Long-Term Supply Framework Agreement (the "**Tobacco Leaf Products Import Framework Agreement**"), pursuant to which we sell imported tobacco leaf products to CTI as part of the Tobacco Leaf Products Import Business. The term of the Tobacco Leaf Products Import Framework Agreement shall be indefinite, unless terminated by the Company in accordance with the terms and conditions thereunder.

Parties

The Company and CTI

Pricing Policies

With respect to the Tobacco Leaf Products Import Business, the currently applicable pricing document is 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 sets forth that:

P		A		
Price at which we sell tobacco leaf products to CTI	=	Price at which suppliers sell the tobacco leaf products to us	×	1.06

The price at which we procure tobacco leaf products from overseas suppliers is determined through arm's length negotiation with (i) independent third party suppliers, or (ii) connected persons, including CTI North America, taking into consideration factors including current international market condition, relationship with the suppliers, past procurement prices, product quality and annual production volume. We utilise the same pricing mechanism in transactions with both independent third parties and connected persons. We currently sell tobacco leaf products to CTI after adding a 6% margin to our procurement prices from our suppliers, other than a small portion of tobacco leaf products imported for manufacturing certain cigarette brands, for which we apply a 3% margin.

For details of the sales transactions in the Tobacco Leaf Products Import Business, including but not limited to the background of the Tobacco Leaf Products Import Framework Agreement and the respective pricing policy of the relevant products, please refer to the Prospectus.

Transaction Amount during the Reporting Period

The Company was granted a waiver from strict compliance with the annual cap requirement by the Stock Exchange, which allows us not to set annual caps for the sales transactions under the Tobacco Leaf Products Import Framework Agreement.

During the Reporting Period, the amount of the sales transactions which constitute connected transactions in the Tobacco Leaf Products Import Business was HK$4,998.8 million, accounting for 100% of the total revenue of our Tobacco Leaf Products Import Business.

Review of Continuing Connected Transactions (Continued)

(B) Procurement Transactions in the Tobacco Leaf Products Export Business

We conduct our Tobacco Leaf Products Export Business in our ordinary and usual course of business. Connected transactions contemplated under our Tobacco Leaf Products Export Business include the procurement of tobacco leaf products from certain entities under CNTC, including the import-export companies and industrial companies. To facilitate the above transactions, as of 30 June 2026, the Company and each of the relevant entities under CNTC have entered into the Tobacco Leaf Products Export Exclusive Operation and Long-Term Supply Framework Agreements (the "**Tobacco Leaf Products Export Framework Agreements**"), pursuant to which we procure tobacco leaf products from such connected persons. The term of each Tobacco Leaf Products Export Framework Agreement shall be indefinite, unless terminated by the Company in accordance with the terms and conditions thereunder.

Parties

The Company and each of the entities under CNTC below:

Shanghai Tobacco Group Co., Ltd*
(上海煙草集團有限責任公司);

China Tobacco Zhejiang Industrial Co., Ltd*
(浙江中煙工業有限責任公司);

China Tobacco Yunnan Industrial Co., Ltd*
(雲南中煙工業有限責任公司);

China Tobacco Fujian Industrial Co., Ltd*
(福建中煙工業有限責任公司);

China Tobacco Yunnan Import and Export Co., Ltd*
(中國煙草雲南進出口有限公司);

China Tobacco Sichuan Import and Export Co., Ltd*
(中國煙草四川進出口有限責任公司);

China Tobacco Shandong Import and Export Co., Ltd*
(中國煙草山東進出口有限責任公司);

China Tobacco Guangdong Import and Export Co., Ltd*
(中國煙草廣東進出口有限公司);

China Tobacco Henan Import and Export Co., Ltd*
(中國煙草河南進出口有限責任公司);

China Tobacco Hubei Import and Export Co., Ltd*
(中國煙草湖北進出口有限責任公司); and

China Tobacco Hunan Import and Export Co., Ltd*
(中國煙草湖南進出口有限責任公司);

China Tobacco Fujian Import and Export Co., Ltd*
(中國煙草福建進出口有限責任公司);

China Tobacco Guizhou Import and Export Co., Ltd*
(中國煙草貴州進出口有限責任公司);

China Tobacco Liaoning Import and Export Company*
(中國煙草遼寧進出口公司);

China Tobacco Heilongjiang Import and Export Co., Ltd*
(中國煙草黑龍江進出口有限責任公司);

Xinjiang Tobacco Import and Export Co., Ltd*
(新疆煙草進出口有限責任公司);

Zhejiang Tobacco Import and Export Co., Ltd*
(浙江煙草進出口有限公司);

Shenzhen Tobacco Import and Export Co., Ltd*
(深圳煙草進出口有限公司);

Shaanxi Tobacco Import and Export Co., Ltd*
(陝西煙草進出口有限責任公司);

Viniton Group Co., Ltd*
(柬埔寨威尼頓集團有限公司).

* *for identification only*

Review of Continuing Connected Transactions (Continued)

Pricing Policies

With respect to our Tobacco Leaf Products Export Business, the Company first obtains indicative sales terms, which include quantity, specification, quality, acceptable price range and others, from potential independent third party customers. The Company then solicits offer from various suppliers of tobacco leaf products by obtaining samples, price quotes and price floors. The Company compares the terms and samples obtained and selects the supplier that offers the most favourable terms for commercially viable tobacco leaf products. Based on the market condition and its own evaluation of the quality of the samples, the Company provides the customers with price quotes and negotiates with them based on the suppliers' price floor. Our suppliers may also offer their products to us without any solicitation, and we will take such products into account in our future sales to customers where the products meet the demand of the customers and compare the samples as well as the other terms with those provided by the other suppliers. Procurement by the Company and by third parties from our suppliers are subject to the same pricing formula in similar transactions and therefore our procurement has been conducted based on normal commercial terms. The pricing formula is shown as below:

P		A		
Procurement price from domestic suppliers of tobacco leaf products	=	Price at which the Company sells the tobacco leaf products to independent third parties	×	(1 – applicable margin)

The price at which the Company sells tobacco leaf products to third party customers is determined through arm's length negotiation between the parties. Specifically, our sales prices comprise: (i) our suppliers' costs associated with the processing of tobacco leaf products, 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 or discount in relation to product quality and the corresponding market status of a particular grade of tobacco leaf products (for example, the premium of tobacco leaf products produced in Yunnan Province is usually considered higher due to the different grades of tobacco leaf products); and (iv) other factors, including prevailing supply and demand in the tobacco leaf products market (such as seasonal domestic production volume and demand by overseas manufacturers for tobacco leaf products produced in different regions in China), fluctuation in the exchange rate between Hong Kong dollars and local currency at the export destinations, relationship with trading counterparties, past sales prices, local taxation at export destinations and other factors. Import tariffs charged by export destinations are borne by the buyers.

From 1 January 2024, the applicable margins for the exported tobacco leaf products are not less than 1%, not less than 2% and not less than 4%, depending on the types of the exported tobacco leaf products, crop year, unit sale price, customers and suppliers. Factors taken into consideration in setting these margins include relevant operating costs of the Company and reasonable profit margin. These applicable margins may be adjusted in the future based on changing market conditions and relevant costs of the Company in operating such business.

Review of Continuing Connected Transactions (Continued)

For details of the procurement transactions in the Tobacco Leaf Products Export Business, including but not limited to the background of the Tobacco Leaf Products Export Framework Agreements and the respective pricing policy of the relevant products, please refer to the Prospectus.

Transaction Amount during the Reporting Period

The Company was granted a waiver from strict compliance with the annual cap requirement by the Stock Exchange, which allows us not to set annual caps for the procurement transactions under the Tobacco Leaf Products Export Framework Agreements.

During the Reporting Period, the amount of the procurement transactions which constitute connected transactions in the Tobacco Leaf Products Export Business was HK$1,276.5 million, accounting for 97.2% of the total purchase of our Tobacco Leaf Products Export Business.

(C) Procurement Transactions in the Cigarettes Export Business

As of 30 June 2026, the Company and each of the relevant entities under CNTC have entered into the Cigarettes Export Business Exclusive Operation and Long-Term Supply Framework Agreements (the "**Cigarettes Export Framework Agreements**"), pursuant to which we procure duty-free cigarettes from the Company's connected persons. The term of each Cigarettes Export Framework Agreement shall be indefinite, unless terminated by the Company in accordance with the terms and conditions thereunder.

On 3 April 2025, the Board announced that: (i) as a result of expansion of the Cigarettes Export Business, the Company has entered into a framework agreement with Inner Mongolia Kunming Cigarette Limited Liability Company* (內蒙古昆明捲煙有限責任公司), being one of the subsequent parties, on the same terms and conditions as those of the Cigarettes Export Framework Agreements with the original parties; and (ii) the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a modification of the existing waivers to cover the Cigarettes Export Framework Agreements with the subsequent parties (including Inner Mongolia Kunming Cigarette Limited Liability Company* (內蒙古昆明捲煙有限責任公司), China Heilongjiang Tobacco Industry Co., Ltd.* (黑龍江煙草工業有限責任公司) and China Tobacco Fujian Industrial Co., Ltd.* (福建中煙工業有限責任公司)) from strict compliance with the requirements in relation to annual cap and independent shareholders' approval and the term of such transactions shall be indefinite, subject to the same conditions of the existing waivers. For details, please refer to the announcement of the Company dated 3 April 2025.

The Measures for the Administration of Tobacco Products in Domestic Duty-free Markets (《境內免稅市場煙草製品管理辦法》) (the "**Regulation**") promulgated by the STMA has become effective on 1 January 2026 with an implementation transition period of six months, where compliance with the Regulations has been required from 1 July 2026. Pursuant to the Regulation, CTI is the sole enterprise qualified for state trading in export of cigarettes to the Chinese Domestic Duty-free Market. Prior to the implementation of the Regulations, as stated above, the Company had entered into Cigarettes Export Framework Agreements with the Company's connected persons, pursuant to which the Company procures cigarettes from the Company's connected persons and exports such cigarettes to the Exclusive Operating Regions for Cigarettes (which consists of the Overseas Duty-free Market and the Chinese Domestic Duty-free Market). Pursuant to the Cigarettes Export Framework Agreements, if any of the Company's connected persons does not possess export qualifications, such entity shall entrust a company with the relevant export qualifications to negotiate with the Company and enter into relevant individual agreements under the Cigarettes Export Framework Agreements in respect of the export of cigarettes.

Review of Continuing Connected Transactions (Continued)

To continue exporting cigarettes to the Chinese Domestic Duty-free Market through the Company pursuant to No. 60 Notice and the Cigarettes Export Framework Agreements, the Company's connected persons will enter into agency agreements with CTI. Under such agency agreements, CTI, who possesses export qualifications under the Regulations, will act as agent of the relevant Company's connected persons, and enter into individual agreements under the Cigarettes Export Framework Agreements with the Company and the Company's connected persons, to provide cigarettes manufactured by the Company's connected persons for export to the Chinese Domestic Duty-free Market. Any cost of such agency arrangement will be negotiated between CTI and the Company's connected persons, and will be borne by the Company's connected persons. The terms and pricing policies in respect of transactions under the Cigarettes Export Framework Agreements will remain unaffected, despite the agency arrangements between CTI and the Company's connected persons.

For details, please refer to the Company's announcements dated 27 July 2025 and 13 February 2026.

