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**SAN MIGUEL BREWERY**  
**HONG KONG LTD.**  
香港生力啤酒廠有限公司

*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 236)

## **CONTINUING CONNECTED TRANSACTIONS**

SMBIL and SMGB, a PRC subsidiary of the Company, entered into the 2020 SMBIL-SMGB Trademark License Agreement on 30 November 2020 which granted SMGB the exclusive right to use the “San Miguel” related trademarks in connection with the production, sale, marketing and distribution of beer products in Guangdong and Hainan Provinces of the PRC and non-exclusive right to use such trademarks elsewhere in the PRC. The 2020 SMBIL-SMGB Trademark License Agreement expired as of the end of day on 29 November 2023.

SMBIL and SMGB entered into the 2023 SMBIL-SMGB Trademark License Agreement to renew the term of the 2020 SMBIL-SMGB Trademark License Agreement for another three (3) years from 30 November 2023 to 29 November 2026. Save for the royalties which may be payable by SMGB to SMBIL under the terms of the 2023 SMBIL-SMGB Trademark License Agreement, no consideration was paid or is payable under the 2023 SMBIL-SMGB Trademark License Agreement. The territorial coverage, licensed trademarks, rate and manner of computation of royalties under the 2023 SMBIL-SMGB Trademark License Agreement, among others, are essentially the same as those under the expired 2020 SMBIL-SMGB Trademark Licensing Agreement. The transaction contemplated under the 2023 SMBIL-SMGB Trademark License Agreement will constitute a continuing connected transaction for the Company under the Listing Rules.

For the purpose of complying with the continuing connected transactions requirements under Chapter 14A of the Listing Rules, transactions with the San Miguel Group under the San Miguel Group Licensing Arrangements (including the 2023 SMBIL-SMGB Trademark License Agreement, the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement) are aggregated as a series of transactions.

It is expected that the annual royalties payable by the Group under the 2023 SMBIL-SMGB Trademark License Agreement, when aggregated with the annual royalties payable by the Group under the other San Miguel Group Licensing Arrangements, including the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement, shall be less than HK\$10 million for each of the financial years during the remaining terms of the San Miguel Group Licensing Arrangements. Accordingly, the transactions under the 2023 SMBIL-SMGB Trademark License Agreement are only subject to the reporting and announcement requirements and exempt from the independent shareholders’ approval requirement under the Listing Rules.

## **THE 2023 SMBIL-SMGB TRADEMARK LICENSE AGREEMENT**

SMBIL and SMGB, a PRC subsidiary of the Company, entered into the 2020 SMBIL-SMGB Trademark License Agreement on 30 November 2020 which granted SMGB the exclusive right to use the “San Miguel” related trademarks in connection with the production, sale, marketing and distribution of beer products in Guangdong and Hainan Provinces of the PRC and non-exclusive right to use such trademarks elsewhere in the PRC. The 2020 SMBIL-SMGB Trademark License Agreement expired as of the end of day on 29 November 2023.

SMBIL and SMGB entered into the 2023 SMBIL-SMGB Trademark License Agreement to renew the term of the 2020 SMBIL-SMGB Trademark License Agreement for another three (3) years from 30 November 2023 to 29 November 2026. The territorial coverage, licensed trademarks, rate and manner of computation of royalties under the 2023 SMBIL-SMGB Trademark License Agreement, among others, are essentially the same as those under the expired 2020 SMBIL-SMGB Trademark Licensing Agreement.

The terms of the 2023 SMBIL-SMGB Trademark License Agreement are summarised as follows:

**Term:** Expiring 29 November 2026

**Licensor:** SMBIL

**Licensee:** SMGB

**Trademarks:** Various “San Miguel” related trademarks

**Use of trademarks and territory:** Exclusive right to use the licensed trademarks in connection with the production, sale, marketing and distribution of beer products in Guangdong and Hainan Provinces of the PRC and non-exclusive right to use such trademarks elsewhere in the PRC.

**Royalty rates:** 2.5% of net sales value (gross billings less certain outgoings) of all products bearing the licensed trademarks

**Payment terms:** Calculated quarterly and payable in US\$ not later than one (1) month after the end of each calendar quarter, with a late payment charge of 15% per annum of the amounts due and unpaid

As set out in this Announcement, the transaction contemplated under the 2023 SMBIL-SMGB Trademark License Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

The terms of the 2023 SMBIL-SMGB Trademark License Agreement were agreed after arm’s length negotiations between the parties.

