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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)

CONTINUING CONNECTED TRANSACTIONS

BUSINESS TRAVEL SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that on 20 December 2022, the Company entered into the Business Travel Services Framework Agreement with China Resources Digital, pursuant to which China Resources Digital Group agreed to provide certain business travel services to the Group for a term of three years commencing from 1 January 2023 to 31 December 2025.

CRI, a subsidiary of CRC, is the controlling shareholder of CRH, which in turn holds a controlling interest in the Company and thus CRI and CRH are both connected persons of the Company.

China Resources Digital is an indirect wholly-owned subsidiary of CRI and hence an associate of CRI. China Resources Digital is therefore a connected person of the Company. Accordingly, the Business Travel Services 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 Business Travel Services Framework Agreement exceed 0.1% but are below 5%, the continuing connected transactions contemplated under the Business Travel Services 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 Business Travel Services Framework Agreement:

Date: 20 December 2022

Parties: The Company and China Resources Digital

Subject: The Group may use China Resources Digital Group's online business travel platform to purchase the following services from time to time:

- (i) enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services;
- (ii) sourcing and management of related independent third party service providers or travel agencies for enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services by the Group and its affiliates;
- (iii) customer service, including but not limited to the provision of a hotline for the handling of enquiry, complaints, emergencies, compiling and reporting of related business data, and customer satisfaction surveys at regular intervals; and
- (iv) other related business travel services.

Term: Three years commencing from 1 January 2023 to 31 December 2025, unless early terminated by the parties by no less than one month's prior notice or otherwise in accordance with the terms of the Business Travel Services Framework Agreement.

Pricing policy and pricing terms:

The Group's employees will send their request for service on the designated platform agreed upon by both parties from time to time, and China Resources Digital Group will charge on a cost-plus basis, i.e. the actual costs plus a service fee for the enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services as set forth in the Business Travel Services Framework Agreement. The service fee is fixed for different types of business travel services, which is determined with reference to the market rate or the commission rate charged by other independent third party service providers or travel agents. The costs of the tickets or services provided by independent third party service providers or travel agents will be collected by China Resources Digital Group on their behalf.

Historical transaction amount

Since the Business Travel Services Framework Agreement is a new transaction between the Company and China Resources Digital Group, there was no historical transaction amount of the transactions contemplated under the Business Travel Services Framework Agreement.

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

The table below sets out the proposed annual caps for the business travel service fees payable by the Group to China Resources Digital Group (inclusive of the service fee and the actual costs of tickets, accommodations or services) pursuant to the Business Travel Services Framework Agreement for each of the three years ending 31 December 2023, 2024, and 2025 (inclusive of value-added tax, where applicable):

	Proposed annual caps for the year ending		
	31 December		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Business travel services fees payable by the Group to China Resources Digital Group (inclusive of the service fee and the actual costs of tickets, accommodations or services and value-added tax)	247.60	309.50	342.27

The proposed annual caps are determined after arm's length negotiations between the parties by reference to (i) the estimated number and type of business travels services required by the employees of the Group; and (ii) the estimated average price of relevant business travel service fees and/or the actual costs of the relevant services or tickets charged by other independent third party service providers or travel agents providing flight tickets, accommodations, train tickets, and ride-hailing services.

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 Business Travel Services Framework Agreement are in conformity with the terms of the said agreement and the pricing policy of the Group:

- (a) The administrative department of the Group will regularly obtain the fee quotations of flight tickets, accommodations, train tickets, and ride-hailing services, under the Business Travel Services Framework Agreement from China Resources Digital Group and the fee quotation of the same type of tickets or services from other independent third party service providers. The search results from the independent third party will then be used for comparison with the fee quotations obtained under the Business Travel Services Framework Agreement. The administrative department performs an annual review to ensure that the service fees and the terms of the Business Travel Services Framework Agreement are no less favourable to the Group than those offered by other independent third party service providers.
- (b) The audit department 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 Business Travel Services Framework Agreement; (ii) in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; and (iv) no less favourable than terms offered by independent third parties to the Company.
- (c) 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.
- (d) The independent non-executive Directors of the Company will conduct an annual review of the transactions under the Business Travel Services Framework Agreement, including whether they are based on the Business Travel Services Framework Agreement and the fairness of the Group's basis of selecting its business travel service provider.
- (e) The Board will review and examine internal control procedures for the continuing connected transactions each year.

