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**華潤啤酒(控股)有限公司**

**China Resources Beer (Holdings) Company Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 291 (HKD counter) and 80291 (RMB counter))**

## **CONTINUING CONNECTED TRANSACTIONS ALCOHOLIC BEVERAGE PRODUCTS SUPPLY FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 27 June 2024 (after trading hours), the Company entered into the Alcoholic Beverage Products Supply Framework Agreement with CRH, pursuant to which the Group agreed to supply alcoholic beverage products to CRH Group for a term of three years commencing from 1 January 2024 to 31 December 2026.

The Company is incorporated in Hong Kong with limited liability and its ultimate holding company is CRC, a state-owned enterprise under the supervision of SASAC. It principally engages in manufacture, sales and distribution of alcoholic beverage products.

CRH is a company incorporated in Hong Kong with limited liability and its holding company and ultimate beneficial owner is CRC. CRH is the indirect controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the Alcoholic Beverage Products Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the highest proposed annual cap for the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement exceed 0.1% but are below 5%, the continuing connected transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The following sets out the principal terms of the Alcoholic Beverage Products Supply Framework Agreement:

Date: 27 June 2024 (after trading hours)

Parties: – the Company (as supplier)  
– CRH (as purchaser)

Subject: The Group agreed to supply its alcoholic beverage products such as beer and baijiu to CRH Group from time to time for the purposes of retail, distribution and internal sales of the same by CRH Group. It is contemplated under the Alcoholic Beverage Products Supply Framework Agreement that individual contracts will be entered into between respective relevant members of the Group and CRH Group for a term ending not later than 31 December 2026 to govern the specific terms in relation to each relevant member of the Group and CRH Group, which shall be on normal commercial terms or better and arrived at upon arm's length negotiation. The terms of the individual contracts will be consistent with the principles and terms of the Alcoholic Beverage Products Supply Framework Agreement.

Term: Three years commencing from 1 January 2024 to 31 December 2026.

Pricing policy and pricing terms:

The purchase prices and terms of the individual contracts will be determined after arm's length negotiation with reference to the prevailing market prices of similar products offered to independent third parties and subject to the internal control and corporate governance measures below.

Payment terms shall be negotiated on an arm's length basis and on normal commercial terms or better under the individual contracts.

Historical transaction amounts:

Set out below are the historical transaction amounts for the supply of alcoholic beverage products to CRH Group (exclusive of tax):

	<b>Beer</b>	<b>Baijiu</b>	<b>Total</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
For the year ended 31 December 2021	33.00	Nil	33.00
For the year ended 31 December 2022	19.00	Nil	19.00
For the year ended 31 December 2023	11.00	6.49	17.49
For the period from 1 January 2024 to 26 June 2024	3.56	12.46	16.02

The Company confirms that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the historical transaction amount from 1 January 2024 to the date of announcement does not exceed the de minimis threshold under Chapter 14A of the Listing Rules.

Proposed annual caps and basis of determination of the proposed annual caps:

Proposed annual caps for the years ending 31 December (exclusive of tax):

<b>2024</b>	<b>2025</b>	<b>2026</b>
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
175.30	265.80	331.40

The proposed annual caps are determined after arm's length negotiations between the parties by reference to (i) the historical transaction amounts for the supply of alcoholic beverage products to CRH Group; and (ii) the estimated growth in demand for the alcoholic beverage products supplied by the Group through different channels on the basis of the following:

- (a) CRH Group has an extensive customer base and business presence across different industries in the PRC, including but not limited to consumer products, healthcare, energy services, urban construction and operation, technology and finance. Leveraging on its broad customer base, new customer groups will be targeted by utilizing the sales force of CRH Group to cross-sell the Group's alcoholic beverage products to the customers of CRH Group. Further, by developing online and offline sales channels, and collaborating the alcoholic beverage products sales business with other businesses, new markets and growth opportunities will be explored. On such basis, the Directors consider that the alcoholic beverage products business has huge potential to grow.
  
- (b) In light of the trend to pursue quality products, the Directors consider that the demand for the Group's high-end alcoholic beverage products will be driven up through implementing premiumisation strategies for the Group's production of high-end products and its enhancement of brand image.

The Company has formulated its business development plan accordingly and expects that such strategies will contribute positively to the Group's sales of the alcoholic beverage products for the coming years, which will be translated into revenue, and build a solid platform for the Company's future success. The Group have undertaken a thorough examination of these strategies and expect that they will provide new business opportunities for the Company's business expansion and market development. Based on these considerations, and in light of the potential business opportunities that such strategies may bring, the Company is of the view that the proposed annual caps are fair and reasonable.

The Company will continue to review the proposed annual caps from time to time against changes in the Group's revenue versus increases in actual purchases of alcoholic beverage products by CRH Group.

#### **Internal control and corporate governance measures**

The Group has adopted the following internal control procedures to protect Shareholders' interests and to ensure that the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement conform with the terms of the said agreement and the pricing policy of the Group:

- (a) The product sales and administration department will conduct a comprehensive survey on consumer demand, market competition and the change of the average market price of similar products in the same industry each year, the result of which will be shared with risk management department. The standard price for alcoholic beverage products to be supplied to CRH Group will be determined by the results of such survey and the prices of the Company in previous years. The management will then review and approve such standard prices. The product sales and administration department will, where appropriate, further advise the management to adjust the product prices according to actual and expected market conditions.