Parties

The Company and each of the entities under CNTC below:

China Tobacco Sichuan Industrial Co., Ltd*
(四川中煙工業有限責任公司);

China Tobacco Anhui Industrial Co., Ltd*
(安徽中煙工業有限責任公司);

China Tobacco Jiangsu Industrial Co., Ltd*
(江蘇中煙工業有限責任公司);

China Tobacco Hubei Industrial Co., Ltd*
(湖北中煙工業有限責任公司);

China Tobacco Hunan Industrial Co., Ltd*
(湖南中煙工業有限責任公司);

China Tobacco Guizhou Industrial Co., Ltd*
(貴州中煙工業有限責任公司);

China Tobacco Shaanxi Industrial Co., Ltd*
(陝西中煙工業有限責任公司);

China Tobacco Guangdong Industrial Co., Ltd*
(廣東中煙工業有限責任公司);

Hongta Liaoning Tobacco Co., Ltd*
(紅塔遼寧煙草有限責任公司);

Shanghai Tobacco Group Co., Ltd*
(上海煙草集團有限責任公司);

China Tobacco Shandong Industrial Co., Ltd*
(山東中煙工業有限責任公司); and

China Tobacco Henan Industrial Co., Ltd*
(河南中煙工業有限責任公司);

China Tobacco Zhejiang Industrial Co., Ltd*
(浙江中煙工業有限責任公司);

Shenzhen Tobacco Industrial Co., Ltd*
(深圳煙草工業有限責任公司);

China Tobacco Chongqing Industrial Co., Ltd*
(重慶中煙工業有限責任公司);

China Tobacco Yunnan Industrial Co., Ltd*
(雲南中煙工業有限責任公司);

China Tobacco Jilin Industrial Co., Ltd*
(吉林煙草工業有限責任公司);

China Tobacco Guangxi Industrial Co., Ltd*
(廣西中煙工業有限責任公司);

China Tobacco Hebei Industrial Co., Ltd*
(河北中煙工業有限責任公司);

China Tobacco Jiangxi Industrial Co., Ltd*
(江西中煙工業有限責任公司);

Inner Mongolia Kunming Cigarette Limited Liability Company*
(內蒙古昆明捲煙有限責任公司);

China Tobacco Fujian Industrial Co., Ltd.*
(福建中煙工業有限責任公司).

* *for identification only*

Review of Continuing Connected Transactions (Continued)

Pricing Policies

With respect to the Cigarettes Export Business, we apply different pricing policies for different categories of cigarettes, namely, premium and other first tier duty-free cigarettes as well as the other duty-free cigarettes according to the No. 250 Notice effective on 1 January 2018.

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

The pricing of our premium and other first tier duty-free cigarette products are 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. Our 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, we determine our 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, our 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 (e.g., Chunghwa（中華）cigarettes manufactured by Shanghai Tobacco Group Co., Ltd. usually have a higher premium); (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 our 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.

Review of Continuing Connected Transactions (Continued)

(ii) Other Duty-Free Cigarettes

The prices at which we procure other duty-free cigarettes categories from CNTC Group 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, we determine sales prices of other duty-free cigarettes through arm's length negotiation with our customers in our proprietary business. With respect to customers in our incremental business, we currently determine sales prices by adding an applicable margin scale of 1% to 2%, 2% to 5% or more than 5% to our procurement prices.

For details of the procurement transactions in the Cigarettes Export Business, including but not limited to the background of the Cigarettes Export Framework Agreements and the respective pricing policy of the relevant products, please refer to the Prospectus.

Transaction Amount during the Reporting Period

The Company was granted a waiver from strict compliance with the annual cap requirement by the Stock Exchange, which allows us not to set annual caps for the procurement transactions under the Cigarettes Export Framework Agreements.

During the Reporting Period, the amount of the procurement transactions which constitute connected transactions in the Cigarettes Export Business was HK$66.0 million, accounting for approximately 99.6% of the total purchase of our Cigarettes Export Business.

(D) Procurement Transactions in the New Tobacco Products Export Business

As of 30 June 2026, the Company and each of the relevant entities under CNTC have entered into the New Tobacco Products Export Business Exclusive Operation and Long-Term Supply Framework Agreements (the "**New Tobacco Products Export Framework Agreements**"), pursuant to which we procure new tobacco products from such connected persons as part of our New Tobacco Products Export Business. The term of each New Tobacco Products Export Framework Agreement shall be indefinite, unless terminated by the Company in accordance with the terms and conditions thereunder.

On 31 October 2022, the Board announced that: (i) as a result of expansion of the New Tobacco Products Export Business, after its listing on the Stock Exchange and as of 31 October 2022, the Company has entered into New Tobacco Products Export Framework Agreements with certain subsequent parties on the same terms and conditions as those of the New Tobacco Products Export Framework Agreements with the original parties; and (ii) the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a modification of the existing waivers to cover the New Tobacco Products Export Framework Agreements with such subsequent parties from strict compliance with the requirements in relation to annual cap and independent shareholders' approval and the term of such transactions shall be indefinite, subject to the same conditions of the existing waivers. For details, please refer to the announcement of the Company dated 31 October 2022.

Review of Continuing Connected Transactions (Continued)

Parties

The Company and each of the entities under CNTC below:

China Tobacco Shandong Industrial Co., Ltd*
(山東中煙工業有限責任公司);

China Tobacco Henan Industrial Co., Ltd*
(河南中煙工業有限責任公司);

China Tobacco Heilongjiang Industrial Co., Ltd*
(黑龍江煙草工業有限責任公司);

China Tobacco Chongqing Industrial Co., Ltd*
(重慶中煙工業有限責任公司);

Shanghai Tobacco Group Co., Ltd*
(上海煙草集團有限責任公司);

China Tobacco Yunnan Industrial Co., Ltd*
(雲南中煙工業有限責任公司);

China Tobacco Hunan Industrial Co., Ltd*
(湖南中煙工業有限責任公司);

Shenzhen Tobacco Industrial Co., Ltd*
(深圳煙草工業有限責任公司);

China Tobacco Jilin Industrial Co., Ltd*
(吉林煙草工業有限責任公司);

China Tobacco Hebei Industrial Co., Ltd*
(河北中煙工業有限責任公司);

China Tobacco Jiangxi Industrial Co., Ltd*
(江西中煙工業有限責任公司).

China Tobacco Guangdong Industrial Co., Ltd*
(廣東中煙工業有限責任公司);

China Tobacco Sichuan Industrial Co., Ltd*
(四川中煙工業有限責任公司);

China Tobacco Anhui Industrial Co., Ltd*
(安徽中煙工業有限責任公司);

China Tobacco Jiangsu Industrial Co., Ltd*
(江蘇中煙工業有限責任公司);

China Tobacco Zhejiang Industrial Co., Ltd*
(浙江中煙工業有限責任公司);

China Tobacco Hubei Industrial Co., Ltd*
(湖北中煙工業有限責任公司);

China Tobacco Guangxi Industrial Co., Ltd*
(廣西中煙工業有限責任公司);

Inner Mongolia Kunming Cigarette Limited Liability Company*
(內蒙古昆明捲煙有限責任公司);

China Tobacco Guizhou Industrial Co., Ltd*
(貴州中煙工業有限責任公司);

China Tobacco Fujian Industrial Co., Ltd*
(福建中煙工業有限責任公司); and

* *for identification only*

Review of Continuing Connected Transactions (Continued)

Pricing Policies

With respect to our New Tobacco Products Export Business, (i) it is an emerging business worldwide; and (ii) since sale of heat-not-burn tobacco products is currently prohibited within the borders of China, there is no reference price on domestic sale of new tobacco products for relevant domestic suppliers. Thus, to ensure fair dealings the Company contacts potential third party customers in the international markets and gets indication on the terms of sales (including sales price). The Company then negotiates with relevant new tobacco products manufacturing entities under CNTC at arm's length with respect to the indicative terms of procurement (including procurement prices). Procurement by the Company is subject to the pricing formula as below:

P		A		
Procurement price from domestic suppliers of new tobacco products	=	Price at which the Company sells the new tobacco products to independent third parties	×	(1 – applicable margin)

The prices at which the Company sells new tobacco products are determined through arm's length negotiation with third party customers. Specifically, our sales prices comprise: (i) our suppliers' costs associated with the manufacturing of new tobacco products, which include cost of raw material, storage expenses, research and development expenses or patent royalties, staff costs, utility cost, rent of factory premises and others; (ii) prevailing market price of shipping costs and insurance costs; (iii) applicable premium or discount in relation to product quality and the corresponding market status of a particular brand of new tobacco products; and (iv) other factors, including sales price of competitors, marketing strategies of the Company (such as offering competitive price to expand market presence), prevailing supply and demand in relevant new tobacco products market, and relationship with the relevant counterparties. New tobacco products are not subject to any export tariff.

Currently, the margins utilised in the New Tobacco Products Export Business are at least 1%. Such margins were determined taking into consideration, among others, the relevant operating costs of the Company and the cost of early-stage marketing. These margins may be adjusted by the Company in response to changes in the international market conditions and the Company's relevant operating costs.

For details of the procurement transactions in the New Tobacco Products Export Business, including but not limited to the background of the New Tobacco Products Export Framework Agreements and the respective pricing policy of the relevant products, please refer to the Prospectus.

Review of Continuing Connected Transactions (Continued)

Transaction Amount during the Reporting Period

The Company was granted a waiver from strict compliance with the annual cap requirement by the Stock Exchange, which allows us not to set annual caps for the procurement transactions under the New Tobacco Products Export Framework Agreements.

During the Reporting Period, the amount of the procurement transactions which constitute connected transactions in the New Tobacco Products Export Business was HK$9.3 million, accounting for 100% of the total purchase of our New Tobacco Products Export Business.

(E) Procurement Transactions in the Tobacco Leaf Products Import Business

To facilitate the procurement of tobacco leaf products from the relevant counterparties in the procurement transactions in the Tobacco Leaf Products Import Business, the Company previously entered into the Offshore Supply Framework Agreements with each of the relevant counterparties in the procurement transactions in the Tobacco Leaf Products Import Business, including CTI North America, all being subsidiaries and/or associates of CNTC. The Offshore Supply Framework Agreements have expired as of 28 November 2021. To continue to facilitate such procurement of tobacco leaf products, on 17 November 2021, the Company entered into the 2021-2024 Offshore Supply Framework Agreements with relevant counterparties in the procurement transactions in the Tobacco Leaf Products Import Business, on substantially the same terms and conditions of the Offshore Supply Framework Agreements.

The 2021-2024 Offshore Supply Framework Agreements have expired as of 16 November 2024. To continue to facilitate such procurement of tobacco leaf products, on 10 October 2024, the Company entered into the 2024-2026 Offshore Supply Framework Agreement with CTI North America in the procurement transactions in the Tobacco Leaf Products Import Business, on the same terms and conditions of the 2021-2024 Offshore Supply Framework Agreements (save for the term and renewal of the agreement). Pursuant to the 2024-2026 Offshore Supply Framework Agreement, CTI North America in the procurement transactions in the Tobacco Leaf Products Import Business shall provide long-term supply of tobacco leaf products to us in accordance with the specific terms of procurement agreed with us through arm's length negotiation in good faith. The term of the 2024-2026 Offshore Supply Framework Agreement shall be the period from 17 November 2024 to 31 December 2026. Upon expiration, the parties may negotiate to extend the term of such agreement after arm's length negotiation. The 2024-2026 Offshore Supply Framework Agreement and the transactions contemplated thereunder were approved by the independent Shareholders of the Company at the EGM held on 18 November 2024.

