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## **SAN MIGUEL BREWERY HONG KONG LTD.**

### **香港生力啤酒廠有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 236)

### **CONTINUING CONNECTED TRANSACTIONS**

GSMB is an equity joint venture formed between San Miguel Guangdong and GB and is held as to 70% by San Miguel Guangdong and as to 30% by GB. San Miguel Guangdong is a 92.989% owned subsidiary of the Company and GB is a connected person of the Company merely by virtue of its substantial shareholding in GSMB. To facilitate the business operations of GSMB, SMIL (a member of the SMC Group) and GB have respectively granted GSMB a licence to use their respective trademarks upon establishment of GSMB pursuant to the SMIL Trademark Licensing Agreement and the GB Trademark Licensing Agreement.

Apart from the SMIL Trademark Licensing Agreement, the Group has also entered into other licence agreements with certain other members of the SMC Group: (i) the Neptunia Sub-licence Agreement entered into between the Company and Neptunia (a wholly owned subsidiary of SMC) and (ii) the SMBIL Sub-licence Agreement entered into between SMGB and SMBIL (a wholly owned subsidiary of SMC).

The SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement constitute continuing connected transactions for the Company. The Directors consider that the terms of the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement are on normal commercial terms, fair and reasonable, and that the licensing transactions thereunder are in the interests of the Company and the Shareholders as a whole.

For the purposes of Chapter 14A of the Listing Rules, transactions with the SMC Group under the SMC Group Licensing Arrangements are aggregated as one single transaction. The annual royalties payable by the Group under each of (i) the SMC Group Licensing Arrangements and (ii) the GB Trademark Licensing Agreement shall be less than HK\$10 million for the year ending 31 December 2007 and each of the financial years during the remaining term of the relevant licence/sub-licence agreements. Based on this proposed cap, the transactions under each of (i) the SMC Group Licensing Arrangements and (ii) the GB Trademark Licensing Agreement shall only be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but shall be exempted from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

Each of the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement is for a term of more than 3 years. CIMB-GK as independent financial adviser has opined that it is normal business practice for contracts of this type to be of such duration.

## **BACKGROUND**

GSMB is an equity joint venture formed between San Miguel Guangdong and GB and is held as to 70% by San Miguel Guangdong and as to 30% by GB. GSMB was established in November 1990. San Miguel Guangdong is a 92.989% owned subsidiary of the Company and GB is a connected person of the Company merely by virtue of its substantial shareholding in GSMB. GB is a PRC state-owned enterprise which is principally engaged in the manufacture and distribution of beer products.

GSMB was previously principally engaged in the manufacture and sale of beer products in Guangdong and Hainan Provinces, the PRC. As stated in the Announcement, GSMB carried out a restructuring of its operations. After such restructuring, the principal activities of GSMB have become the sale and distribution of beer products in the same regions. The products distributed by GSMB were and will continue to be marketed and sold under various brand names and trademarks owned by the SMC Group or GB.

To facilitate the business operations of GSMB, SMIL (a member of the SMC Group) and GB have respectively granted GSMB a licence to use their respective trademarks upon establishment of GSMB.

The SMC Group is principally engaged in the food, beverage and packaging businesses. The Group is responsible for the production and sale of beer products, majority of which are marketed and sold under various brand names and trademarks owned by the SMC Group, in Hong Kong, Macau and the PRC. Apart from the SMIL Trademark Licensing Agreement, the Group has also entered into other licence agreements with certain other members of the SMC Group: (i) the Neptunia Sub-licence Agreement entered into between the Company and Neptunia and (ii) the SMBIL Sub-licence Agreement entered into between SMGB and SMBIL.

