

Dated 24 February 2025

SAN MIGUEL CORPORATION

and

SAN MIGUEL BREWERY HONG KONG LIMITED

MASTER AGREEMENT

relating to purchase of packaging materials
and packaged beer
and sales of packaged beer and
non-alcoholic beverage product(s)



THIS AGREEMENT is dated 24 February 2025.

BETWEEN:

- (1) **SAN MIGUEL CORPORATION**, a company incorporated under the laws of the Republic of the Philippines, whose registered address is at 40 San Miguel Avenue, Mandaluyong, Metro Manila, Philippines (“**SMC**”); and
- (2) **SAN MIGUEL BREWERY HONG KONG LIMITED**, a company incorporated in Hong Kong whose registered office is at 9/F Citimark Building, 28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong (the “**Company**”).

BACKGROUND

- (A) The Group has been purchasing packaging materials (comprising, but not limited to, cans, bottles, crown corks and cartons) and packaged beer from the San Miguel Group and has been selling packaged beer and non-alcoholic beverage product(s) to the San Miguel Group for the previous years in the ordinary and usual course of business of the Group.
- (B) In 2007, the Group discontinued the sale of packaged beer to the San Miguel Group after the cessation of the brewing operations of the Company’s Hong Kong plant in the same year. However, with the resumption of the brewing operations of the Company’s Hong Kong plant in 2009 and the Company’s plans to produce non-alcoholic products in the said plant, the parties entered into an agreement on 11 May 2009 to, among others, resume the sale of packaged beer by the Group to the San Miguel Group and commence sale of non-alcoholic beverage products by the Group to the San Miguel Group.
- (C) The Company is a non-wholly owned subsidiary of SMC. Under the Listing Rules, SMC and its subsidiaries and associates are connected persons of the Company and, accordingly, transactions between members of the Group and members of the San Miguel Group in relation to the purchase of packaging materials and packaged beer by the Group from the San Miguel Group and sale of packaged beer and non-alcoholic beverage product(s) by the Group to the San Miguel Group constitute continuing connected transactions for the Company.
- (D) The parties hereto entered into an agreement on 11 March 2005, 6 December 2007, 11 May 2009, 15 October 2010, 7 March 2013, 4 February 2016, 5 March 2019 and 7 March 2022 to record, among other things, the terms upon which the transactions referred to in paragraph (C) have been carried out for a term up to 31 December 2025.
- (E) The parties hereto agreed to enter into this Agreement to record the terms upon which such Continuing Connected Transactions for the Company will continue to be carried out between members of the Group and members of the San Miguel Group from 1 January 2026 to 31 December 2028.

NOW IT IS HEREBY AGREED as follows:-

1. INTERPRETATION

1.1 In this Agreement unless the context otherwise requires:-

(a) the following expressions shall have the following meanings:

<u>Expression</u>	<u>Meaning</u>
“Annual Caps”	the maximum aggregate annual values of the Continuing Connected Transactions as set out in the Schedule;
“associates”	as defined in the Listing Rules;
“Continuing Connected Transactions”	the transactions between the Group and the San Miguel Group as set out in the Schedule;
“Group”	the Company and its subsidiaries from time to time;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“San Miguel Group”	SMC and its subsidiaries and associates (excluding members of the Group) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary”	as defined in the Listing Rules.

(b) references to Clauses and the Schedule are to clauses of and the schedule to this Agreement; and

(c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include individuals, firms, bodies corporate or unincorporate.

1.2 Headings are for reference only and shall not affect the interpretation of this Agreement.

2. THE COMPANY'S INDEPENDENT SHAREHOLDERS' APPROVAL

The parties hereto acknowledge that the Continuing Connected Transactions contemplated under this Agreement are subject to approval by the Company's independent shareholders under the Listing Rules and that the Company will make all the necessary arrangements to convene an extraordinary general meeting to seek its independent shareholders' approval for the Continuing Connected Transactions and the Annual Caps. In the event that the Continuing Connected Transactions and the Annual Caps are not approved by the Company's independent shareholders, the Company shall have the right to terminate this Agreement.

3. THE CONTINUING CONNECTED TRANSACTIONS

3.1 Subject to Clause 2 above, the Company and SMC agree with each other that each of the parties hereto shall endeavour to procure that, so long as SMC remains as a substantial shareholder (as defined in the Listing Rules) of the Company, all the Continuing Connected Transactions to be entered into between any member of the Group and any member of the San Miguel Group from 1 January 2026 to 31 December 2028 shall be on the following terms:-

- (a) (i) in respect of purchase of packaging materials (comprising, but not limited to, cans, bottles, crown corks and cartons) by the Group from the San Miguel Group:-

the prices payable by and the credit terms offered to the Group shall be negotiated between the Group and the San Miguel Group on an annual basis by reference to the prices and credit terms from suppliers which are independent third parties and are able to meet the Group's stringent quality requirements and delivery schedules and if no such comparable reference prices/credit terms are available, the prices/credit terms shall be determined by arms' length negotiations between the Group and San Miguel Group based upon reasonable commercial principles;

