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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)

**CLARIFICATION ANNOUNCEMENT
ANNUAL REPORT 2011**

Reference is made to the annual report (the “Annual Report”) of San Miguel Brewery Hong Kong Limited (the “Company”) for the year ended 31 December 2011. Unless defined otherwise, capitalised terms used herein shall have the same meanings as defined in the Annual Report.

The Company has engaged its auditors to report on the Group’s continuing connected transactions entered into during the year ended 31 December 2011 in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.

Page 24 of the Annual Report states that the auditors of the Company, KPMG, have confirmed in a letter to the Board (the “Letter”), which was issued pursuant to the aforesaid engagement, that nothing has come to their attention which caused them to believe that the Continuing Connected Transactions (i.e. the trade-related continuing connected transactions made with the San Miguel Group as set out on pages 23 to 24 of the Annual Report (the “Continuing Connected Transactions”)) in the 2011 financial year (i) had not been approved by the Board of the Company, (ii) were not entered into in all material respects in accordance with the relevant agreement governing such transactions, and (iii) had exceeded the cap disclosed in the announcement of the Company dated 18 October 2010 and in the circular to shareholders dated 8 November 2010.

The board of directors of the Company wishes to clarify that in addition to items (i), (ii) and (iii) above, the Letter also states that nothing has come to KPMG's attention which caused them to believe that those Continuing Connected Transactions in the 2011 financial year which involve the provision of goods or services by the Group were not, in all material respects, in accordance with the pricing policies of the Group. The Company has complied in full with the requirements under Rule 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
San Miguel Brewery Hong Kong Limited
John K.L. Cheung
Company Secretary

Hong Kong, 3 August 2012

As at the date of this announcement, the Board of the Company comprises the executive director, Mr. Peter K. Y. Tam, the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Carlos Antonio M. Berba (Deputy Chairman), Ms. Chan Wen Mee, May (Michelle), Mr. Thelmo Luis O. Cunanan Jr., Mr. Teruyuki Daino, General Benjamin P. Defensor Jr., Mr. Taro Matsunaga and Mr. Shobu Nishitani; and the independent non-executive directors, Dr. the Hon. Sir. David K. P. Li, Mr. Ng Wai Sun and Mr. Carmelo L. Santiago.