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## **TSINGTAO BREWERY COMPANY LIMITED**

*(a Sino-foreign joint stock limited company established in the People's Republic of China)*

**(Stock Code: 168)**

### **CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAP FOR THE 2022 SUPPLY CHAIN SERVICES FRAMEWORK AGREEMENT**

#### **BACKGROUND**

Reference is made to the announcement of the Company dated 13 January 2022 in relation to the Company having entered into (i) the 2022 Comprehensive Services Framework Agreement with Tsingtao Brewery Group, the term of which is from 1 January 2022 to 31 December 2022; (ii) the 2022 Entrusted Production Framework Agreement with Youjia Health, the term of which is from 1 January 2022 to 31 December 2022; and (iii) the 2022 Supply Chain Services Framework Agreement with Zhilian Shunda, the term of which is from 1 January 2022 to 31 December 2022.

#### **REVISION OF ANNUAL CAP FOR THE 2022 SUPPLY CHAIN SERVICES FRAMEWORK AGREEMENT**

Pursuant to the 2022 Supply Chain Services Framework Agreement, (i) Zhilian Shunda Group shall provide the Group with (a) logistics and transportation services (transportation services for the Group's products and materials for the product ecological chain such as raw materials, packaging etc.); and (b) warehousing services such as distribution centres and regional distribution centres and value-added services such as secondary packaging and express delivery; (ii) Zhilian Shunda Group shall lease part of the idle warehouses in the factories of the Group for operation purposes.

In the first half of 2022, Zhilian Shunda actively responded to the business needs of the Company. During the outbreak of the pandemic in certain parts of the region, Zhilian Shunda promptly launched multimodal transportation modes, such as road-rail and marine-rail transportation, to deliver the Company's products to customers in time, which improved operational efficiency, effectively guaranteed market supply, and accordingly increased business volume. It is expected that the existing annual cap of the 2022 Supply Chain Services Framework Agreement will not meet the business needs of the Group. Therefore, on 25 August 2022, the Board approved the "Resolution in relation to adjusting the cap amount of daily connected transactions between the Company and Zhilian Shunda in 2022". On 25 August 2022, the Company entered into the Supply Chain Services Framework Supplemental Agreement with Zhilian Shunda, revising the existing annual cap for the year ending 31 December 2022 from RMB229 million to RMB329 million.

## **LISTING RULES IMPLICATIONS**

Tsingtao Brewery Group is a controlling shareholder of the Company, directly and indirectly holding 32.50% of shares in the Company. Zhilian Shunda is an indirect wholly-owned subsidiary of Tsingtao Brewery Group and an associate of Tsingtao Brewery Group. Therefore, Zhilian Shunda is a connected person of the Company and the entering into of the Supply Chain Services Framework Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Supply Chain Services Framework Supplemental Agreement are required to be aggregated with the transactions under the 2022 Comprehensive Services Framework Agreement and the 2022 Entrusted Production Framework Agreement as they were entered into within a 12-month period. As the applicable percentage ratios for the estimated annual caps (calculated on an aggregate basis) of the transactions contemplated under the Supply Chain Services Framework Supplemental Agreement, the 2022 Comprehensive Services Framework Agreement and the 2022 Entrusted Production Framework Agreement are higher than 0.1% but less than 5%, the Supply Chain Services Framework Supplemental Agreement is subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## 1. REVISION OF ANNUAL CAP FOR THE 2022 SUPPLY CHAIN SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 13 January 2022 in relation to, among other things, the Company having entered into the 2022 Supply Chain Services Framework Agreement with Zhilian Shunda, the term of which is from 1 January 2022 to 31 December 2022, pursuant to which (i) Zhilian Shunda Group shall provide the Group with (a) logistics and transportation services (transportation services for the Group’s products and materials for the product ecological chain such as raw materials, packaging etc.); and (b) warehousing services such as distribution centres and regional distribution centres and value-added services such as secondary packaging and express delivery; (ii) Zhilian Shunda Group shall lease part of the idle warehouses in the factories of the Group for operation purposes.

On 25 August 2022, the Company entered into the Supply Chain Services Framework Supplemental Agreement with Zhilian Shunda, revising the existing annual cap for the year ending 31 December 2022 from RMB229 million to RMB329 million. Save for that, all other terms and conditions (including pricing basis) under the 2022 Supply Chain Services Framework Agreement remain unchanged. The major terms of the 2022 Supply Chain Services Framework Agreement are set out in the section headed “3. SUPPLY CHAIN SERVICES FRAMEWORK AGREEMENT” in the announcement of the Company dated 13 January 2022.

### Historical transaction amounts

For the six months ended 30 June 2022, the historical transaction amounts (unaudited) under the 2022 Supply Chain Services Framework Agreement are set out below:

<b>For the six months ended 30 June 2022</b>	<b>As a percentage of the existing annual cap</b>
<i>(RMB'0000)</i>	
14,835	65%

As at the date of this announcement, the actual transaction amounts under the 2022 Supply Chain Services Framework Agreement have not exceeded the existing annual cap.

## Revised annual cap

Accordingly, the Board resolved to revise the existing annual cap for the year ending 31 December 2022 of the 2022 Supply Chain Services Framework Agreement (the “**Revised Annual Cap**”) as follows:

*RMB'0000*

<b>Existing annual cap</b>	<b>Revised Annual Cap</b>
22,900	32,900

The Revised Annual Cap is determined with reference to (i) the historical transaction amounts; (ii) the calculation based on the scope and expected business growth of the logistics and transportation services to be provided by Zhilian Shunda and the pricing basis; (iii) the calculation based on the actual costs and the scope of labour services to be provided by Zhilian Shunda; and (iv) the calculation based on the area of warehouses to be leased by Zhilian Shunda and reference to market rental prices.