Review of Continuing Connected Transactions (Continued)

Parties

- The Company and CTI North America

Pricing Policies

The procurement of tobacco leaf products (including, among others, finished tobacco strips and cigar leaf tobacco) by the Company from the relevant counterparties that are entities under CNTC and thus connected persons 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 No. 135 Notice, which remained effective and has not been amended during the period from the date of the Prospectus to the Latest Practicable Date, 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 Offshore Supply Framework Agreements, the 2021-2024 Offshore Supply Framework Agreements, the 2024-2026 Offshore Supply Framework Agreement and the respective transactions contemplated thereunder). As disclosed in the Prospectus, the determination of the Margin under the No. 135 Notice took into account the overall transaction cost associated with the importation process born 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 with the STMA for 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 condition, relationship with the relevant suppliers, past procurement prices, product quality and annual production volume. Specifically, the Procurement Price comprises: (i) suppliers' 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) suppliers' costs associated with exchange rate (since suppliers procure tobacco leaves from local tobacco farmers with local currency but sell processed tobacco leaves to the Company in U.S. dollars). The 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 parties 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 Offshore Supply Framework Agreements, the 2021-2024 Offshore Supply Framework Agreements, the 2024-2026 Offshore Supply Framework Agreement and the respective transactions contemplated thereunder), which is fixed at 6% pursuant to the No. 135 Notice.

Review of Continuing Connected Transactions (Continued)

For further details of the procurement transactions in the Tobacco Leaf Products Import Business, including but not limited to the background of the Offshore Supply Framework Agreements and the 2021-2024 Offshore Supply Framework Agreements, the 2024-2026 Offshore Supply Framework Agreement and the respective pricing policy of the relevant products, please refer to the Prospectus and the Company's circulars dated 14 December 2021 and 1 November 2024.

Annual Caps

The transaction amount of the continuing connected transactions under the 2024-2026 Offshore Supply Framework Agreement for the period from 17 November 2024 to 31 December 2024, the year ended 31 December 2025 and the year ending 31 December 2026 is expected not to exceed HK$301.2 million, HK$1,210.9 million and HK$1,332.0 million, respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the procurement transactions which constitute connected transactions in the Tobacco Leaf Products Import Business was HK$160.9 million, accounting for 5.8% of the total purchase of our Tobacco Leaf Products Import Business.

(F) Agency Business in the Sales of Tobacco Leaf Products

We act as an agent in certain sale transactions of tobacco leaf products as part of our Tobacco Leaf Products Export Business, from which we record certain commissions. To facilitate our Agency Business in the Sale of Tobacco Leaf Products, the Company and each of the relevant counterparties in the Agency Business in the Sales of Tobacco Leaf Products that are entities under CNTC previously entered into the Tobacco Leaf Products Export Agency Agreements. The Tobacco Leaf Products Export Agency Agreements have expired as of 21 December 2021. To continue to facilitate such Agency Business in the Sale of Tobacco Leaf Products, on 17 November 2021, 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 2021-2024 Tobacco Leaf Products Export Agency Agreements on substantially the same terms and conditions of the Tobacco Leaf Products Export Agency Agreements.

The 2021-2024 Tobacco Leaf Products Export Agency Agreements have expired as of 16 November 2024. To continue to facilitate such Agency Business in the Sale of Tobacco Leaf Products, on 10 October 2024, 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 2024-2026 Tobacco Leaf Products Export Agency Agreements on the same terms and conditions of the 2021-2024 Tobacco Leaf Products Export Agency Agreements (save for the terms and renewal of the 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 2024-2026 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. The term of each of the 2024-2026 Tobacco Leaf Products Export Agency Agreements shall be the period from 17 November 2024 to 31 December 2026. Upon expiration, the parties may negotiate to extend the term of such agreement after arm's length negotiation. The 2024-2026 Tobacco Leaf Products Export Agency Agreements and the transactions contemplated thereunder were approved by the independent Shareholders of the Company at the EGM held on 18 November 2024.

Review of Continuing Connected Transactions (Continued)

Parties

The Company and each of the entities under CNTC below:

China Tobacco International (Macao) Manufacturing Company Limited (formerly known as Golden Leaf (Macau) Tobacco's Manufacturing Ltd.)
中國煙草國際(澳門)製造有限公司(前稱金葉捲煙廠(澳門)有限公司);

China Tobacco International Lao Manufacturing Co., Ltd (formerly known as Lao-China Hongta Good Luck Tobacco Co., Ltd.)
(中煙國際老撾製造有限公司*，前稱老撾寮中紅塔好運煙草有限公司); and

Viniton Group Co., Ltd.
(柬埔寨威尼頓集團有限公司*);

Bang Kang Cigarette Factory, Myanmar
(緬甸邦康煙廠*);

Hong Kong Hongta International Tobacco Company Limited (香港紅塔國際煙草有限公司*).

Pricing Policies

The rate of commission charged by the Company in connection with the transactions under the Tobacco Leaf Products Export Agency Agreements, the 2021-2024 Tobacco Leaf Products Export Agency Agreements and the 2024-2026 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 price and vice versa to derive 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 Group). The Group 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 USD20,000 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 USD20,000 per metric ton, respectively.

For further details of the Agency Business in the Sale of Tobacco Leaf Products (including the relevant pricing policies), please refer to the Prospectus and the Company's circulars dated 14 December 2021 and 1 November 2024.

Annual Caps

The transaction amount of the Agency Business in the Sales of Tobacco Leaf Products (in terms of commission) under the 2024-2026 Tobacco Leaf Products Export Agency Agreements for the period from 17 November 2024 to 31 December 2024, the year ended 31 December 2025 and the year ending 31 December 2026 is expected not to exceed HK$2.1 million, HK$5.4 million and HK$6.0 million, respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the Agency Business in the Sales of Tobacco Leaf Products which constitute connected transactions (in terms of commission) was HK$40.9 thousand accounting for approximately 0.0% of the total revenue of our Tobacco Leaf Products Export Business.

* *for identification only*

Review of Continuing Connected Transactions (Continued)

(G) Sale and Purchase Transactions with Connected Persons at the Subsidiary Level

CBT previously entered into transactions with Alliance One Group in relation to the sale of tobacco transactions, and the purchase of agricultural materials, tobacco and services transactions in the ordinary and usual course of its business. The Group also previously entered into transactions with Alliance One International in relation to the sale and purchase of tobacco in the ordinary and usual course of its business. After the completion of the Acquisition on 26 November 2021 and as of the Latest Practicable Date, such transactions with Alliance One Group carried out in the ordinary and usual course of business of the Group have constituted continuing connected transactions of the Company under the Listing Rules. Such transactions have been contemplated under (i) the Framework Tobacco Sales Agreement, (ii) the CBT Framework Tobacco Sales Agreement, (iii) the Framework Tobacco Purchase Agreement and (iv) the CBT Framework Tobacco and Services Purchase Agreement. For details, please refer to the Company's circular dated 29 September 2021. On 27 January 2026, the Company entered into (v) Leaf Trading Framework Tobacco Sales Agreement with Leaf Trading in the ordinary and usual course of business, pursuant to which the Company is to sell tobacco leaf products to Leaf Trading. Such transaction under that agreement also constitutes continuing connected transactions of the Company. For details, please refer to the Company's announcement dated 27 January 2026. The details of the agreements aforementioned are set out below.

Pursuant to the terms of each of the (i)-(iv) Agreements, the initial term of each of the (i)-(iv) Agreements commenced on 26 November 2021 and ended on 31 December 2022, following with an extension period of one year since then. The parties may further extend the term in writing after arm's length negotiation, subject to compliance with the Listing Rules and other applicable laws. On 31 December 2025, the Group and Alliance One Group entered into the extension agreements to further extend the term of each of the (i)-(iv) Agreements, for a period of three years from 1 January 2026 to 31 December 2028. Pursuant to the terms of the (v) Agreement, the term of the (v) Agreement commenced on 27 January 2026 and ended on 31 December 2028. Upon expiration, the parties may renew the term through reasonable negotiation, subject to compliance with the requirements of the Listing Rules and applicable laws and regulations.

Given that (i) each of Alliance One International, Alliance One Brazil and Leaf Trading is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules and transactions carried out in the ordinary and usual course of business of the Group under the (i)-(v) Agreements are continuing connected transactions of the Company under Chapter 14A of the Listing Rules; (ii) one or more of the applicable percentage ratios of the annual caps (on an aggregated basis) under the Listing Rules for both (a) the sale of tobacco transactions, and (b) the purchase of agricultural materials, tobacco and services transactions under the (i)-(v) Agreements are 5% or more; and (iii) the Board (including all the independent non-executive Directors) has approved the (v) Agreement and the extension agreements of (i)-(iv) Agreements and transactions thereunder (including the annual caps) and all the independent non-executive Directors have confirmed that the relevant terms of the (v) Agreement and the extension agreements of (i)-(iv) Agreements and the transactions thereunder (including the annual caps) are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the (v) Agreement and the extension agreements of the (i)-(iv) Agreements and the transactions thereunder (including the annual caps) are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. For details, please refer to the announcements of the Company dated 29 December 2022, 20 December 2023, 10 October 2024, 31 December 2025 and 27 January 2026.

Review of Continuing Connected Transactions (Continued)

(i) Framework Tobacco Sales Agreement

The Group sells and exports various grades of tobacco leaves to different customers with varying demands in the ordinary and usual course of its business. In particular, Alliance One International procures tobacco leaves from us and sells them to its end customers in Southeast Asia, Hong Kong, Macau and Taiwan as part of its business activities. On 23 September 2021, the Company and Alliance One International entered into the Framework Tobacco Sales Agreement, which has become effective upon the completion of the Acquisition on 26 November 2021, and provided for the principles and terms and conditions upon which the Group is to carry out the sale of tobacco leaves transactions with Alliance One Group. Pursuant to the Framework Tobacco Sales Agreement, the Group will sell to Alliance One Group certain grades of tobacco leaves targeted for its end customers in Southeast Asia, Hong Kong, Macau and Taiwan. The initial term of the Framework Tobacco Sales Agreement commenced on the completion of the Acquisition on 26 November 2021 and ended on 31 December 2022. Upon expiration, the parties may negotiate to extend the agreement by another one-year term, and upon the expiration of the extended one-year term, the parties may further extend the term in writing after arm's length negotiation, subject to compliance with the Listing Rules and other applicable laws. On 30 May 2022, the Board adjusted upward the existing annual caps for sale of tobacco transactions contemplated (i) under the Framework Tobacco Sales Agreement; (ii) under the CBT Framework Tobacco Sales Agreement; and (iii) on an aggregated basis, each for the year ended 31 December 2022. On each of 29 December 2022, 20 December 2023 and 10 October 2024, the term of the Framework Tobacco Sales Agreement was further extended for a period of one year, with the Framework Tobacco Sales Agreement expired on 31 December 2025. On 31 December 2025, the term of the Framework Tobacco Sales Agreement was further extended for a period of three years from 1 January 2026 to 31 December 2028.

For further details of the Framework Tobacco Sales Agreement (including the relevant pricing policies) and the revised annual cap for the Framework Tobacco Sales Agreement, please refer to the Company's circular dated 29 September 2021 and announcements dated 30 May 2022, 29 December 2022, 20 December 2023, 10 October 2024 and 31 December 2025.

Parties

The Company and Alliance One International

Pricing Policies

The price and amount of the sale of tobacco leaves transactions contemplated under the Framework Tobacco Sales Agreement are separately negotiated between relevant members of the Group and relevant members of Alliance One Group on an arm's length basis. In particular, the tobacco leaves are priced with reference to (i) the volume and quality of tobacco leaves sold, including applicable premium or discount in relation to quality and the corresponding market status of a particular grade; (ii) the Group's procurement costs for such tobacco leaves, including cost of raw material, utility cost, rent of factory premises, shipping costs, storage expenses and staff costs; and (iii) other factors such as seasonal demand and past sales prices. The same pricing mechanism is adopted for sale of tobacco leaves to independent third parties of the Group.

