



01 Feb 2018  
Business First, Sydney

Section: General News • Article Type: News Item • Audience : 0 • Page: 6  
Printed size: 304.00cm<sup>2</sup> • Market: National • Country: Australia • words: 481  
Item ID: 899713811

 isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 1

## Broo announces Australia's largest ever beer deal in China since Fosters' globalisation

Broo Ltd (ASX: BEE) is pleased to announce that as part of its strategy to create strategic distribution partnerships in China, Broo, via its wholly owned subsidiary, Broo Export Pty Ltd, has entered into a Binding Agreement with Beijing Jihua Information Consultant Ltd, to exclusively market and distribute the Broo Premium Lagerbeer products in China for a period of seven years.

This agreement is structured to provide Broo with enormous reach and platform to compete with the major International beer brands currently available in China with minimal implementation overheads with Jihua funding the marketing and promotional costs associated with the brand in China.

The Agreement is binding on a 'Take or Pay' basis for 1.5 billion litres of Broo Premium Lager beer products over the seven year period with Jihua paying a fixed rate per litre. Based on the full seven year term of the distribution arrangement, the aggregate distribution revenue generated for Broo is RMB602 million (approximately AUD \$120 million).

This exclusive distribution arrangement with Jihua will enormously accelerate the expansion of Broo Premium Lager beer products sales and distribution in the lucrative Chinese beer market as Jihua has interests in a wide variety of industries in China and has established impressive supply and distribution channels with major Chinese organisations across multiple market segments, including:

- China National Cereals, Oils and Foodstuffs Corporations (COFCO) - China's largest food processor, manufacturer and trader
- China Aerospace, Science and Technology Corporation (CASC)
- Hypermarkets, supermarkets and

- convenience store chains throughout China including Wumei Holdings Inc
- Chinese restaurant chains including China Quanjude (Group) Co Ltd
- Hotel chains including Huatian Hotel Group Co Ltd
- A number of other high profile China-based businesses

Jihua's extensive distribution network in China will expand Broo Premium Lager beer products offering not only into supermarkets and retail chains, but also into the hospitality industry in China.

Kent Grogan, Founder and CEO of Broo, was recently present at Jihua's head office in Beijing to finalise the terms of the binding agreement with Jihua. In commenting, Kent Grogan said:

"After an extensive period of product assessment and negotiation I am delighted to have reached an agreement with such a high-calibre Chinese distribution partner.

"Jihua's distribution reach in China will see Broo Premium Lager penetrate the Chinese beer market and expand into a major brand over the coming years.

"Our focus is now on continuing discussions in other international markets and domestic expansion."

As part of the seven year Agreement, Jihua will purchase the Broo Premium Lager beer products that are manufactured in China, directly from Broo's approved Chinese manufacturers.

Jihua have committed significant upfront marketing and advertising funds to expedite the growth volume of Broo in the first three years of the distribution and Broo has agreed revenue payments for that term can be accrued and paid upon completion of the third year, with payments continuing on a six monthly basis thereafter. **BFM**