## **THE SMIL TRADEMARK LICENSING AGREEMENT**

SMIL is a licensee of the San Miguel trademarks owned by the SMC Group. On 3 November 1990, GSMB and SMIL entered into trademark licensing agreement, pursuant to which SMIL granted GSMB a sub-licence to use such San Miguel trademarks in the PRC. On 29 September 2006, GSMB and SMIL entered into a supplemental agreement to make certain minor amendments to the trademark licensing agreement entered into on 3 November 1990 to reflect consequential changes brought about by the cessation and outsourcing of GSMB's production operations after its restructuring as set out in the Announcement. Major terms of the SMIL Trademark Licensing Agreement are summarised as follows:

Term:	Expiring 29 November 2020 (coterminous with the term of GSMB)
Licensor:	SMIL
Licensee:	GSMB
Trademarks:	Various "San Miguel" related trademarks

Use of trademarks and territory:	Exclusive right to use the licensed trademarks in direct connection with the distribution and sale of beer products in Guangdong and Hainan Provinces, the PRC and non-exclusive right to use such trademarks elsewhere in the PRC
Royalty rates:	2.5% of net sales value (gross billings less certain outgoings) of all products bearing the licensed trademarks
Payment terms:	Calculated quarterly (commencing 1 March 1991) and payable in US dollars not later than one month after the end of each calendar quarter, with a late payment charge calculated on the basis of 15% per annum of the amounts due

SMIL is a company with technology and know-how in the production of beer which are marketed and sold under the trademark “San Miguel” and all transliterations and translations thereof.

For the years ended 31 December 2004, 2005, 2006 and the period from 1 January 2007 to 31 July 2007, the royalties paid to SMIL amounted to approximately HK\$4.7 million, HK\$4.1 million, HK\$4.1 million and HK\$2.5 million, respectively.

The terms of the SMIL Trademark Licensing Agreement were agreed after arm’s length negotiations between GSMB and SMIL. The SMIL Trademark Licensing Agreement is on normal commercial terms.

#### **THE GB TRADEMARK LICENSING AGREEMENT**

On 3 November 1990, GB and GSMB entered into the trademark licensing agreement, pursuant to which GB granted GSMB a licence to use certain trademarks owned by GB. On 29 September 2006, GB and GSMB entered into a supplemental agreement to make certain minor amendments to the trademark licensing agreement entered into on 3 November 1990 to reflect consequential changes brought about by the cessation and outsourcing of GSMB’s production operations after its restructuring as set out in the Announcement. Major terms of the GB Trademark Licensing Agreement are summarised as follows:

Term:	Expiring 29 November 2020 (coterminous with the term of GSMB)
Licensor:	GB
Licensee:	GSMB
Trademarks:	Various “Guang’s” and “Guang’s Pineapple Beer” related trademarks
Use of trademarks and territory:	Non-exclusive rights to use the trademarks, “Guang’s” and “Guang’s Pineapple Beer”, in direct connection with the distribution and sale of beer products with no geographic restriction
Royalty rates:	2% of net sales value (gross billings less certain outgoings) of all products bearing the licensed trademarks, with a minimum annual royalty of RMB1.7 million

Payment terms: Calculated quarterly (commencing 1 March 1991) and payable in RMB not later than one month after the end of each calendar quarter with a late payment charge calculated on the basis of 15% per annum of the amounts due

For the years ended 31 December 2004, 2005, 2006 and the period from 1 January 2007 to 31 July 2007, the royalties paid to GB amounted to approximately HK\$1.6 million, HK\$1.6 million, HK\$1.7 million and HK\$1.0 million, respectively (the amounts in RMB were translated into HK\$ amounts using the exchange rates used for compilation of the annual report for the relevant year) (being the minimum amount payable by GSMB under the GB Trademark Licensing Agreement).

The terms of the GB Trademark Licensing Agreement were agreed after arm's length negotiations between GSMB and GB. The GB Trademark Licensing Agreement is on normal commercial terms.

## **THE NEPTUNIA SUB-LICENCE AGREEMENT**

Neptunia is a licensee of certain trademarks owned by the SMC Group. On 1 January 1979, the Company entered into the Neptunia Sub-licence Agreement with Neptunia, pursuant to which Neptunia granted the Company a sub-licence to use such certain trademarks owned by the SMC Group.