Review of Continuing Connected Transactions (Continued)

Annual Caps

The transaction amount of the sale of tobacco transactions under the Framework Tobacco Sales Agreement for the year ended 31 December 2025, and for the years ending 31 December 2026, 2027 and 2028 is expected not to exceed US$89.9 million (equivalent to HK$701.0 million) and US$101.1 million (equivalent to HK$788.7 million), US$111.5 million (equivalent to HK$869.5 million) and US$122.9 million (equivalent to HK$958.6 million), respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the sale of tobacco transactions under the Framework Tobacco Sales Agreement which constitutes connected transactions was HK$267.4 million.

(ii) CBT Framework Tobacco Sales Agreement

CBT sells tobacco leaves of various grades to different customers in the ordinary and usual course of its business. Those customers include Alliance One Group, who procures tobacco leaves and sells them to end customers as part of its business activities. In addition, certain end customers maintain internal lists of approved tobacco merchants and would only trade with those approved tobacco merchants on their lists. Certain members of Alliance One Group are such approved tobacco merchants for such end customers, while CBT is not and would need to sell tobacco leaves to Alliance One Group for onward sales to such end customers. On 23 September 2021, CBT and Alliance One International entered into the CBT Framework Tobacco Sales Agreement, which has become effective upon the completion of the Acquisition on 26 November 2021, and provided for the principles and terms and conditions upon which CBT is to carry out the sale of tobacco leaves transactions with Alliance One Group. Pursuant to the CBT Framework Tobacco Sales Agreement, CBT will sell to Alliance One Group: (i) certain grades of tobacco leaf products; and (ii) tobacco leaf products for onward sales to other end customers through Alliance One Group's distribution channels. The initial term of the CBT Framework Tobacco Sales Agreement commenced on the completion of the Acquisition on 26 November 2021 and ended on 31 December 2022. Upon expiration, the parties may negotiate to extend the agreement by another one-year term, and upon the expiration of the extended one-year term, the parties may further extend the term in writing after arm's length negotiation, subject to compliance with the Listing Rules and other applicable laws. On 30 May 2022, the Board adjusted upward the existing annual caps for sale of tobacco transactions contemplated (i) under the Framework Tobacco Sales Agreement, (ii) under the CBT Framework Tobacco Sales Agreement and (iii) on an aggregated basis, each for the year ended 31 December 2022. On each of 29 December 2022, 20 December 2023 and 10 October 2024, the term of the CBT Framework Tobacco Sales Agreement was further extended for a period of one year, with the CBT Framework Tobacco Sales Agreement expired on 31 December 2025. On 31 December 2025, the term of the CBT Framework Tobacco Sales Agreement was further extended for a period of three years from 1 January 2026 to 31 December 2028.

For further details of the CBT Framework Tobacco Sales Agreement (including the relevant pricing policies) and the revised annual cap for the CBT Framework Tobacco Sales Agreement, please refer to the Company's circular dated 29 September 2021 and announcements dated 30 May 2022, 29 December 2022, 20 December 2023, 10 October 2024 and 31 December 2025.

Review of Continuing Connected Transactions (Continued)

Parties

CBT and Alliance One International

Pricing Policies

The price and amount of the sale of tobacco leaves transactions contemplated under the CBT Framework Tobacco Sales Agreement are separately negotiated between CBT and relevant members of Alliance One Group on an arm's length basis. In particular, the tobacco leaves are priced with reference to (i) the volume and quality of tobacco leaves sold, including applicable premium or discount in relation to quality and the corresponding market status of a particular grade; (ii) CBT's procurement costs for such tobacco leaves, including cost of raw material, utility cost, rent of factory premises, shipping costs, storage expenses and staff costs; and (iii) other factors such as seasonal demand, applicable exchange rates and taxation. The same pricing mechanism is adopted for sale of tobacco leaves to independent third parties of CBT.

Annual Caps

The transaction amount of the sale of tobacco transactions under the CBT Framework Tobacco Sales Agreement for the year ended 31 December 2025, and for the years ending 31 December 2026, 2027 and 2028 is expected not to exceed US$154.2 million (equivalent to HK$1,203.1 million), US$130.9 million (equivalent to HK$1,021.2 million), US$129.4 million (equivalent to HK$1,008.9 million), and US$134.0 million (equivalent to HK$1,045.4 million), respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the sale of tobacco transactions under the CBT Framework Tobacco Sales Agreement which constitutes connected transactions was HK$178.5 million.

Review of Continuing Connected Transactions (Continued)

(iii) Framework Tobacco Purchase Agreement

As part of the Group's import business and in order to meet the demand of its end customers for high quality grades of tobacco leaves, the Company procures tobacco leaves from various suppliers in the ordinary and usual course of its business, including from Alliance One International, who procures tobacco leaves from tobacco farmers and processes and sells such tobacco leaves to its customers, including the Group, as part of its business. Such transactions enable the Group to secure a sufficient amount of high quality tobacco leaf products to meet the demands of its end customers. On 23 September 2021, the Company and Alliance One International entered into the Framework Tobacco Purchase Agreement, which has become effective upon the completion of the Acquisition on 26 November 2021. The Framework Tobacco Purchase Agreement provides for the principles and terms and conditions upon which the Group and Alliance One Group are to carry out the purchase of tobacco leaves transactions. Pursuant to the Framework Tobacco Purchase Agreement, the Group will procure from Alliance One Group certain high quality grades of tobacco leaves. The initial term of the Framework Tobacco Purchase Agreement commenced on the completion of the Acquisition on 26 November 2021 and ended on 31 December 2022. Upon expiration, the parties may negotiate to extend the agreement by another one-year term, and upon the expiration of the extended one-year term, the parties may further extend the term in writing after arm's length negotiation, subject to compliance with the Listing Rules and other applicable laws. On each of 29 December 2022, 20 December 2023 and 10 October 2024, the term of the Framework Tobacco Purchase Agreement was further extended for a period of one year, with the Framework Tobacco Purchase Agreement expired on 31 December 2025. On 31 December 2025, the term of the Framework Tobacco Purchase Agreement was further extended for a period of three years from 1 January 2026 to 31 December 2028.

For further details of the Framework Tobacco Purchase Agreement (including the relevant pricing policies), please refer to the Company's circular dated 29 September 2021 and announcements dated 29 December 2022, 20 December 2023, 10 October 2024 and 31 December 2025.

Parties

The Company and Alliance One International

Pricing Policies

The price and amount of the purchase of tobacco leaves transactions contemplated under the Framework Tobacco Purchase Agreement are separately negotiated between relevant members of the Group and relevant members of Alliance One Group on an arm's length basis. In particular, the tobacco leaves are priced with reference to (i) the volume and quality of tobacco leaves offered, including applicable premium or discount in relation to quality and the corresponding market status of a particular grade; (ii) procurement costs for such tobacco leaves, including cost of raw material, utility cost, rent of factory premises, shipping costs, storage expenses and staff costs; and (iii) other factors such as seasonal demand and past procurement prices. The same pricing mechanism is adopted for purchase of tobacco leaves from independent third parties of the Group.

Annual Caps

The transaction amount of the purchase of tobacco transactions under the Framework Tobacco Purchase Agreement for the year ended 31 December 2025, and for the years ending 31 December 2026, 2027 and 2028 is expected not to exceed US$331.4 million (equivalent to HK$2,585.1 million), US$329.7 million (equivalent to HK$2,571.5 million), US$356.1 million (equivalent to HK$2,777.2 million), and US$384.5 million (equivalent to HK$2,999.4 million), respectively.

Review of Continuing Connected Transactions (Continued)

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the purchase of tobacco transactions under the Framework Tobacco Purchase Agreement which constitutes connected transactions was HK$362.7 million.

(iv) CBT Framework Tobacco and Services Purchase Agreement

In order to sell and export tobacco leaf products, CBT procures agricultural materials, tobacco leaves and processing services from various suppliers in the ordinary and usual course of its business. Those suppliers include Alliance One Brazil, who sells agricultural materials and tobacco leaves, as well as operates processing facilities as part of its business activities. The transactions with Alliance One Brazil enable CBT to secure a sufficient amount of high quality tobacco leaf products to meet the demands of its end customers. On 23 September 2021, CBT and Alliance One Brazil entered into the CBT Framework Tobacco and Services Purchase Agreement, which has become effective upon the completion of the Acquisition on 26 November 2021. The CBT Framework Tobacco and Services Purchase Agreement provides for the principles and terms and conditions upon which CBT and Alliance One Brazil are to carry out the purchase of agricultural materials, tobacco leaves and processing services transactions. Pursuant to the CBT Framework Tobacco and Services Purchase Agreement, CBT will procure from Alliance One Brazil: (i) agricultural materials for the production of tobacco leaf products, such as seeds and fertilizers; (ii) high quality tobacco leaf products; and (iii) processing services to manufacture tobacco leaves into tobacco leaf products. The initial term of the CBT Framework Tobacco and Services Purchase Agreement commenced on the completion of the Acquisition on 26 November 2021 and ended on 31 December 2022. Upon expiration, the parties may negotiate to extend the agreement by another one-year term, and upon the expiration of the extended one-year term, the parties may further extend the term in writing after arm's length negotiation, subject to compliance with the Listing Rules and other applicable laws. On 30 May 2022, the Board adjusted upward the existing annual caps (i) for purchase of agricultural materials, tobacco leaves and service transactions contemplated under the CBT Framework Tobacco and Services Purchase Agreement and (ii) accordingly, for purchase of agricultural materials, tobacco leaves and service transactions contemplated under the Framework Tobacco Purchase Agreement and the CBT Framework Tobacco and Services Purchase Agreement on an aggregated basis, each for the year ended 31 December 2022. On each of 29 December 2022, 20 December 2023 and 10 October 2024, the term of the CBT Framework Tobacco and Services Purchase Agreement was further extended for a period of one year, with the CBT Framework Tobacco and Services Purchase Agreement expired on 31 December 2025. On 31 December 2025 (i) the term of the CBT Framework Tobacco and Services Purchase Agreement was further extended for a period of three years from 1 January 2026 to 31 December 2028; and (ii) the terms under the CBT Framework Tobacco and Services Purchase Agreement were amended to include the procurement of other services relevant to the processing and production of tobacco leaf products and the corresponding pricing policies.

For further details of the CBT Framework Tobacco and Services Purchase Agreement (including the relevant pricing policies) and the revised annual cap for the CBT Framework Tobacco and Services Purchase Agreement, please refer to the Company's circular dated 29 September 2021 and announcements dated 30 May 2022, 29 December 2022, 20 December 2023, 10 October 2024 and 31 December 2025.

Review of Continuing Connected Transactions (Continued)

Parties

CBT and Alliance One Brazil

Pricing Policies

The price and amount of the purchase of agricultural materials, tobacco leaves and processing services transactions contemplated under the CBT Framework Tobacco and Services Purchase Agreement are separately negotiated between CBT and Alliance One Brazil on an arm's length basis. In particular:

(a) In respect of the purchase of agricultural materials, a fixed margin is added to Alliance One Brazil's procurement price of the agricultural materials, representing Alliance One Brazil's expenses for the administration, loading, handling, storage and shipping of the agricultural materials.

(b) In respect of the purchase of tobacco leaves, price is determined by: (i) the volume and quality of tobacco leaves offered, including applicable premium or discount in relation to quality and the corresponding market status of a particular grade; (ii) the price range for tobacco leaves of the same quality, as compared to prices offered by independent third party suppliers; and (iii) negotiations with CBT's end customers regarding their retail price and reasonable profit margins. The same pricing mechanism is adopted for the purchase of tobacco leaves from independent third parties of CBT.