## **GENERAL INFORMATION OF THE PARTIES**

The principal business activities of the Group are the production and distribution of bottled, canned and draught beers and other beverage products. The principal business activities of SMBIL are investment holding and trading. SMBIL is an indirect controlling shareholder holding approximately 65.78% of the issued share capital of the Company through Neptunia Corporation Limited. Top Frontier is the ultimate controlling shareholder of SMBIL and the Company.

## **REASONS FOR THE TRANSACTION**

The 2020 SMBIL-SMGB Trademark License Agreement expired as of the end of day on 29 November 2023. In view of the expiry of the 2020 SMBIL-SMGB Trademark License Agreement, SMBIL and SMGB have entered into the 2023 SMBIL-SMGB Trademark License Agreement to enable the Group, through SMGB, to continue producing and selling beer products using the “San Miguel” related trademarks in the territory covered by the 2023 SMBIL-SMGB Trademark License Agreement.

The Directors (including the independent non-executive Directors) consider the terms of the 2023 SMBIL-SMGB Trademark License Agreement to be fair and reasonable, on normal commercial terms and are entered in the ordinary and usual course of business of the Group and that the transactions thereunder are in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Top Frontier is the ultimate controlling shareholder of the Company and through, among others, SMBIL, holds 245,720,800 Shares representing approximately 65.78% of the issued share capital of the Company. Accordingly, SMBIL is a connected person of the Company under the Listing Rules. The transaction contemplated under the 2023 SMBIL-SMGB Trademark License Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Group has also entered into other license agreements with certain members of the San Miguel Group aside from the 2023 SMBIL-SMGB Trademark License Agreement, which include the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement. For the purpose of complying with the continuing connected transactions requirements under Chapter 14A of the Listing Rules, transactions with the San Miguel Group under the San Miguel Group Licensing Arrangements (including the 2023 SMBIL-SMGB Trademark License Agreement, the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement) are aggregated as a series of transactions. The terms of all other trademark licensing arrangements under the San Miguel Group Licensing Arrangements and the aggregate annual cap of less than HK\$10 million for the San Miguel Group Licensing Arrangements during the remaining terms of the San Miguel Group Licensing Arrangements shall remain unchanged.

For the years ended 31 December 2021, 2022 and the ten months ended 31 October 2023, the royalties paid/payable by the Group under the 2020 SMBIL-SMGB Trademark License Agreement, when aggregated with the royalties paid/payable by the Group under the other trademark licensing arrangements with the San Miguel Group, including the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement, amounted to approximately HK\$1,678,000, HK\$1,449,000, and HK\$1,214,000, respectively. Hence, as the terms of the 2023 SMBIL-SMGB Trademark License Agreement are essentially the same as those under the 2020 SMBIL-SMGB Trademark License Agreement, it is expected that the annual royalties payable by the Group under the 2023 SMBIL-SMGB Trademark License Agreement, when aggregated with the annual royalties payable by the Group under the other San Miguel Group Licensing Arrangements, including the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement, shall be less than HK\$10 million for each of the financial years during the remaining terms of the San Miguel Group Licensing Arrangements. Accordingly, the transactions under the 2023 SMBIL-SMGB Trademark License Agreement are only subject to the reporting and announcement

requirements and exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Ramon S. Ang abstained from considering and acting upon the Board resolution to approve the entering into of the 2023 SMBIL-SMGB Trademark License Agreement and the transactions contemplated under the 2023 SMBIL-SMGB Trademark License Agreement in view of his substantial interest in the shares of Top Frontier and SMC (an intermediate holding company of the Company), which are connected persons of the Company. Further, with reference to the royalties paid/payable by the Group under the 2020 SMBIL-SMGB Trademark License Agreement, the SMBIL Sub-license Agreement and SMBIL-SMBHK Trademark License Agreement, the royalties amounted to only approximately HK\$1,678,000, HK\$1,449,000, and HK\$1,214,000 for the years ended 31 December 2021, 2022 and the ten (10)-month period from 1 January 2023 to 31 October 2023 respectively. Hence, as the terms of the 2023 SMBIL-SMGB Trademark License Agreement are essentially the same as those under the 2020 SMBIL-SMGB Trademark License Agreement, the transaction amount under the 2023 SMBIL-SMGB Trademark License Agreement, even when aggregated with the transaction amounts under the other San Miguel Group Licensing Arrangements, is expected to be not material to the operations of the Group, SMBIL, SMC and Top Frontier, and the Company does not consider any Directors to have a material interest in the subject transaction under the 2023 SMBIL-SMGB Trademark License Agreement. Accordingly, other than Mr. Ramon S. Ang, none of the Directors abstained from considering and acting upon the Board resolution to approve the entering into of the 2023 SMBIL-SMGB Trademark License Agreement and the transactions contemplated under the 2023 SMBIL-SMGB Trademark License Agreement.