Major terms of the Neptunia Sub-licence Agreement are summarised as follows:

Term: Expiring 5 years from the date of the agreement and renewable for successive further terms of 5 years each at the sole option of the Licensor upon written notice given to the Licensee at least 30 days prior to the expiration of the preceding term, the next renewal date is 1 January 2009.

Licensor: Neptunia

Licensee: The Company

Trademarks and territory: (i) exclusive for the production, sale and distribution of "San Miguel" beer in Hong Kong

(ii) exclusive for the sale and distribution of "San Miguel" beer in Macau

(iii) non-exclusive only for the importation, sale and distribution in China, Guam and Vietnam of "San Miguel" pilsener beer produced in Hong Kong by the Licensee

(iv) exclusive for the production, sale and distribution of "SUN LIK" beer in Hong Kong; exclusive for the importation, sale and distribution of "SUN LIK" beer in Macau and the continental United States, such beer to be produced in Hong Kong by the Licensee

Royalty rates: A royalty per HL of beer produced in the following scale:

From 0 up to 1,000,000 HL per annum - US\$0.10 per HL;  
From 1,000,001 up to 2,000,000 HL per annum - US\$0.075 per HL;  
From 2,000,001 up to 5,000,000 HL per annum - US\$0.05 per HL;  
From 5,000,001 HL and above per annum - US\$0.025 per HL;

to be paid by the Licensee to Licensor, net of any and all taxes or assessments which are borne by the Licensee, on an annual basis

Payment terms: Calculated annually and payable in US dollars within 30 days after the last day of each calendar year (with no late payment charges)

Neptunia is an investment holding company and is also engaged in the provision of management and agency services.

For the years ended 31 December 2004, 2005, 2006 and the period from 1 January 2007 to 31 July 2007, the royalties paid to Neptunia amounted to approximately HK\$212,042, HK\$190,756, HK\$165,009 and HK\$106,619 respectively (the amounts in US\$ were translated into HK\$ amounts using the exchange rates used for compilation of the annual report for the relevant year).

The terms of the Neptunia Sub-licence Agreement were agreed after arm's length negotiations between Neptunia and the Company. The Neptunia Sub-licence Agreement is on normal commercial terms.

## **THE SMBIL SUB-LICENCE AGREEMENT**

SMBIL is a sub-licensee of certain trademarks owned by the SMC Group. SMGB is principally engaged in the production and sale of beer products in the PRC. In line with the business strategy of the Group, most of the products of SMGB are sold under certain trademarks owned by the SMC Group. On 25 January 1999, SMBIL and SMGB entered into the SMBIL Sub-licence Agreement, which was subsequently amended and supplemented by (i) the addendum dated 25 January 1999 and (ii) the amendment to the addendum to the sub-licence agreement dated 8 October 1999. Major terms of the SMBIL Sub-licence Agreement are summarised as follows:

Term: Expiring on 4 August 2042 (coterminous with the term of SMGB under its business licence)

Licensor: SMBIL

Licensee: SMGB

Trademarks and territory:	Non-exclusive rights to use various “San Miguel” related trademarks for the production, distribution and sale of beer, malt and other beverage products in Fujian province and the rest of the PRC, excluding Guangdong province and Hainan province and excluding such other provinces, countries, or municipalities of the PRC as SMBIL may from time to time notify SMGB in writing
	Non-exclusive rights to use various “Valor” related trademarks for the production, distribution and sale of beer, malt and other beverage products in Fujian province and the rest of the PRC as SMBIL may from time to time notify SMGB in writing
Royalty rates:	2.5% of net sales value (gross billings less certain outgoings) of all products bearing the trademarks
Payment terms:	Payment shall be made in US dollars together with a statement showing the quantity of licensed products produced during the relevant quarter which in turn shall be furnished to SMBIL within 30 days after the end of each calendar quarter with a late payment charge calculated on the basis of 2% per annum above the 3 months Singapore Interbank Offered Rate of the amounts due

SMBIL is engaged in beer distribution and coordination of the SMC Group’s activities.