(c) In respect of the purchase of processing services, for the six months ended 30 June 2026, a fixed fee of approximately R$1.2175 is charged for each kilogram of tobacco leaves processed, respectively, where such fixed fee is mainly comprised of labour costs, utility costs, and storage costs for the processing services. Such fixed fee is determined on a yearly basis taking into account the potential increase in the aforementioned costs.

(d) In respect of the procurement of other relevant services, a fixed fee or fee rate will be charged for each kilogram or volume unit of materials (including but not limited to tobacco leaves or fertilizer) using such services. Such fee or fee rate will be determined based on the length of service, labour costs, storage costs and any other relevant costs for the relevant services provided. Such fee or fee rate is determined on a yearly basis taking into account the potential inflation rates of the relevant service costs.

Review of Continuing Connected Transactions (Continued)

Annual Caps

The transaction amount of the purchase of tobacco and services transactions under the CBT Framework Tobacco and Services Purchase Agreement for the year ended 31 December 2025, and for the years ending 31 December 2026, 2027 and 2028 is expected not to exceed US$38.7 million (equivalent to HK$302.2 million), US$48.1 million (equivalent to HK$375.4 million), US$46.1 million (equivalent to HK$359.9 million), and US$47.9 million (equivalent to HK$373.8 million), respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the purchase of tobacco and services transactions under the CBT Framework Tobacco and Services Purchase Agreement which constitutes connected transactions was HK$103.6 million.

(v) Leaf Trading Framework Tobacco Sales Agreement

On 27 January 2026, the Company and Leaf Trading entered into the Leaf Trading Framework Tobacco Sales Agreement and provides for the principles and terms and conditions upon which the Company is to sell tobacco leaf products to Leaf Trading for a period from 27 January 2026 until 31 December 2028. Upon expiration, the parties may renew the term through reasonable negotiation, subject to compliance with the requirements of the Listing Rules and applicable laws and regulations.

For further details of the Leaf Trading Framework Tobacco Sales Agreement (including relevant pricing policies) and the annual cap for the Leaf Trading Framework Tobacco Sales Agreement, please refer to the Company's announcement dated 27 January 2026.

Review of Continuing Connected Transactions (Continued)

Parties

The Company and Leaf Trading

Pricing Policies

The price and amount of the sale of tobacco leaf products transactions contemplated under the Leaf Trading Framework Tobacco Sales Agreement will be separately negotiated between the Company and Leaf Trading on an arm's length basis. In particular, the tobacco leaf products will be priced with reference to (i) the volume and quality of tobacco leaf products sold, including applicable premium or discount in relation to quality and the corresponding market status of a particular grade; (ii) the Company's procurement costs for such tobacco leaf products, including cost of raw material, utility cost, rent of factory premises, shipping costs, storage expenses and staff costs; and (iii) other factors such as seasonal demand and past sales prices. The same pricing mechanism is adopted for sale of tobacco leaf products to independent third parties of the Group.

Annual Caps

The transactions amount in respect of the sale of tobacco transactions under the Leaf Trading Framework Tobacco Sales Agreement for the years ending 31 December 2026, 2027 and 2028 is expected not to exceed HK$6.7 million, HK$8.4 million, HK$9.8 million, respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the sale of tobacco leaf products transactions under the Leaf Trading Framework Tobacco Sales Agreement which constitutes connected transactions was HK$nil.

* *for identification only*

Review of Continuing Connected Transactions (Continued)

(H) Procurement Transactions for the Export of Tobacco Leaf Products to Non-exclusive Operating Regions for Tobacco Leaf Products

The Company has been making efforts to expand the scale of its Tobacco Leaf Products Export Business, including the expansion of the regions to where the Company sells and exports tobacco leaf products procured from the relevant entities under CNTC. As certain potential customers of the Tobacco Leaf Products Export Business are located in regions which do not fall within the exclusive operating regions (Southeast Asia, Hong Kong, Macau and Taiwan) for the procurement transactions of Tobacco Leaf Products Export Business of the Company which is exempted by the Stock Exchange for an indefinite term, without an annual monetary cap, to regulate relevant transactions in the Non-exclusive Operating Regions for Tobacco Leaf Products and to comply with relevant requirements under the Listing Rules, on 27 November 2024, the Company entered into the Framework Agreements on Tobacco Leaf Products Export to New Regions with each of the relevant counterparties under the Framework Agreements on Tobacco Leaf Products Export to New Regions (as set out below) for a term of three years commencing from 27 November 2024 to 26 November 2027.

For further details of the Framework Agreements on Tobacco Leaf Products Export to New Regions (including the relevant pricing policies), please refer to the Company's announcement dated 25 August 2023 and 27 November 2024.

As disclosed in the Company's announcement dated 27 January 2026, the Company entered into the Framework Agreements on Tobacco Leaf Products Export to New Regions with CTI North America as a relevant seller and accordingly adjusted upward the existing annual caps for the continuing connected transactions contemplated under the Framework Agreements on Tobacco Leaf Products Export to New Regions for the year ending 31 December 2026 and the period from 1 January 2027 to 26 November 2027. For details, please refer to the announcement of the Company dated 27 January 2026.

Parties

The Company and, for the time being, each of the entities under CNTC below:

China Tobacco Yunnan Import and Export Co., Ltd*
(中國煙草雲南進出口有限公司);

China Tobacco Sichuan Import and Export Co., Ltd*
(中國煙草四川進出口有限責任公司);

China Tobacco Shandong Import and Export Co., Ltd*
(中國煙草山東進出口有限責任公司);

China Tobacco Hubei Import and Export Co., Ltd*
(中國煙草湖北進出口有限責任公司);

China Tobacco Guizhou Import and Export Co., Ltd*
(中國煙草貴州進出口有限責任公司); and

China Tobacco Hunan Import and Export Co., Ltd*
(中國煙草湖南進出口有限責任公司);

China Tobacco Fujian Import and Export Co., Ltd*
(中國煙草福建進出口有限責任公司);

China Tobacco Henan Import and Export Co., Ltd*
(中國煙草河南進出口有限責任公司);

Shaanxi Tobacco Import and Export Co., Ltd*
(陝西煙草進出口有限責任公司);

CTI North America.

Review of Continuing Connected Transactions (Continued)

Pricing Policies

The Company first obtains indicative sales terms, which include quantity, specification, product quality, acceptable price range and others, from potential independent third party customers. The Company then solicits offers from various suppliers of tobacco leaf products by obtaining samples, price quotes and price floors. The Company compares the terms and samples obtained and selects the supplier that offers the most favourable terms for commercially viable tobacco leaf products. Based on the market condition and its own evaluation of the quality of the samples, the Company provides the customers with price quotes and negotiates with them based on the suppliers' price floor. Our suppliers may also offer their products to the Company without any solicitation, and we will take such products into account in our future sales to customers where the products meet the demand of the customers and compare the samples as well as the other terms with those provided by the other suppliers. Procurement by the Company and by third parties from our suppliers are subject to the same pricing formula in similar transactions and therefore our procurement has been conducted based on normal commercial terms. The pricing formula is shown as below:

P		A		
Procurement price from domestic suppliers of tobacco leaf products	=	Price at which the Company sells the tobacco leaf products to independent third parties	×	(1 – applicable margin)

The price at which the Company sells tobacco leaf products to third party customers is determined through arm's length negotiation between the parties. Specifically, our sales prices comprise: (i) our suppliers' costs associated with the processing of tobacco leaf products, 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 or discount in relation to product quality and the corresponding market status of a particular grade of tobacco leaf products (for example, the premium of tobacco leaf products produced in Yunnan Province is usually considered higher due to the different grades of tobacco leaf products); and (iv) other factors, including prevailing supply and demand in the tobacco leaf products market (such as seasonal domestic production volume and demand by overseas manufacturers for tobacco leaf products produced in different regions in China), fluctuation in the exchange rate between Hong Kong dollars and local currency at the export destinations, relationship with trading counterparties, past sales prices, local taxation at export destinations and other factors. Import tariffs charged by export destinations are borne by third party customers.

From 1 January 2024, the applicable margins for the exported tobacco leaf products are not less than 1%, not less than 2% and not less than 4%, depending on the types of the exported tobacco leaf products, crop year, unit sale price, customers and suppliers. Factors taken into consideration in setting these margins include relevant operating costs of the Company and reasonable profit margin. These applicable margins may be adjusted in the future based on changing market conditions and relevant costs of the Company in operating such business.

Annual Caps

The revised transaction amount of the continuing connected transactions under the Framework Agreements on Tobacco Leaf Products Export to New Regions for the period from 27 November 2024 to 31 December 2024, the year ended 31 December 2025, the year ending 31 December 2026, and the period from 1 January 2027 to 26 November 2027 shall not to exceed HK$50.9 million, HK$60.9 million, HK$466 million and HK$490 million, respectively.

Review of Continuing Connected Transactions (Continued)

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the procurement of tobacco transactions under the Framework Agreements on Tobacco Leaf Products Export to New Regions which constitutes connected transactions was HK$349.9 million, accounting for 100% of the total purchase of the Tobacco Leaf Products Export Business in non-exclusive operating region.

(I) 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 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 commencing from 8 April 2024 until 31 December 2026 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.

For further details of the Framework Agreements on Cigarettes Export to New Regions (including the relevant pricing policies), please refer to the Company's announcement dated 8 April 2024.

Parties

The Company and the relevant entities under CNTC, for the time being, including:

China Tobacco Guizhou Industrial Co., Ltd*
(貴州中煙工業有限責任公司);

China Tobacco Hebei Industrial Co., Ltd*
(河北中煙工業有限責任公司);

China Tobacco Henan Industrial Co., Ltd*
(河南中煙工業有限責任公司);

China Tobacco Hubei Industrial Co., Ltd*
(湖北中煙工業有限責任公司);

China Tobacco Anhui Industrial Co., Ltd*
(安徽中煙工業有限責任公司).

China Tobacco Jiangsu Industrial Co., Ltd*
(江蘇中煙工業有限責任公司);

Shanghai Tobacco Group Co., Ltd*
(上海煙草集團有限責任公司);

China Tobacco Sichuan Industrial Co., Ltd*
(四川中煙工業有限責任公司);

China Tobacco Shandong Industrial Co., Ltd*
(山東中煙工業有限責任公司); and

Review of Continuing Connected Transactions (Continued)

Pricing Policies

We apply 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 (e.g., Chunghwa（中華）cigarettes manufactured by Shanghai Tobacco Group Co., Ltd usually have a higher premium); (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.

Review of Continuing Connected Transactions (Continued)

(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 (e.g., Chunghwa（中華）cigarettes manufactured by Shanghai Tobacco Group Co., Ltd usually have a higher premium); (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.

Annual Caps

The transaction amount of the procurement of cigarettes transactions under the Framework Agreements on Cigarettes Export to New Regions for the years ended 31 December 2024 and 2025 and the year ending 31 December 2026 shall not exceed US$7.8 million (equivalent to HK$60.7 million), US$8.5 million (equivalent to HK$66.5 million), US$9.4 million (equivalent to HK$73.0 million), respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the procurement of cigarettes transactions under the Framework Agreements on Cigarettes Export to New Regions which constitutes connected transactions was US$34.9 thousand (equivalent to HK$272.2 thousand), accounting for 100% of the total procurement of cigarettes transactions under the Framework Agreements on Cigarettes Export to New Regions.