## **ANNUAL REVIEW OF THE TRANSACTION**

After the end of each financial year, the transaction under the 2023 SMBIL-SMGB Trademark License Agreement will be reviewed together with the other San Miguel Group Licensing Agreements by the independent non-executive Directors pursuant to Rule 14A.55 of the Listing Rules and by the auditors of the Company pursuant to Rule 14A.56 of the Listing Rules. The results of the review by the independent non-executive Directors and the auditors will be stated in the relevant annual report of the Company.

The Company will endeavour to procure that the counterparties to the San Miguel Group Licensing Arrangements will allow the auditors of the Company sufficient access to their records for the purpose of reporting on the transactions thereunder.

## **DEFINITIONS**

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	San Miguel Brewery Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“San Miguel Group”	Top Frontier and its associates (excluding the Group)
“San Miguel Group Licensing Arrangements”	the 2023 SMBIL-SMGB Trademark License Agreement, the SMBIL Sub-license Agreement and the SMBIL-SMBHK Trademark License Agreement
“Shares”	shares in the Company
“SMBIL”	San Miguel Brewing International Limited, a wholly owned subsidiary of San Miguel Brewery Inc. which is an indirect subsidiary of SMC
“SMBIL-SMBHK Trademark License Agreement”	the license agreement between SMBIL, as licensor, and the Company, as licensee, dated 25 October 2021 where SMBIL has granted the Company the exclusive right to use the “San Miguel” related trademarks in the production, sale and distribution of beer in Hong Kong and Macau for three years from 1 January 2022 to 31 December 2024
“2020 SMBIL-SMGB Trademark License Agreement”	the license agreement between SMBIL, as licensor, and SMGB, as licensee, dated 30 November 2020 where SMBIL has granted SMGB the right, among others, to use certain “San Miguel” related trademarks subject to the terms and conditions of the agreement, and which expired as of the end of day on 29 November 2023

“2023 SMBIL-SMGB Trademark License Agreement”	the license agreement between SMBIL, as licensor, and SMGB, as licensee, dated 30 November 2023 to renew the 2020 SMBIL-SMGB Trademark License Agreement with essentially the same terms as those under the 2020 SMBIL-SMGB Trademark Licensing Agreement
“SMBIL Sub-license Agreement”	the sub-license agreement between SMGB (formerly known as San Miguel Shunde Brewery Co., Limited), as licensee, and SMBIL, as licensor, dated 25 January 1999, as amended and supplemented by (i) the addendum dated 25 January 1999 and (ii) the amendment to the addendum to the sub-license agreement dated 8 October 1999
“SMC”	San Miguel Corporation, an intermediate holding company of the Company
“SMGB”	San Miguel (Guangdong) Brewery Co., Ltd., a company incorporated in the PRC with limited liability and a 92% indirectly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Frontier”	Top Frontier Investment Holdings, Inc., the ultimate holding company of the Company
“US\$”	United States dollars

By Order of the Board  
**San Miguel Brewery Hong Kong Ltd.**  
**Lo Chi Yip**  
*Company Secretary*

Hong Kong, 30 November 2023

*As at the date of this announcement, the Board of the Company comprises the executive director, Mr. Raymundo Y. Albano, the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Carlos Antonio M. Berba (Deputy Chairman), Ms. May (Michelle) W. M. Chan, Mr. Yoshinori Inazumi, Mr. Fumiaki Ozawa and Mr. Yoshinori Tsuchiya; and the independent non-executive directors, Mr. Alonzo Q. Ancheta, Mr. Thelmo Luis O. Cunanan Jr., Dr. the Hon. Sir David K. P. Li and Mr. Reynato S. Puno.*