Since its entering into of the SMBIL Sub-licence agreement in 1999 to 2006, SMBIL waived all royalty payments from SMGB in view of the negligible royalty charges due to the low production of SMGB of the products bearing the licensed trademarks.

The terms of the SMBIL Sub-licence Agreement were agreed after arm’s length negotiations between SMBIL and SMGB. The SMBIL Sub-licence Agreement is on normal commercial terms.

## **REASONS FOR THE TRANSACTIONS**

As mentioned above, the Group is principally engaged in the production and sale of beer products in Hong Kong, Macau and the PRC. Most of the products of the Group are marketed under various brand names owned by the SMC Group. GB is a joint venture partner of the Group in the PRC. Some of the products of the Group are marketed under the trademarks owned by GB. The Company believes that the rights to use the above trademarks on normal commercial terms are an invaluable asset to the Group. The Directors (including the independent non-executive Directors) consider the terms of the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement are fair and reasonable and that the transactions thereunder are in the interests of the Company and the Shareholders as a whole.



## **LISTING RULES REQUIREMENTS**

### **Compliance with the Listing Rules**

SMC is the ultimate controlling shareholder of the Company. Through Neptunia, it holds 245,720,800 Shares representing approximately 65.78% of the issued share capital of the Company. SMIL, Neptunia and SMBIL are wholly-owned subsidiaries of SMC and thus are connected persons of the Company. GB is a 30% shareholder of GSMB, a non-wholly owned subsidiary of the Company, and thus is also a connected person of the Company. Accordingly, the SMC Group Licensing Arrangements and the GB Trademark Licensing Agreement constitute continuing connected transactions for the Company and, based on the present transaction value, are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules. The SMC Group Licensing Arrangements and the GB Trademark Licensing Agreement were entered into prior to the date when the present Chapter 14A of the Listing Rules first came into effect on 31 March 2004. Due to the relatively long history of the agreements and the changes in the management of the Company after the entering into of the agreements, the Company is not able to find any information and record in respect of any previous compliance work performed in respect of the agreements, if any. Under the existing Listing Rules, the Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules as soon as practicable after 31 March 2004 if the Company had obtained indefinite waivers from the Stock Exchange in respect of the agreements. If the Company had obtained waivers from the Stock Exchange in respect of the agreements for a definite period, the Company is only required to re-comply with the present requirements under Chapter 14A of the Listing Rules upon expiry of the waivers or when there is any material amendment to the terms of the agreements. No material amendments to the agreements have been made since they were entered into. The Company has decided to comply with all applicable requirements under Chapter 14A of the Listing Rules in respect of the agreements to the extent practicable regardless of whether it has previously complied with the applicable requirements under the Listing Rules in effect from time to time and whether any waiver has previously been obtained.

### **Caps for the transactions**

For the purposes of Chapter 14A of the Listing Rules, transactions with the SMC Group under SMC Group Licensing Arrangements are aggregated as one single transaction. The annual royalties payable by the Group under each of (i) the SMC Group Licensing Arrangements and (ii) the GB Trademark Licensing Agreement shall be less than HK\$10 million for the year ending 31 December 2007 and each of the financial years during the remaining term of the relevant licence/sub-licence agreements. Based on this proposed cap, the transactions under each of (i) the SMC Group Licensing Arrangements and (ii) the GB Trademark Licensing Agreement shall only be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but shall be exempted from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules. The proposed cap amount is set by the Company based on (i) the estimated sales of the products by each of GSMB, the Company and SMGB under the relevant trademarks owned by the SMC Group and GB, with reference to the historical sales trend and patterns, target market growth and the proposed restructuring of the production logistics of the Group to rely more on the production facilities in the PRC, including SMGB, after taking into account possible increase in the selling price of the Group's products and appreciation of RMB against Hong Kong dollars, (ii) the terms of the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement; and (iii) the threshold for a continuing connected transaction to be subject to the independent shareholders' approval requirement under the Listing Rules.