Review of Continuing Connected Transactions (Continued)

(J) Offshore Sales Transactions of Tobacco Leaf Products

With the development of the Tobacco Leaf Products Export Business, the Group is now better equipped to supply tobacco leaf products from various global origins and offer a wider range of tobacco leaf product varieties. As a result, offshore customers, including entities under CNTC, expect to purchase tobacco leaf products from the Group in larger quantities through a direct trade model. As such, on 29 August 2025, the Company entered into the offshore sales of tobacco leaf products framework agreement (the "**Offshore Sales of Tobacco Leaf Products Framework Agreement**") with the relevant buyers in relation to the sales of tobacco leaf products from the Group to relevant offshore entities under CNTC for a term from 29 August 2025 to 31 December 2027, as part of the Tobacco Leaf Products Export Business.

For further details of the Offshore Sales of Tobacco Leaf Products Framework Agreement (including the relevant pricing policies), please refer to the Company's announcement dated 29 August 2025.

Parties

The Company and the relevant entities under CNTC, for the time being, including:

- Bang Kang Cigarette Factory, Myanmar (緬甸邦康煙廠*);
- Viniton Group Co., Ltd. (柬埔寨威尼頓集團有限公司*); and
- China Tobacco International Lao Manufacturing Co., Ltd (formerly known as Lao-China Hongta Good Luck Tobacco Co., Ltd.) (中煙國際老撾製造有限公司*, 前稱老撾寮中紅塔好運煙草有限公司).

Pricing Policies

The sales price shall be separately determined between the Group and the buyers in the individual agreements to be entered into pursuant to the Offshore Sales of Tobacco Leaf Products Framework Agreement. Such price shall be approved by the parties, with reference to international market practice and industry norm. The price charged by the Group in connection with the transactions under the Offshore Sales of Tobacco Leaf Products Framework Agreement is determined based on the resources devoted by the Group in connection with such transactions and varies according to the unit price of the relevant tobacco leaf products and the gross margin that the Group expects to generate from the sale of such products.

Review of Continuing Connected Transactions (Continued)

Annual Caps

The transaction amount of the sales of tobacco leaf products under the Offshore Sales of Tobacco Leaf Products Framework Agreement for the period from 29 August 2025 to 31 December 2025, and the years ending 31 December 2026 and 2027, shall not exceed HK$55.89 million, HK$328.39 million, and HK$380.04 million, respectively.

Transaction Amount during the Reporting Period

During the Reporting Period, the amount of the sales of tobacco leaf products transactions under the Offshore Sales of Tobacco Leaf Products Framework Agreement which constitutes connected transactions was HK$123.5 million, accounting for 7.0% of the total revenue of our Tobacco Leaf Products Export Business.

Save as disclosed above, none of the other related party transactions set out in the note 16 of the financial statements constitutes connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules. Save as disclosed in this interim report, the Group has no connected transactions which are required to be disclosed under Chapter 14A of the Listing Rules from 1 January 2026 to 30 June 2026.

At the time of the initial public offering of the Company, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with:

- in respect of the Continuing Connected Transactions of types A, B, C and D above, the requirements for (i) announcement, (ii) independent Shareholders' approval, (iii) setting a term of no more than three years and (iv) setting annual caps under Chapter 14A of the Listing Rules; and

- in respect of the Continuing Connected Transactions under the Offshore Supply Framework Agreements and the Tobacco Leaf Products Export Agency Agreements of types E and F above, the requirements for (i) announcement and (ii) independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Continuing Connected Transactions under the 2021-2024 Offshore Supply Framework Agreements and 2024-2026 Offshore Supply Framework Agreement of type E, the 2021-2024 Tobacco Leaf Products Export Agency Agreements and 2024-2026 Tobacco Leaf Products Export Agency Agreements of types F above are subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcements dated 17 November 2021, 30 December 2021 and 10 October 2024 and circulars dated 14 December 2021 and 1 November 2024.

The CCTs with Connected Persons at the Subsidiary Level of type G above are subject to the requirements for reporting and announcement but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. For details, please refer to the Company's announcements dated 23 September 2021, 22 October 2021, 29 November 2021, 30 May 2022, 29 December 2022, 20 December 2023, 10 October 2024, 31 December 2025 and 27 January 2026 and circular dated 29 September 2021.

Review of Continuing Connected Transactions (Continued)

The Continuing Connected Transactions of type H above in relation to the Framework Agreements on Tobacco Leaf Products Export to New Regions are subject to the requirements for reporting and announcement but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. For details, please refer to the Company's announcements dated 25 August 2023, 27 November 2024 and 27 January 2026.

The Continuing Connected Transactions of type I above in relation to the Framework Agreements on Cigarettes Export to New Regions are subject to the requirements for reporting and announcement but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. For details, please refer to the Company's announcement dated 8 April 2024.

The Continuing Connected Transactions of type J above in relation to the Offshore Sales of Tobacco Leaf Products Framework Agreement are subject to the requirements for reporting and announcement but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. For details, please refer to the Company's announcement dated 29 August 2025.

On the basis of the above, the Group confirms that it has complied with the requirements of Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which the Group was a party during the Reporting Period.

CONFIRMATION FROM AND REVIEW OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company (the "**INEDs**") have reviewed the continuing connected transactions conducted by the Group during the Reporting Period (the "**Continuing Connected Transactions**"). In particular, to ensure the fairness of the Continuing Connected Transactions, the INEDs have performed the following works, which apply to the Continuing Connected Transactions of types A, B, C and D above (the "**CCTs of Indefinite Term**"), the Continuing Connected Transactions of types E, F, H, I and J above (the "**CCTs of Fixed Terms**") and the Continuing Connected Transactions of type G (the "**CCTs with Connected Persons at the Subsidiary Level**"), respectively: (i) reviewed the financial information of the Group to understand the Continuing Connected Transactions entered into during the Reporting Period; (ii) reviewed various transaction documents to consider whether the Continuing Connected Transactions have complied with the agreements governing such transactions, the pricing policies and whether the contract terms are conducted on the normal commercial terms or better to the Group on the sampling basis; (iii) reviewed the reports of the independent financial adviser of the Continuing Connected Transactions during the Reporting Period; (iv) convened the special meetings of the Connected Transactions Control Committee to discuss the review conducted by the Connected Transactions Control Committee of the Continuing Connected Transactions during the Reporting Period (the "**Review**"), and the review opinions on the Continuing Connected Transactions jointly with the independent financial adviser; (v) reviewed the interim financial statements of the Group for the Reporting Period with disclosure note on related party transactions included therein; and (vi) convened the special meetings of the Connected Transactions Control Committee to enquire the management about its control measures and implementations in relation to the Continuing Connected Transactions. In connection with the CCTs with Connected Persons at the Subsidiary Level, the INEDs have also sampled and reviewed contracts with independent third parties to compare relevant key commercial terms with those in the CCTs with Connected Persons at the Subsidiary Level.

Review of Continuing Connected Transactions (Continued)

The aggregate transaction amount of the CCTs of Indefinite Term which have been covered by the Review are approximately HK$2,781.0 million, HK$728.8 million, HK$34.4 million and HK$6.9 million, respectively, representing not less than 50% of the total sales transaction amount of each type of transactions during the Reporting Period.

In addition to the above works, the INEDs have confirmed that during the Reporting Period, the Continuing Connected Transactions had been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better to the Group; and (iii) according to the agreements governing such transactions on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REVIEW OPINIONS OF THE INDEPENDENT FINANCIAL ADVISER

The Company has engaged Somerley Capital Limited (“**Somerley**”) as the independent financial adviser to review the CCTs of Indefinite Term. The independent financial adviser has performed the following works: 1) obtained and reviewed transaction documents including, among others, price negotiation records, purchase indication records, procurement contracts and sales contracts, and relevant pricing regulatory notices or the Company’s internal pricing policies, in relation to each of the CCTs of Indefinite Term during the Reporting Period, on a sampling basis, representing not less than 50% of the total sales transaction amount of each of the CCTs of Indefinite Term during the Reporting Period. Somerley has noted that the CCTs of Indefinite Term were conducted in accordance with the relevant pricing regulatory notices and the Company’s internal pricing policies; 2) discussed with the management of the Company to understand the background of the CCTs of Indefinite Term, customer and supplier selection criteria, procurement procedures and pricing policies, in particular with respect to the Company’s independence throughout the decision-making process; 3) enquired the management of the Company about the existing internal control measures so as to confirm that the CCTs of Indefinite Term were carried out in accordance with the procedures and criteria set out by the Company in relevant internal policies and procedures; and 4) compared the margins of certain CCTs of Indefinite Term, that are not governed by any pricing policy prescribed by STMA or CNTC, against the margins of other listed companies in Hong Kong engaged in trading consumable goods business.

Based on the above, Somerley has confirmed that the CCTs of Indefinite Term for the Reporting Period have been conducted: 1) in the ordinary and usual course of business of the Group; 2) on normal commercial terms or better to the Group; and 3) on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

In addition, the Company has engaged Somerley to review the CCTs of Fixed Terms and the CCTs with Connected Persons at the Subsidiary Level for the Reporting Period. Somerley has confirmed that the CCTs of Fixed Terms and the CCTs with Connected Persons at the Subsidiary Level during the Reporting Period have been entered into: 1) in the ordinary and usual course of business of the Group; 2) on normal commercial terms or better to the Group; and 3) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Other Information

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.19 per Share for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$0.19 per Share).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 11 September 2026 to Wednesday, 16 September 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 September 2026. The interim dividend is expected to be paid on or about Friday, 25 September 2026 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 16 September 2026.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2026.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not conduct any material acquisition or disposal of any subsidiary, associate or joint venture during the six months ended 30 June 2026.

CAPITAL EXPENDITURES

Save as disclosed in this interim report, the Group had no plan relating to material investments and capital assets during the six months ended 30 June 2026.

EMPLOYEES

As at 30 June 2026, the Group had 72 (31 December 2025: 73) employees in Hong Kong and 780 employees (including seasonal workers) (31 December 2025: 384 (including seasonal workers)) in Brazil. For the six months ended 30 June 2026, the staff cost incurred by the Group amounted to HK$72.8 million (six months ended 30 June 2025: HK$62.5 million). The Group seeks to remunerate our employees on a market-competitive basis and has established internal policies with respect to employee compensation for our local employees. The remuneration package of all its employees comprises basic salary, performance-related bonus and certain other employee benefits. The Group reviews the remuneration package of its employees annually in reference to the pay trend of the Hong Kong and Brazil markets with consideration of factors such as years of service, relevant professional experience, and performance evaluations.

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

EVENTS AFTER THE REPORTING PERIOD

The Board has resolved to declare an interim dividend of HK$0.19 per Share for the six months ended 30 June 2026. Details of the interim dividend proposed are given in note 8 of the financial statements.

Save as disclosed above, there is no major event after 30 June 2026 that is required to be disclosed by the Group.

Other Information (Continued)

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

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

The use of Net Proceeds during the period from the Listing Date up to 30 June 2026 is set out as follows:

Use of Net Proceeds	Approximate percentage of total amount	Actual amount of Net Proceeds (HK$ million)	Unutilised amount as at 1 January 2026 (HK$ million)	Amount utilised during the period from 1 January 2026 to 30 June 2026 (HK$ million)	Unutilised amount as at 30 June 2026 (HK$ million)	Expected timeline for utilising the remaining Net Proceeds (as disclosed in an announcement of the Company dated 27 June 2025)
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 2027.
Supporting the ongoing growth of the Group's business	20%	180.8	157.6	11.5	146.1	Remainder to be utilised by 30 June 2027.
Strategic business cooperation with other international tobacco companies, including to jointly explore and develop emerging tobacco market	20%	180.8	177.1	0.6	176.5	Remainder to be utilised by 30 June 2027.
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	–	–	–	Not Applicable.
Total	**100%**	**904.0**	**416.1**	**12.1**	**404.0**	

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

Other Information (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or that is recorded in the register required to be kept under section 352 of the SFO or any interests otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES

At no time during the six months ended 30 June 2026 was the Company, any of its holding companies, or any of its holding companies' subsidiaries a party for any arrangement to enable the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the Shares or underlying Shares which are required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Positions in the Shares and Underlying Shares of the Company

		Nature of interest	Ordinary shares held	Percentage of the total number of issued shares[2]
(i)	CTIG	Beneficial owner	500,010,000	72.29%
(ii)	CNTC[1]	Interest in a controlled corporation	500,010,000	72.29%

Notes:

1. In light of the fact that CNTC directly controls one third or more of the voting rights in the shareholders' meetings of CTIG, in accordance with the SFO, the interests of CTIG are deemed to be, and have therefore been included in, the interests of CNTC.

