

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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
THE 2024 SMBIL-SMBHK TRADEMARK LICENSE AGREEMENT**

The Company entered into the 2021 SMBIL-SMBHK Trademark License Agreement with SMBIL on 25 October 2021 under which the Company was granted by SMBIL the license and 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. The 2021 SMBIL-SMBHK Trademark License Agreement will expire as of the end of day on 31 December 2024.

SMBIL and the Company entered into the 2024 SMBIL-SMBHK Trademark License Agreement to renew the term of the 2021 SMBIL-SMBHK Trademark License Agreement for another three (3) years from 1 January 2025 to 31 December 2027. Save for the royalties which may be payable by the Company to SMBIL under the terms of the 2024 SMBIL-SMBHK Trademark License Agreement, no consideration was paid or is payable under the 2024 SMBIL-SMBHK Trademark License Agreement. The territorial coverage and licensed trademarks under the 2024 SMBIL-SMBHK Trademark License Agreement, among others, are essentially the same as those under the 2021 SMBIL-SMBHK Trademark License Agreement, while the rate and manner of computation of royalties were revised.

The transaction contemplated under the 2024 SMBIL-SMBHK 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 2024 SMBIL-SMBHK Trademark License Agreement, the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-license Agreement) are aggregated as a series of transactions.

It is expected that the annual royalties payable by the Group under the 2024 SMBIL-SMBHK Trademark License Agreement, when aggregated with the royalties payable by the Group under the other San Miguel Group Licensing Arrangements, including the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-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 2024 SMBIL-SMBHK Trademark License Agreement are subject to the reporting and announcement requirements and exempt from the independent shareholders’ approval requirement under the Listing Rules.

THE 2024 SMBIL-SMBHK TRADEMARK LICENSE AGREEMENT

Reference is made to the Company's announcement dated 25 October 2021. The Company entered into the 2021 SMBIL-SMBHK Trademark License Agreement with SMBIL on 25 October 2021 under which the Company was granted by SMBIL the license and exclusive right to use the "San Miguel" related trademarks in the production, sale and distribution of beer in Hong Kong and Macau by the Company for three years from 1 January 2022 to 31 December 2024. The 2021 SMBIL-SMBHK Trademark License Agreement will expire as of the end of day on 31 December 2024.

SMBIL and the Company entered into the 2024 SMBIL-SMBHK Trademark License Agreement to renew the term of the 2021 SMBIL-SMBHK Trademark License Agreement for another three (3) years from 1 January 2025 to 31 December 2027. Save for the royalties which may be payable by the Company to SMBIL under the terms of the 2024 SMBIL-SMBHK Trademark License Agreement, no consideration was paid or is payable under the 2024 SMBIL-SMBHK Trademark License Agreement. The territorial coverage and licensed trademarks under the 2024 SMBIL-SMBHK Trademark License Agreement, among others, are essentially the same as those under the 2021 SMBIL-SMBHK Trademark License Agreement, while the rate and manner of computation of royalties were revised. The major terms of the 2024 SMBIL-SMBHK Trademark License Agreement are summarised as follows:

| | |
|----------------|--|
| Term: | From 1 January 2025 to 31 December 2027, which may be renewed subject to the terms of the 2024 SMBIL-SMBHK Trademark License Agreement and the Company complying with the relevant requirements of the Listing Rules |
| Licensor: | SMBIL |
| Licensee: | The Company |
| Trademarks: | Various "San Miguel" related trademarks |
| Territory: | (i) exclusive for the production, sale and distribution of beer under the Trademarks in Hong Kong; and (ii) exclusive for the sale and distribution of beer under the Trademarks in Macau |
| Royalty rate: | one percent (1%) of net sales revenue (gross sales revenue less certain outgoings) of all products bearing the licensed Trademarks that are produced, sold and distributed within the Territory |
| Payment terms: | Calculated annually and payable in US dollars within 30 days after the last day of each calendar year (with no late payment charges) |

The terms of the 2024 SMBIL-SMBHK Trademark License Agreement are on normal commercial terms or better.

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 holding company of SMBIL and the Company.

REASONS FOR THE TRANSACTION

The Group is the business arm of the San Miguel Group responsible for the production and/or distribution of bottled, canned and draught beers and other beverage products mainly in Hong Kong, Macau and PRC. Most of the products of the Group are marketed under various brand names owned by various members of the San Miguel Group, including those under the 2021 SMBIL-SMBHK Trademark License Agreement, the SMBIL Sub-license Agreement, and the 2023 SMBIL-SMGB Trademark License Agreement. The “San Miguel” related trademarks and brand names are essential to the Group’s sales. Members of the San Miguel Group are also selling their products in other parts of the world using, among others, the “San Miguel” related trademarks and brand names. The Group has obtained the right to use these trademarks and brand names owned by the San Miguel Group through various licensing arrangements, including but not limited to, the 2021 SMBIL-SMBHK Trademark License Agreement, license, the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-license Agreement.