- (ii) in respect of purchase of packaged beer by the Group from the San Miguel Group:-

the prices payable by and the credit terms offered to the Group shall be determined on an annual basis by reference to the prices paid by and the credit terms offered to the Group in respect of similar products sourced by the Group from suppliers which are independent third parties and if no such comparable reference prices/credit terms are available, the prices/credit terms shall be determined by arms' length negotiations between the Group and San Miguel Group based upon reasonable commercial principles;

(iii) in respect of sales of packaged beer and non-alcoholic beverage product(s) by the Group to the San Miguel Group:-

(a) the prices receivable by the Group shall be determined on an annual basis in the ordinary and usual course of business based on the Group's production cost plus margins, with such profit margins to be determined with reference to profit margins which are no less favourable to the Group than those imposed by the Group on independent third party customers in respect of the sales of similar packaged beer and non-alcoholic beverage product(s), and if no such comparable reference profit margins are available, the profit margins shall be determined by arms' length negotiations between the Group and San Miguel Group based upon reasonable commercial principles; and

(b) the credit terms offered by the Group shall be determined by reference to the credit terms offered by the Group to its independent third party customers, and if no such comparable credit terms are available, the credit terms shall be determined by arms' length negotiations between the Group and San Miguel Group based upon reasonable commercial principles.

(b) the amount involved in each of the Continuing Connected Transactions shall not exceed the respective Annual Caps.

4. **TERM**

Subject to Clause 2, this Agreement shall be effective upon signing hereof and shall expire on 31 December 2028.

5. **WARRANTIES AND UNDERTAKINGS**

5.1 Each of the parties to this Agreement represents, warrants and undertakes to each other that:

(a) it is properly incorporated, registered and validly existing under the laws of its place of incorporation;

(b) it has taken all necessary action to authorise the signing, delivery and performance of this Agreement; and

(c) it has power, and has obtained the necessary approvals (other than those as referred to in the conditions in Clause 2 above), to enter into and perform its obligations under this Agreement and can do so without the consent of any other person.

- 5.2 In consideration of the Company agreeing to enter into this Agreement, SMC undertakes to the Company that, for so long as the Company's shares are listed on the Stock Exchange, it will provide, and will procure its associates to provide, the Company, its auditors, independent non-executive directors or independent financial advisers with full access to its relevant records and such other information SMC or its relevant associate has about the Continuing Connected Transactions as may be required by the Company for the purpose of fulfilling the Company's disclosure, reporting or other obligations under the Listing Rules, or otherwise as may be required by the Stock Exchange.

6. FURTHER ASSURANCE

Each party undertakes to the other that it shall do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Agreement and the transactions hereby contemplated.

7. MISCELLANEOUS

- 7.1 This Agreement shall be binding on and enure for the benefit of the successors and permitted assigns of each of the parties but shall not be assignable by any party unless with the prior written consent of the other party.
- 7.2 Any remedy conferred on any party hereto for breach of this Agreement shall be in addition and without prejudice to all other rights and remedies available to it and the exercise of or failure to exercise any remedy shall not constitute a waiver by such party of any of its rights or remedies.
- 7.3 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

8. NOTICES

Any notice required or permitted to be given by or under this Agreement may be given to the party in question by delivering it to, or by sending it in a prepaid envelope by registered mail to, the party concerned at its address shown in this Agreement or to such other address as the party concerned may have notified to the other party in accordance with this Clause and any such notice shall be deemed to be served when the same would first be received at the address of the party to whom it is addressed in the normal course of such method of delivery.

9. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

10. **CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE**

Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623) to enforce any provisions of this Agreement.

11. **COUNTERPARTS**

This Agreement may be executed and delivered in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.



IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by
for and on behalf of
SAN MIGUEL CORPORATION

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)
)
FERDINAND K. CONSTANTINO
Authorized Signatory

)
)
)
JOSEPH N. PINEDA
Senior Vice President, Deputy Chief
Finance Officer and Treasurer

in the presence of : -

)

ALAN D. V. FERNANDEZ

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by
for and on behalf of
SAN MIGUEL BREWERY
HONG KONG LIMITED

For & On Behalf Of
SAN MIGUEL BREWERY HONG KONG LTD.



.....
Authorised Signature(s)
CHAN WENG KHEONG
Managing Director

For & On Behalf Of
SAN MIGUEL BREWERY HONG KONG LTD.



.....
Authorised Signature(s)
ABIGAIL L. OCAMPO
Chief Finance Officer

in the presence of : -



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Schedule

Types of transactions	Annual Caps		
	2026 HK\$	2027 HK\$	2028 HK\$
Purchase of packaging materials by the Group from the San Miguel Group	47,000,000	50,300,000	53,900,000
Purchase of packaged beer by the Group from the San Miguel Group	3,100,000	3,400,000	3,700,000
Sales of packaged beer and non-alcoholic beverage product(s) by the Group to the San Miguel Group, provided that such sales or distribution of packaged beer shall not be carried out in the Philippines, unless through San Miguel Brewery Inc.	556,000,000	626,000,000	706,000,000