2. As at 30 June 2026, the Company had 691,680,000 Shares in issue.

Apart from the foregoing, as at 30 June 2026, no other person (other than a Director or the chief executive of the Company) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Other Information (Continued)

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

During the annual general meeting of the Company dated 29 May 2026, Mr. Xu Zengyun was re-elected as executive Director, and Mr. Chow Siu Lui and Mr. Wang Xinhua were re-elected as independent non-executive Directors. For details, please refer to the relevant circular and announcement of the Company dated 24 April 2026 and 29 May 2026, respectively.

On 2 July 2026, Mr. Shao Yan resigned as (i) chairman of the Board and a non-executive director of the Company, and (ii) chairman of the nomination committee of the Company and strategic development committee of the Company, and a member of the remuneration committee of the Company due to retirement. Mr Dai Jiahui, an executive Director of the Company, performs the duties of chairman of the Board. The Board will elect suitable candidates to fill the vacancies within three months from the date of Mr. Shao Yan's resignation. For details, please refer to the relevant announcement of the Company dated 2 July 2026.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

During the six months ended 30 June 2026, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)). As at 30 June 2026, there were no treasury shares held by the Company or its subsidiaries.

AUDIT COMMITTEE

The Audit Committee reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2026 and the accounting principles and practices adopted by the Group, and discussed internal control and financial report matters.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2026, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate the directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

APPENDIX D2 TO THE LISTING RULES

According to paragraph 40 of Appendix D2 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed in this report, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix D2 has not been changed significantly from the information disclosed in the 2025 annual report of the Company.

Review Report of the Independent Auditors

Review report to the board of directors
of China Tobacco International (HK) Company Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 55 to 77 which comprises the consolidated statement of financial position of China Tobacco International (HK) Company Limited and its subsidiaries as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – unaudited

		Six months ended 30 June	
		2026	2025
	Note	HK$'000	HK$'000
Revenue	4	**7,539,515**	10,316,249
Cost of sales		**(6,683,194)**	(9,369,773)
Gross profit		**856,321**	946,476
Other income, net	5	**96,383**	71,973
Administrative and other operating expenses		**(82,937)**	(79,450)
Profit from operations		**869,767**	938,999
Finance costs	6(a)	**(80,134)**	(82,902)
Profit before taxation	6	**789,633**	856,097
Income tax	7	**(134,664)**	(133,537)
Profit for the period		**654,969**	722,560
Profit for the period attributable to:			
Equity shareholders of the Company		**627,031**	706,353
Non-controlling interests		**27,938**	16,207
		654,969	722,560
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements		**(2,621)**	5,416
Other comprehensive income for the period		**(2,621)**	5,416
Total comprehensive income for the period		**652,348**	727,976
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**624,410**	711,769
Non-controlling interests		**27,938**	16,207
		652,348	727,976
Earnings per Share			
Basic and diluted (HK$)	9	**0.91**	1.02

The notes on pages 61 to 77 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2026 – unaudited

	Note	**At 30 June 2026 HK$'000**	At 31 December 2025 HK$'000
Non-current assets			
Property, plant and equipment		**86,884**	95,540
Intangible assets		**53,993**	69,410
Goodwill		**212,929**	212,929
Trade and other receivables	11	**72,113**	38,743
Deferred tax assets		**45,833**	64,972
		471,752	481,594
Current assets			
Inventories	10	**2,444,743**	4,062,068
Current tax recoverable		**57,383**	29,311
Trade and other receivables	11	**1,410,716**	1,087,677
Cash and cash equivalents	12	**447,792**	279,029
Short-term bank deposits	12	**3,370,720**	3,033,694
		7,731,354	8,491,779
Current liabilities			
Trade and other payables and contract liabilities	13	**1,674,651**	2,233,889
Lease liabilities		**17,308**	18,612
Bank borrowings	14	**2,116,873**	2,765,608
Current tax payable		**116,387**	35,263
		3,925,219	5,053,372
Net current assets		**3,806,135**	3,438,407
Total assets less current liabilities		**4,277,887**	3,920,001
Non-current liabilities			
Lease liabilities		**28,307**	36,886
Deferred tax liabilities		**28,609**	24,168
Provision for reinstatement costs		**4,031**	3,692
Pillar Two tax liabilities		**12,017**	8,785
		72,964	73,531

Consolidated Statement of Financial Position (Continued)

As at 30 June 2026 – unaudited

	Note	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
NET ASSETS		**4,204,923**	3,846,470
Capital and reserves	15		
Share capital		**1,403,721**	1,403,721
Reserves		**2,637,187**	2,241,031
Total equity attributable to equity shareholders of the Company		**4,040,908**	3,644,752
Non-controlling interests		**164,015**	201,718
TOTAL EQUITY		**4,204,923**	3,846,470

The notes on pages 61 to 77 form part of this interim financial report.

Consolidated Statement of Changes in Equity

	Attributable to equity shareholders of the Company						
	Share capital HK$'000	Merger reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2025	1,403,721	(365,934)	(137,818)	2,105,205	3,005,174	182,096	3,187,270
Profit for the period	–	–	–	706,353	706,353	16,207	722,560
Other comprehensive income	–	–	5,416	–	5,416	–	5,416
Total comprehensive income	–	–	5,416	706,353	711,769	16,207	727,976
Dividends approved in respect of prior year (note 8)	–	–	–	(214,421)	(214,421)	–	(214,421)
Balance at 30 June 2025	1,403,721	(365,934)	(132,402)	2,597,137	3,502,522	198,303	3,700,825

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2026 – unaudited

	Attributable to equity shareholders of the Company						
	Share capital HK$'000	Merger reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2026	1,403,721	(365,934)	(132,685)	2,739,650	3,644,752	201,718	3,846,470
Profit for the period	–	–	–	627,031	627,031	27,938	654,969
Other comprehensive income	–	–	(2,621)	–	(2,621)	–	(2,621)
Total comprehensive income	–	–	(2,621)	627,031	624,410	27,938	652,348
Dividends approved in respect of prior year (note 8)	–	–	–	(228,254)	(228,254)	–	(228,254)
Dividends to non-controlling interests	–	–	–	–	–	(65,641)	(65,641)
Balance at 30 June 2026	1,403,721	(365,934)	(135,306)	3,138,427	4,040,908	164,015	4,204,923

The notes on pages 61 to 77 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026 – unaudited

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Operating activities		
Cash generated from operations	**1,490,423**	1,712,180
Income tax paid	**(53,398)**	(70,736)
Net cash generated from operating activities	**1,437,025**	1,641,444
Investing activities		
Payment for purchase of property and equipment	**(889)**	(2,800)
Placement of short-term bank deposits with maturity of more than 3 months	**(337,026)**	(403,570)
Interest received	**40,629**	29,361
Net cash used in investing activities	**(297,286)**	(377,009)
Financing activities		
Proceeds from new bank borrowings	**2,089,621**	2,464,020
Repayment of bank borrowings	**(2,674,620)**	(2,816,929)
Dividends paid to equity shareholders of the Company	**(228,254)**	–
Other cash flows arising from financing activities	**(153,831)**	(192,867)
Net cash used in financing activities	**(967,084)**	(545,776)
Net increase in cash and cash equivalents	**172,655**	718,659
Cash and cash equivalents at 1 January	**279,029**	517,466
Effect of foreign exchange rate changes	**(3,892)**	(4,751)
Cash and cash equivalents at 30 June	**447,792**	1,231,374

The notes on pages 61 to 77 form part of this interim financial report.

Notes to the Financial Statements

1 GENERAL INFORMATION

China Tobacco International (HK) Company Limited (the "Company") is incorporated in Hong Kong as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong (the "Stock Exchange") after completion of its initial public offering ("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 Business"):

- export of tobacco leaf products to Southeast Asia, Hong Kong, Macau, Taiwan and Non-exclusive Operating Regions for Tobacco Leaf Products (the "Tobacco Leaf Products Export Business");

- import of tobacco leaf products in the Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions) (the "Tobacco Leaf Products Import Business");

- export of cigarettes to Exclusive Operating Regions for Cigarettes and New Designated Regions for Cigarettes from CNTC Group directly or through distributors (the "Cigarettes Export Business");

- export of new tobacco products to the global market (except the Chinese Mainland) (the "New Tobacco Products Export Business"); and

- procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Republic of Brazil ("Brazil") and from Brazil to regions around the world (except the Chinese Mainland) (the "Brazil Operation Business").

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 54.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Financial Statements (Continued)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of tobacco leaf products	**7,117,260**	9,745,783
– Sales of cigarettes	**412,186**	551,775
– Sales of new tobacco products	**9,809**	14,598
– Provision of services	**260**	4,093
	7,539,515	10,316,249

The Group recognises all its revenue at a point in time.

Geographical information

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Chinese Mainland	**5,241,085**	8,836,606
Republic of Indonesia	**1,017,035**	927,803
Belgium	**356,690**	10,222
Brazil	**296,818**	141,299
Hong Kong	**257,849**	162,462
Socialist Republic of Vietnam	**116,899**	125,180
Lao People's Democratic Republic	**114,271**	3,507
Republic of the Philippines	**48,477**	23,747
Others	**90,391**	85,423
	7,539,515	10,316,249

Notes to the Financial Statements (Continued)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

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

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

Segment results, assets and liabilities

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

Segment assets include primarily trade and other receivables, and inventories. Segment liabilities include primarily trade and other payables and contract liabilities. The Group's all other assets and liabilities such as non-current assets, cash and cash equivalents, 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 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.