In the event that the transaction amounts contemplated under the Business Travel Services Framework Agreement are expected to reach the annual caps, the relevant departments will follow up forthwith by reporting to the management of the Company, which will notify the administrative department to cease placing further orders with China Resources Digital Group if it considers appropriate. If an amendment to the annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules.

Relationship between the parties

CRI, a subsidiary of CRC, is the controlling shareholder of CRH, which in turn holds a controlling interest in the Company and thus CRI and CRH are both connected persons of the Company.

China Resources Digital is an indirect wholly-owned subsidiary of CRI and hence an associate of CRI. China Resources Digital is therefore a connected person of the Company. Accordingly, the Business Travel Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

GENERAL

Information of the Company

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 beer 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.

Information of China Resources Digital

China Resources Digital is a company established in the PRC and is principally engaged in the provision of travel services, passenger ticketing agency services, computer software development and related technical services, information consulting, business management consulting, and other services. It holds the business permit for engaging in the domestic travel agency business and domestic packaged-tour businesses.

Reasons for and benefits of entering into the Business Travel Services Framework Agreement

The employees of the Group need to attend business trips frequently and there is a high demand for business travel services throughout the year. By entering into the Business Travel Services Framework Agreement, the Group will be able to centralize and group all orders from its employees, and purchase in bulk from the independent third party travel agency through utilising China Resources Digital Group's platform. Further, the Group will be able to obtain stable business travel services from a reliable service provider. The Directors believe that this will simplify the booking process, reduce administration costs, and lower the purchase costs.

The Business Travel Services Framework Agreement can also help accelerate the Group's digital transformation by leveraging the expertise of China Resources Digital Group, among other things, in particular its booking management systems.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Business Travel Services Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Business Travel Services 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 Business Travel Services Framework Agreement exceed 0.1% but are below 5%, the continuing connected transactions contemplated under the Business Travel Services 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.

None of the Directors (including the independent non-executive Directors) has any material interest in the transactions under the Business Travel Services Framework Agreement. As such, no Director (including the independent non-executive Directors) was required to abstain from voting on the relevant board resolution for approving the Business Travel Services Framework Agreement and the proposed annual caps in relation thereto.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	means the board of Directors;
“Business Travel Services Framework Agreement”	means the business travel services framework agreement relating to the provision of certain business travel services dated 20 December 2022 entered into between the Company and China Resources Digital;
“China Resources Digital”	means China Resources Digital Company Limited* (華潤數字科技有限公司, formerly known as Resources Link Software Systems (Shenzhen) Company Limited* (潤聯軟件系統(深圳)有限公司)), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of CRI and hence a connected person of the Company;
“China Resources Digital Group”	China Resources Digital and its subsidiaries;
“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 Code: 291);
“connected person(s)”	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 incorporated in the PRC with limited liability, is the ultimate holding company of the Company;
“CRH”	means China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the intermediate holding company of the Company;
“CRI”	means China Resources Inc.* (華潤股份有限公司), a company incorporated in PRC with limited liability;
“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)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons;
“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); and
“%”	means per cent.

* For identification purposes only

By Order of the Board
China Resources Beer (Holdings) Company Limited
Hou Xiaohai
Executive Director and Chief Executive Officer

Hong Kong, 20 December 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Wei Qiang (Chief Financial Officer). The Non-executive Directors are Mr. Lai Ni Hium, Frank, Mr. Richard Raymond Weissend, Ms. Zhang Kaiyu and Mr. Tang Liqing. 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.