The 2021 SMBIL-SMBHK Trademark License Agreement will expire as of the end of day on 31 December 2024. In view of the expiry of the 2021 SMBIL-SMBHK Trademark License Agreement, SMBIL and the Company have entered into the 2024 SMBIL-SMBHK Trademark License Agreement to renew the term of the 2021 SMBIL-SMBHK Trademark License Agreement for another three (3) years from 1 January 2025 to 31 December 2027.

The Directors (including the independent non-executive Directors) consider the terms of the 2024 SMBIL-SMBHK Trademark License Agreement to be fair and reasonable, and on normal commercial terms or better, and that the transactions thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the shareholders of the Company as a whole.

CONTINUING CONNECTED TRANSACTIONS

Top Frontier is the ultimate holding company 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, and the licensing arrangement under the 2024 SMBIL-SMBHK 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 other members of the San Miguel Group aside from the 2024 SMBIL-SMBHK Trademark License Agreement, which include the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-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 2024 SMBIL-SMBHK Trademark License Agreement, the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-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 2022, 2023 and the nine (9)-month period from 1 January 2024 to 30 September 2024, the royalties paid/payable by the Group under the 2021 SMBIL-SMBHK 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 2020 SMBIL-SMGB Trademark License Agreement (expired as of the end day on 30 November 2023), the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-license Agreement, amounted to approximately HK\$1,449,000, HK\$1,446,000 and HK\$1,078,000, respectively. Hence, as the territorial coverage and licensed trademarks under the 2024 SMBIL-SMBHK Trademark License Agreement, among others, are essentially the same as those under the 2021 SMBIL-SMBHK Trademark License Agreement, and taking into account the revision in the rate and manner of computation of royalties under the 2024 SMBIL-SMBHK Trademark License Agreement, it is expected that the annual royalties payable by the Group under the 2024 SMBIL-SMBHK Trademark License Agreement, when aggregated with the royalties payable by the Group under the other San Miguel Group Licensing Arrangements, including the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-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 2024 SMBIL-SMBHK 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 2024 SMBIL-SMBHK Trademark License Agreement and the transactions contemplated under the 2024 SMBIL-SMBHK 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 2021 SMBIL-SMBHK Trademark License Agreement, the 2020 SMBIL-SMGB Trademark License Agreement (expired as of the end day on 30 November 2023), the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-license Agreement, the royalties amounted to only approximately HK\$1,449,000, HK\$1,446,000 and HK\$1,078,000 for the years ended 31 December 2022, 2023 and the nine (9)-month period from 1 January 2024 to 30 September 2024 respectively. Hence, as the territorial coverage and licensed trademarks under the 2024 SMBIL-SMBHK Trademark License Agreement, among others, are essentially the same as those under the 2021 SMBIL-SMBHK Trademark License Agreement, and taking into account the revision in the rate and manner of computation of royalties, the transaction amount under the 2024 SMBIL-SMBHK 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 2024 SMBIL-SMBHK 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 2024 SMBIL-SMBHK Trademark License Agreement and the transactions contemplated under the 2024 SMBIL-SMBHK Trademark License Agreement. The Board resolution approving the entering into by the Company of the 2024 SMBIL-SMBHK Trademark License Agreement was unanimously passed in the Board meeting.

ANNUAL REVIEW OF THE TRANSACTION

After the end of each financial year, the transaction under the 2024 SMBIL-SMBHK 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 2024 SMBIL-SMBHK Trademark License Agreement, the 2023 SMBIL-SMGB Trademark License Agreement and the SMBIL Sub-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 |
| “2021 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 certain “San Miguel” related trademarks in the production, sale and distribution of beer in Hong Kong and Macau, subject to the terms and conditions of the agreement, and which will expire as of the end of day on 31 December 2024 |
| “2024 SMBIL-SMBHK Trademark License Agreement” | the license agreement between SMBIL, as licensor, and the Company, as licensee, dated 28 October 2024 to renew the 2021 SMBIL-SMBHK Trademark License Agreement with essentially the same terms as those under the 2021 SMBIL-SMBHK Trademark Licensing Agreement, other than the rate and manner of computation of royalties which have been revised |
| “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, 28 October 2024

As at the date of this announcement, the Board of the Company comprises the executive director, Mr. Chan Weng Kheong, 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. Katsuhisa Nose and Mr. Fumiaki Ozawa; and the independent non-executive directors, Mr. Alonzo Q. Ancheta, Mr. Thelmo Luis O. Cunanan, Dr. the Hon. Sir David K. P. Li and Mr. Reynato S. Puno.