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SAN MIGUEL BREWERY HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 236)

ANNOUNCEMENT

PROPOSED RESTRUCTURING OF HONG KONG BREWERY

On 15 June 2007, the Board has approved the Proposal, pursuant to which it is preliminarily planned that the Group's Yuen Long brewery will cease brewing operations sometime end-September 2007 and the Group will utilise its other existing San Miguel brewery. The Group may incur significant one-off restructuring expenses in relation to the Proposal which may have material short-term negative impact on the profitability of the Group. Nevertheless, the Directors consider that the Proposal will help streamline the production cost structure of the Group with a view to improving the long-term profitability of the Group.

On 15 June 2007, the Board has approved the preliminary Proposal to restructure the Group's brewery production in Hong Kong.

As at the date of this announcement, the Group has a brewery in Yuen Long, Hong Kong. Due to the relatively high production and operating cost of the Group's Yuen Long brewery as compared to the other brewery of the Group in the PRC, the Company proposes to restructure the Group's production logistics with a view to improving the long-term profitability of the Group.

Pursuant to the Proposal, it is preliminarily planned that the Group's Yuen Long brewery will cease brewing operations sometime end-September 2007. The Group will instead utilise its other existing San Miguel brewery after cessation of brewing operations at the Yuen Long brewery. The management of the Group will further formulate a detailed restructuring plan pursuant to the Proposal, including the alternative deployment of the Yuen Long brewery and the relevant assets, e.g. for the production of non-alcoholic beverages or liquor.

The Board does not expect the Proposal to have any material impact on the sales of the Group. However, the Group may incur significant one-off restructuring expenses in relation to the Proposal which may have material short-term negative impact on the profitability of the Group. As at the date of this announcement, no definitive detailed restructuring plan has been formulated and the implication of the possible restructuring plan on the profitability of the Group cannot reasonably be determined. The Directors consider that the Proposal will help streamline the production cost structure of the Group and is in the long-term interest of the Company and its shareholders as a whole.

The Company will make further announcements in respect of the restructuring proposal if any developments or transactions thereunder are subject to the disclosure requirements under the Listing Rules.

As at the date of this announcement, the Board of the Company comprises the executive director, Mr. Chong Yoon Fatt; the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Faustino F. Galang (Deputy Chairman), Mr. Carlos Antonio M. Berba, Ms. Minerva Lourdes Bibonia, Mr. Ferdinand K. Constantino, Mr. Francis H. Jardeleza and Mr. Iwan D.N. Evans; and the independent non-executive directors, Dr. The Hon. Sir David K. P. Li and Mr. Ng Wai Sun.

Definitions

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

"Board"	the board of Directors
"Company"	San Miguel Brewery Hong Kong Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed in the Stock Exchange
"Group"	the Company and its subsidiaries
"Directors"	the directors of the Company
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Proposal"	the preliminary proposal approved by the Board on 15 June 2007 in respect of the restructuring plan in Hong Kong which includes the cessation of brewing operations at the brewery in Yuen Long, Hong Kong, and utilisation of its other existing San Miguel brewery after such cessation.

By Order of the Board
Kenneth T. C. Wong
Company Secretary