## Term of the agreements

Each of the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement is for a term of more than 3 years. The Directors consider it necessary for the Group to enter into long-term licence agreements with a view to securing the use of the licensed trademarks in respect of the products marketed and sold by the Group, which is absolutely essential to the business of the Group.

Pursuant to Rule 14A.35(1), the period of any agreement for continuing connected transactions not falling under Rule 14A.33 must not exceed 3 years, except in special circumstances. In this regard, the Company has engaged CIMB-GK as independent financial adviser to explain why a longer period for the licensing agreements is required and to confirm that it is normal business practice for contracts of this type to be of such duration. The opinion of CIMB-GK is reproduced below:

- (i) The Group is principally engaged in the production and sale of beer products in Hong Kong, Macau and the PRC. Most of the products of the Group are marketed under various brand names owned by the SMC Group. The transactions contemplated under the each of the SMIL Trademark Licensing Agreement, the GB Trademark Licensing Agreement, the Neptunia Sub-licence Agreement and the SMBIL Sub-licence Agreement fall within the core business of the Group.
- (ii) The terms of the SMIL Trademark Licensing Agreement and the GB Trademark Licensing Agreement, will expire on 29 November 2020, which is coterminous with the term of GSMB, an equity joint venture held as to 70% by San Miguel Guangdong and 30% by GB. The principal activities of GSMB are the sale and distribution of beer products in Guangdong and Hainan Provinces, the PRC. The products distributed by GSMB were and will continue to be marketed and sold under various brand names and trademarks owned by the SMC Group or GB.
- (iii) The terms of Neptunia Sub-licence Agreement will expire 5 years from the date of the agreement (i.e. 1 January 1979) and is renewable for successive further terms of 5 years each. Pursuant to such agreement, the Company is granted (i) exclusive rights for the production, sale and distribution of “San Miguel” beer in Hong Kong; (ii) exclusive rights for the sale and distribution of “San Miguel” beer in Macau; (iii) non-exclusive rights for the importation, sale and distribution in China, Guam and Vietnam of “San Miguel” pilsener beer produced in Hong Kong by the Company; and (iv) exclusive rights for the production, sale and distribution of “SUN LIK” beer in Hong Kong; exclusive rights for the importation, sale and distribution of “SUN LIK” beer in Macau and the continental United States, such beer to be produced in Hong Kong by the Company.
- (iv) The terms of the SMBIL Sub-Licensing Agreement will expire on 4 August 2042, which is coterminous with the term of SMGB under its business license. SMGB is principally engaged in the production and sale of beer products in the PRC. Pursuant to such agreement, SMGB is granted (i) non-exclusive rights to use various “San Miguel” related trademarks for the production, distribution and sale of beer, malt and other beverage products in Fujian province and the rest of the PRC, excluding Guangdong province and Hainan province and excluding such other provinces, countries, or municipalities of the PRC as SMBIL may from time to time notify SMGB in writing, and (ii) non-exclusive rights to use various “Valor” related trademarks for the production, distribution and sale of beer, malt and other beverage products in Fujian province and the rest of the PRC as SMBIL may from time to time notify SMGB in writing.



- (v) The Company advised that the rights to use the licensed trademarks by GSMB, the Company and SMGB on normal commercial terms are an invaluable asset to the Group. It is in the interests of the Company and the Shareholders as a whole for such rights to have a longer duration in order to avoid business disruption and maintain the smooth operations of the Group. As such, the terms of each of the SMIL Trademark Licensing Agreement, the GB Trademark Licensing Agreement and the SMBIL Sub-licence Agreement coincide with the term of GSMB and SMGB's business licenses.
- (vi) We have also reviewed the license agreement entered into between the Company as licensee and an independent brewery as licensor for the Company to produce a premium brand beer. We note that such agreement is of a term of 5 years and shall be automatically extended for an additional 5 years on the same terms and conditions unless terminated by either party, which is similar to the terms under the Neptunia Sub-licence Agreement.