## 2. REASONS FOR AND BENEFITS OF REVISING THE ANNUAL CAP

In the first half of 2022, Zhilian Shunda actively responded to the business needs of the Company. During the outbreak of the pandemic in certain parts of the region, Zhilian Shunda promptly launched multimodal transportation modes, such as road-rail and marine-rail transportation, to deliver the Company’s products to customers in time, which improved operational efficiency, effectively guaranteed market supply, and accordingly increased business volume. It is expected that the existing annual cap of the 2022 Supply Chain Services Framework Agreement will not meet the business needs of the Group. Therefore, the Board recommends the existing annual cap of the 2022 Supply Chain Services Framework Agreement be increased, in order to fulfil the Group’s product transportation needs.

The Directors (including independent non-executive Directors) considered that the entering into of the Supply Chain Services Framework Supplemental Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the terms of the agreement and the Revised Annual Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Other than Mr. HUANG Ke Xing, Mr. JIANG Zong Xiang, Mr. WANG Rui Yong and Mr. HOU Qiu Yan who are also employed by Tsingtao Brewery Group and have abstained from voting on the relevant Board resolutions relating to the Supply Chain Services Framework Supplemental Agreement, none of the Directors have a material interest in the transactions contemplated under the Supply Chain Services Framework Supplemental Agreement.

### **3. LISTING RULES IMPLICATIONS**

Tsingtao Brewery Group is a controlling shareholder of the Company, directly and indirectly holding 32.50% of shares in the Company. Zhilian Shunda is an indirect wholly-owned subsidiary of Tsingtao Brewery Group and an associate of Tsingtao Brewery Group. Therefore, Zhilian Shunda is a connected person of the Company, and the entering into of the Supply Chain Services Framework Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Supply Chain Services Framework Supplemental Agreement are required to be aggregated with the transactions under the 2022 Comprehensive Services Framework Agreement and the 2022 Entrusted Production Framework Agreement as they were entered into within a 12-month period. As the applicable percentage ratios for the estimated annual caps (calculated on an aggregate basis) of the transactions contemplated under the Supply Chain Services Framework Supplemental Agreement, the 2022 Comprehensive Services Framework Agreement, and the 2022 Entrusted Production Framework Agreement are higher than 0.1% but less than 5%, the Supply Chain Services Framework Supplemental Agreement is subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **4. INFORMATION ON THE PARTIES**

The Group is principally engaged in the production and sales of brewery products and related business.

Tsingtao Brewery Group is principally engaged in the operation and investment of state-owned assets, and is ultimately owned by the State-owned Assets Supervision and Administration Bureau of the People's Government of Qingdao Municipality\* (青島市人民政府國有資產監督管理委員會). Zhilian Shunda Group is principally engaged in the business relating to trade, logistics and supply chain finance.

### **5. DEFINITIONS**

In this announcement, the following expressions have the following respective meanings set adjacent below, unless the context requires otherwise:

“2022 Comprehensive Services Framework Agreement”	the framework agreement dated 13 January 2022 entered into between the Company and Tsingtao Brewery Group, pursuant to which the Company shall provide comprehensive services to Tsingtao Brewery Group and its subsidiaries, details of which are set out in the announcement of the Company dated 13 January 2022
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“2022 Entrusted Production Framework Agreement”	the framework agreement dated 13 January 2022 entered into between the Company and Youjia Health, pursuant to which Youjia Health and its subsidiaries shall entrust the Group with the provision of entrusted production services, details of which are set out in the announcement of the Company dated 13 January 2022
“2022 Supply Chain Services Framework Agreement”	the framework agreement dated 13 January 2022 entered into between the Company and Zhilian Shunda, pursuant to which Zhilian Shunda shall provide supply chain services to the Group, details of which are set out in the announcement of the Company dated 13 January 2022
“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Tsingtao Brewery Company Limited, a Sino-foreign joint stock limited company established in the PRC, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
“connected person”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	the percentage ratio(s) calculated according to Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Chain Services Framework Supplemental Agreement”	the supplemental agreement dated 25 August 2022 entered into between the Company and Zhilian Shunda, revising the annual cap under the 2022 Supply Chain Services Framework Agreement
“Tsingtao Brewery Group”	Tsingtao Brewery Group Company Limited, a limited liability company registered and established in the PRC and a controlling shareholder of the Company, and holds approximately 32.50% of shares in the Company as at the date of this announcement
“Youjia Health”	Tsingtao Brewery Youjia Health Beverage Company Limited* (青島啤酒優家健康飲品有限公司), a limited liability company registered and established in the PRC and an indirect wholly-owned subsidiary of Tsingtao Brewery Group
“Zhilian Shunda”	Tsingtao Zhilian Shunda Technology Company Limited* (青島智鏈順達科技有限公司), a limited liability company registered and established in the PRC and an indirect wholly-owned subsidiary of Tsingtao Brewery Group
“Zhilian Shunda Group”	Zhilian Shunda and its subsidiaries
“%”	per cent

By Order of the Board  
**Tsingtao Brewery Company Limited**  
**Zhang Rui Xiang**  
*Company Secretary*

Qingdao, the PRC  
25 August 2022

*Directors of the Company as at the date of this announcement are:*

*Executive Directors:* *Mr. HUANG Ke Xing (Chairman), Mr. JIANG Zong Xiang,  
Mr. WANG Rui Yong and Mr. HOU Qiu Yan*

*Independent Non-executive Directors:* *Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu,  
Ms. Rania ZHANG and Mr. SONG Xue Bao*

*\* For identification purpose only*