- (b) The business and sales department will be responsible for tracking the business relationships and maintaining close relationships and good communication with CRH Group, so that the Company will be informed of any latest customer feedback from CRH Group in a timely manner. The business and sales department will also follow the established internal control procedures to regularly track, monitor and evaluate the product prices in order to ensure the standardization of the pricing strategy.
- (c) The risk management department of the Group will monitor the continuing connected transactions of the Company and report to the Audit Committee regularly. It will also ensure that the transactions are entered into: (i) in accordance with the terms of the Alcoholic Beverage Products Supply Framework Agreement; (ii) in the ordinary and usual course of business of the Group; and (iii) on normal commercial terms or terms no less favourable to the Group than terms available to independent third parties.
- (d) The abovementioned departments will report to the management of the Company regularly. The management is responsible for the supervision of such departments, in order to ensure all relevant procedures have been in compliance with the corresponding internal control measures.
- (e) The Company's auditors will conduct an annual review of the pricing and annual caps of the continuing connected transactions of the Company, including the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement.
- (f) The independent non-executive Directors will conduct an annual review of the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement, including whether they are based on the Alcoholic Beverage Products Supply Framework Agreement and the fairness of the Group with respect to the formulation and implementation of the above pricing basis each year.
- (g) The Board will review and examine internal control procedures for the continuing connected transactions each year.

The prices of alcoholic beverage products of the same nature and quality which were determined by the above internal control procedures shall be identical, regardless of whether these alcoholic beverage products are supplied to CRH Group or independent third party retailers and distributors.

In the event that the transaction amounts contemplated under the Alcoholic Beverage Products Supply Framework Agreement are expected to reach the proposed annual caps, the risk management department will follow up forthwith by reporting to the management of the Company, which will notify the business and sales department to cease supplying further alcoholic beverage products to CRH Group if it considers appropriate. If an amendment to the annual caps is required, the risk management department will report particulars to the Board and hold a Board meeting to consider the matters thereabout to ensure compliance with the requirements under the Listing Rules.

### **Relationship between the parties**

CRH is an indirect controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the Alcoholic Beverage Products Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

## **GENERAL**

### **Information of the parties**

The Company is incorporated in Hong Kong with limited liability and its ultimate holding company is CRC, a state-owned enterprise under the supervision of the SASAC. The Company principally engages in the manufacture, sales and distribution of alcoholic beverage products. CRC is a company established in the PRC with limited liability and is a state-owned enterprise under the supervision of SASAC. It is the holding company of CRH, and is a conglomerate which holds a variety of businesses in the PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

CRH is incorporated in Hong Kong with limited liability and its holding company and ultimate beneficial owner is CRC, a state-owned enterprise under the supervision of SASAC.

The CRH Group is a conglomerate which holds a variety of businesses in Hong Kong and the PRC including but not limited to consumer products, healthcare, energy services, urban construction and operation, technology and finance.

## **Reasons for and benefits of entering of the Alcoholic Beverage Products Supply Framework Agreement**

The Group is principally engaged in manufacturing, sales and distribution of alcoholic beverage products. The entering of the Alcoholic Beverage Products Supply Framework Agreement will provide the Group with an effective distribution platform for its alcoholic beverage products. Pursuant to the Alcoholic Beverage Products Supply Framework Agreement, the Group will supply alcoholic beverage products to CRH Group on normal commercial terms or better and all terms, as a whole, will be no less favorable to the Group than those terms available to independent third party.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms or better and the terms of the Alcoholic Beverage Products Supply Framework Agreement including the proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Listing Rules implications**

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the highest proposed annual cap for the transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement exceed 0.1% but are below 5%, the continuing connected transactions contemplated under the Alcoholic Beverage Products Supply Framework Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Ms. Guo Wei, being a non-executive Director, is an external director of a subsidiary of CRH, for good corporate governance practice, Ms. Guo has voluntarily abstained from voting on the relevant resolutions of the Board approving the Alcoholic Beverage Products Supply Framework Agreement and the transactions contemplated thereunder. Save as disclosed, none of the other Directors had or may be regarded as having a material interest in the Alcoholic Beverage Products Supply Framework Agreement and the transactions contemplated thereunder and therefore none of the other Directors had abstained from voting on the relevant Board resolutions approving the Alcoholic Beverage Products Supply Framework Agreement and the transaction contemplated thereunder.



## DEFINITIONS

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

“Alcoholic Beverage Products Supply Framework Agreement”	means the alcoholic beverage products supply framework agreement dated 27 June 2024 entered into between the Company and CRH
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	means the audit committee of the Company
“Board”	means the board of directors of the Company
“Company”	means China Resources Beer (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Codes: 291 (HKD counter) and 80291 (RMB counter))
“connected person”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CRC”	means China Resources Company Limited* (中國華潤有限公司), a company established in the PRC with limited liability and a state-owned enterprise under the supervision of SASAC, is the ultimate holding company of the Company and CRH

“CRH”	means China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and the intermediate holding company of the Company
“CRH Group”	means CRH and its subsidiaries (but excluding the Group and its associates)
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	means party(ies) which is/are independent of the Group and the connected persons of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	means the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	means Renminbi, the lawful currency of the PRC
“SASAC”	means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	means ordinary share(s) in the capital of the Company
“Shareholder(s)”	means the holder(s) of the Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“%” means per cent

\* *For identification purposes only*

By order of the Board  
**China Resources Beer (Holdings) Company Limited**  
**Hou Xiaohai**  
*Executive Director and Chairman*

Hong Kong, 27 June 2024

*As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chairman), Mr. Zhao Chunwu (President) and Mr. Zhao Wei (Chief Financial Officer). The Non-executive Directors are Mr. Daniel Robinson, Mr. Tang Liqing and Ms. Guo Wei. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Mr. Lai Hin Wing Henry Stephen, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.*