Taking into account the foregoing, CIMB-GK is of the opinion that it is normal business practice for the terms of each of the SMIL Trademark Licensing Agreement, the GB Trademark Licensing Agreement, the Neptunia Sub-licence Agreement and the SMBIL Sub-licence Agreement to be of a duration longer than 3 years.

### **Annual review of the transactions**

After the end of each financial year, the transactions under the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement, the SMBIL Sub-licence Agreement and the GB Trademark Licensing Agreement will be reviewed by the independent non-executive Directors pursuant to Rule 14A.37 of the Listing Rules and by the auditors of the Company pursuant to Rule 14A.38 of the Listing Rules. The results of the review by the independent non-executive Directors and the auditors will be stated in the relevant annual report of the Company.

The Company will endeavour to procure that the counterparty to the licensing agreements will allow the auditors of the Company sufficient access to their records for the purpose of reporting on the transactions thereunder.

*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. Iwan D.N. Evans and Mr. Francis H. Jardeleza; and the independent non-executive directors, Dr. The Hon. Sir David K. P. Li, Mr. Ng Wai Sun and Mr. Carmelo L. Santiago.*

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 September 2006 in respect of certain restructuring transactions of GSMB which constituted a discloseable and connected transaction for the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CIMB-GK”	a licensed corporation under the Securities and Futures Ordinance to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Company”	San Miguel Brewery Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GB”	Guangzhou Brewery, a state-owned enterprise established in the PRC
“GB Trademark Licensing Agreement”	the trademark licensing agreement entered into between GB and GSMB on 3 November 1990, as amended by a supplemental agreement dated 29 September 2006
“Group”	the Company and its subsidiaries
“GSMB”	Guangzhou San Miguel Brewery Company Limited, a sino-foreign joint venture entity established in the PRC with limited liability, which is an indirectly owned subsidiary of the Company held as to 70% by San Miguel Guangdong and as to 30% by GB
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HL”	hectoliter
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Neptunia”	Neptunia Corporation Limited, an indirect wholly owned subsidiary of SMC
“Neptunia Sub-licence Agreement”	the sub-licence agreement between Neptunia, as licensor, and the Company (formerly known as San Miguel Brewery Limited), as licensee, dated 1 January 1979
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“San Miguel Guangdong”	San Miguel (Guangdong) Limited, a company incorporated in Hong Kong with limited liability and a 92.989% subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Shares”	shares of HK\$0.50 each in the Company
“SMBIL”	San Miguel Brewing International Limited, an indirect wholly-owned subsidiary of SMC
“SMBIL Sub-licence Agreement”	the sub-licence agreement between SMGB (formerly known as San Miguel Shunde Brewery Co., Limited), as licensee, and SMBIL, as licensor dated 25 January 1999, as amended and supplemented by (i) the addendum dated 25 January 1999 and (ii) the amendment to the addendum to the sub-licence agreement dated 8 October 1999
“SMC”	San Miguel Corporation, the ultimate controlling shareholder of the Company
“SMC Group”	SMC and its subsidiaries (excluding members of the Group)
“SMC Group Licensing Arrangements”	the SMIL Trademark Licensing Agreement, the Neptunia Sub-licence Agreement and the SMBIL Sub-licence Agreement
“SMGB”	San Miguel (Guangdong) Brewery Company Limited, a company incorporated in the PRC with limited liability and a 92% indirectly owned subsidiary of the Company

“SMIL”	San Miguel International Limited, a wholly-owned subsidiary of SMC
“SMIL Trademark Licensing Agreement”	the trademark licensing agreement entered into between SMIL and GSMB on 3 November 1990, as amended by a supplemental agreement dated 29 September 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars

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

Hong Kong, 19 September 2007