Notes to the Financial Statements (Continued)

4 REVENUE AND SEGMENT REPORTING *(continued)*

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

	Tobacco Leaf Products Export Business HK$'000	Tobacco Leaf Products Import Business HK$'000	Cigarettes Export Business HK$'000	New Tobacco Products Export Business HK$'000	Brazil Operation Business HK$'000	Unallocated HK$'000	Total HK$'000
For the six months ended 30 June 2026							
Reportable segment revenue	1,764,556	4,998,767	412,186	9,809	354,197	–	7,539,515
Reportable segment gross profit	101,376	544,041	148,766	522	61,616	–	856,321
Other income, net						96,383	96,383
Depreciation and amortisation						(29,228)	(29,228)
Other corporate expenses						(53,709)	(53,709)
Finance costs						(80,134)	(80,134)
Profit before taxation							789,633
Income tax							(134,664)
Profit for the period							654,969
As at 30 June 2026							
Reportable segment assets	291,466	2,634,369	204,522	7,050	905,349	4,160,350	8,203,106
Reportable segment liabilities	520,326	947,517	8,863	12,326	69,162	2,439,989	3,998,183

Notes to the Financial Statements (Continued)

4 REVENUE AND SEGMENT REPORTING *(continued)*

	Tobacco Leaf Products Export Business HK$'000	Tobacco Leaf Products Import Business HK$'000	Cigarettes Export Business HK$'000	New Tobacco Products Export Business HK$'000	Brazil Operation Business HK$'000	Unallocated HK$'000	Total HK$'000
For the six months ended 30 June 2025							
Reportable segment revenue	1,155,640	8,398,894	551,775	14,598	195,342	–	10,316,249
Reportable segment gross profit	63,129	687,162	141,831	780	53,574	–	946,476
Other income, net						71,973	71,973
Depreciation and amortisation						(26,402)	(26,402)
Other corporate expenses						(53,048)	(53,048)
Finance costs						(82,902)	(82,902)
Profit before taxation							856,097
Income tax							(133,537)
Profit for the period							722,560
As at 31 December 2025							
Reportable segment assets	110,555	4,158,101	281,332	23,134	761,033	3,639,218	8,973,373
Reportable segment liabilities	208,787	1,919,301	17,678	24,695	17,238	2,939,204	5,126,903

5 OTHER INCOME, NET

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Net exchange gains/(losses)	**18,666**	(8,967)
Interest income	**77,717**	80,940
	96,383	71,973

Notes to the Financial Statements (Continued)

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Interest on bank borrowings	**66,966**	72,852
Interest on lease liabilities	**2,361**	946
Interest accrued on provision	**113**	113
Other finance costs	**10,694**	8,991
	80,134	82,902

(b) Other items

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Depreciation		
– owned property and equipment	**7,720**	6,762
– right-of-use assets	**6,082**	4,195
	13,802	10,957
Amortisation of intangible assets	**15,426**	15,445
Expense related to short-term lease	**549**	1,001
Impairment losses recognised/(reversed) on trade and other receivables	**102**	(707)
Cost of inventories	**6,630,272**	9,359,356

Notes to the Financial Statements (Continued)

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	**81,124**	106,246
Pillar Two income taxes (note 7(b))	**3,231**	–
Current tax – Overseas		
Provision for the period	**26,729**	113,539
Deferred tax		
Origination and reversal of temporary difference	**23,580**	(86,248)
	134,664	133,537

The provision for Hong Kong Profits Tax for the six months ended 30 June 2026 is calculated at 16.5% (six months ended 30 June 2025: 16.5%) of the estimated assessable profits for the period. The Group is not eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2026 and 2025 as this concession has been taken elsewhere in the larger group to which the Group belongs.

Taxation for overseas subsidiaries includes corporate income tax and social contribution tax in Brazil. The applicable rates for corporate income tax and social contribution tax in Brazil are 25% and 9%, respectively during the six months ended 30 June 2026 and 2025. In November 2025, Brazil enacted Law 15,270/2025, under which dividend to non-resident investors shall be generally subject to withholding tax of 10% starting from 31 January 2026. Accordingly, withholding tax was provided for Group's portion of the undistributed profits of subsidiaries in Brazil, to the extent they are expected to be distributed in the foreseeable future, at tax rate of 10%.

As disclosed in note 7(b), the Group is also liable to Pillar Two income taxes.

(b) Pillar Two income tax

The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

The Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR. Additionally, the Group's earnings in Brazil are subject to the domestic minimum top-up tax implemented in Brazil.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Notes to the Financial Statements (Continued)

8 DIVIDENDS

Final dividend attributable to equity shareholders of the Company in respect of 2025 of HK33 cents per share (2024: HK31 cents per share) amounting to a total of HK$228,254,000 (2024: HK$214,421,000) was approved by the shareholders of the Company at the annual general meeting of the Company on 29 May 2026 and paid on 26 June 2026.

Subsequent to the end of the Reporting Period, the Board has resolved to declare an interim dividend of HK19 cents per share (six months ended 30 June 2025: HK19 cents per share) amounting to HK$131,419,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$131,419,000).

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2026 of HK$627,031,000 (six months ended 30 June 2025: HK$706,353,000) and the weighted average of 691,680,000 ordinary shares (six months ended 30 June 2025: 691,680,000 ordinary shares) in issue during the Reporting Period.

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

10 INVENTORIES

At 30 June 2026 and 31 December 2025, the Group's inventories consist mainly of tobacco leaf products that were in the warehouse and in transit in the course of sales.

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Trade receivables	**985,588**	675,813
Bills receivable	**3,016**	11,306
	988,604	687,119
Deposits, prepayments and other receivables	**220,534**	131,258
Advances to producers	**216,198**	254,931
VAT and other tax recoverable	**57,493**	53,112
	1,482,829	1,126,420
Represented by:		
– Current portion	**1,410,716**	1,087,677
– Non-current portion	**72,113**	38,743
	1,482,829	1,126,420

Notes to the Financial Statements (Continued)

11 TRADE AND OTHER RECEIVABLES *(continued)*

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

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

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Within 30 days	**796,124**	480,650
31 to 90 days	**54,819**	141,474
Over 90 days	**137,661**	64,995
	988,604	687,119

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

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Not past due	**732,310**	604,948
Past due 1 to 30 days	**235,034**	40,676
Past due 31 to 90 days	**20,520**	34,085
Past due 91-180 days	**740**	7,410
	988,604	687,119

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.

Notes to the Financial Statements (Continued)

12 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Cash at bank and on hand	**209,603**	173,184
Bank certificates of deposits	**238,189**	105,845
Cash and cash equivalents	**447,792**	279,029
Short-term deposits with original maturity of more than 3 months	**3,370,720**	3,033,694
	3,818,512	3,312,723

At 30 June 2026 and 31 December 2025, bank certificates of deposits were with original maturity of less than 3 months and they were held for the purpose of meeting short-term cash commitments.

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Trade payables	**1,418,586**	2,117,477
Dividends payables	**84,414**	19,854
Other payables and accruals	**111,898**	65,022
Financial liabilities measured at amortised cost	**1,614,898**	2,202,353
Contract liabilities	**59,753**	31,536
	1,674,651	2,233,889

Notes to the Financial Statements (Continued)

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES *(continued)*

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

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

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Within 30 days	**1,098,518**	1,118,050
31 to 90 days	**127,564**	917,796
Over 90 days	**192,504**	81,631
	1,418,586	2,117,477

In the ordinary course of business, the Group may receive quality claims made by the end customers from time to time. As at 30 June 2026, management believes such quality claims will not have a material adverse effect on the financial position or financial performance of the Group.

14 BANK BORROWINGS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Bank borrowings	**2,116,873**	2,765,608

At the end of each reporting period, all of the bank borrowings were unsecured, carried at amortised cost and expected to be settled within one year. All of the bank borrowings bore fixed interest and the weighted average interest rates as at 30 June 2026 were 6.14% per annum (31 December 2025: 6.60% per annum).

15 CAPITAL AND RESERVES

	No. of shares	**HK$'000**
Ordinary shares, issued and fully paid:		
At 1 January, 30 June and 31 December 2025 and 1 January and 30 June 2026	691,680,000	1,403,721

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements (Continued)

16 MATERIAL RELATED PARTY TRANSACTIONS

CNTC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC government. The PRC government is the ultimate controlling party of the Company.

Related parties include (i) the CNTC Group and its associates and joint ventures, other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over, key management personnel of the Group and the CNTC Group, their close family members and any entity, of any member of a group of which it is a part, provides key management personnel services to the Company's parent; and (ii) the Pyxus Group ("Pyxus"), namely Pyxus International, Inc. and its subsidiaries (including Alliance One Brasil Exportadora de Tabacos Ltda., the non-controlling interests of CBT).

In addition to the related party information shown elsewhere in the financial statements, the following is a summary of material related party transactions entered into in the ordinary course of business between the Group and its related parties during the reporting period and balances arising therefrom.

(a) Transactions with the CNTC Group and other related parties

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
– Sales of tobacco leaf products to China Tobacco International Inc. ("CTI")	**4,998,767**	8,398,894
– Sales of tobacco leaf products to Pyxus	**445,913**	302,461
– Commission income from fellow subsidiaries	**41**	3,928
– Sales of tobacco leaf products to other fellow subsidiaries	**123,466**	–
– Commission income from an associate of the CNTC Group	**171**	152
– Procurement of tobacco leaf products from fellow subsidiaries	**1,787,304**	1,668,199
– Procurement of cigarettes from fellow subsidiaries	**66,287**	303,117
– Procurement of new tobacco products from fellow subsidiaries	**9,287**	13,818
– Procurement of tobacco leaf products and services from Pyxus	**466,262**	1,056,589

During the six months ended 30 June 2026, commission income of HK$171,000 (six months ended 30 June 2025: HK$152,000) generated from an associate of the CNTC Group are not considered as connected persons defined under Chapter 14A of the Listing Rules. Except for such sales transactions, all the related party transactions above constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to the Financial Statements (Continued)

16 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with the CNTC Group and other related parties *(continued)*

As at 30 June 2026 and 31 December 2025, balances arising from the above transactions, which are unsecured and interest-free, are included in the following financial statement captions as summarised below:

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Trade receivables from:		
– fellow subsidiaries	**569,293**	300,842
– Pyxus	**133,697**	128,759
Prepayments for goods to:		
– fellow subsidiaries	**100,072**	7,758
Trade payables to:		
– fellow subsidiaries	**586,595**	244,856
– Pyxus	**102,000**	819,943
Other payables and accruals, including contract liabilities and dividends payables to:		
– fellow subsidiaries	**5,843**	2,483
– Pyxus	**84,414**	19,854

(b) Key management personnel remuneration

The remuneration of key management members, who are the Directors of the Company during the period, was as follows:

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Directors' fees	**720**	720
Salaries, allowances and benefits in kind	**4,799**	3,384
Retirement scheme contributions	**237**	426
	5,756	4,530

(c) Transactions with other state-controlled entities in the PRC

The Group has transactions with other state-controlled entities including but not limited to bank deposits. These transactions are conducted in the ordinary course of the Group's business.

Notes to the Financial Statements (Continued)

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of HKFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

HKFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of HKFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of HKFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of HKFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

(a) Structure of the statement of profit or loss

HKFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Interest income, which is currently presented in "other income, net", is expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal "operating profit", will form the new subtotal "profit or loss before financing and income taxes";

Notes to the Financial Statements (Continued)

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 *(continued)*

HKFRS 18, *Presentation and disclosure in financial statements* *(continued)*

(a) Structure of the statement of profit or loss *(continued)*

- The Group is assessing the classification of income and expenses as currently included in the finance cost line item and expects that this line item will be disaggregated into "income and expenses on liabilities arising solely from raising of finance" and "interest expenses on other liabilities" in the financing category; and

- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items that gave rise to the differences, unless doing so would involve undue cost or effort.

(b) Management-defined performance measures ("MPM")

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management's view of an aspect of the financial performance of the entity as a whole to users. The Group is developing a process to identify its public communications and assess whether any measures reported in those communications meet the definition of an MPM.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of HKFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

Notes to the Financial Statements (Continued)

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 *(continued)*

HKFRS 18, *Presentation and disclosure in financial statements* *(continued)*

(c) **Principles of aggregation and disaggregation**

HKFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

HKFRS 18 also introduces consequential amendments to HKAS 7, *Statement of cash flows*. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying HKFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

Financial Summary

	Six months ended				
	30 June 2026 HK$'000	30 June 2025 HK$'000	30 June 2024 HK$'000	30 June 2023 HK$'000	30 June 2022 HK$'000
Revenue	**7,539,515**	10,316,249	8,704,047	7,743,999	3,869,412
Gross profit	**856,321**	946,476	964,215	745,345	439,618
Profit from operations	**869,767**	938,999	957,779	698,038	399,333
Profit before taxation	**789,633**	856,097	842,316	625,673	369,208
Profit for the period attributable to					
Equity shareholders of the Company	**627,031**	706,353	643,341	456,952	218,978
Earnings per Share					
Basic and diluted (HK$)	**0.91**	1.02	0.93	0.66	0.32