
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in San Miguel Brewery Hong Kong Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

VARIOUS CONTINUING CONNECTED TRANSACTIONS AND REVISION OF EXISTING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

A letter from the board of directors of San Miguel Brewery Hong Kong Limited is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 15 of this circular. A letter from Ample Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening an extraordinary general meeting of San Miguel Brewery Hong Kong Limited to be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on 19 April 2013, Friday at 3:45 p.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) is set out on pages 37 to 38 of this circular. A form of proxy for use by the Independent Shareholders at the extraordinary general meeting is also enclosed. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the meeting, or any adjourned meeting, should you so wish.

2 April 2013

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	15
Letter from Ample Capital Limited	16
Appendix — General information	29
Notice of EGM	37

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Amendment Agreement”	the agreement dated 7 March 2013 entered into between the Company and SMC (the Amendment Agreement was signed by SMC on 7 March 2013 and by the Company on 8 March 2013) to amend the Existing Agreement by revising the Existing Sales Cap for the Beverage Sales for the year ending 31 December 2013 to the Revised Sales Cap
“Ample Capital Limited”	Ample Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the New Agreement, the Amendment Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Beverage Sales”	sales of packaged beer and non-alcoholic beverage products by the Group to the San Miguel Group
“Cap(s)”	the maximum annual aggregate value for each of the Continuing Connected Transactions under the New Agreement for the three years ending 31 December 2016
“Company”	San Miguel Brewery Hong Kong Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed in the Stock Exchange
“Continuing Connected Transactions”	the following transactions between the Group and the San Miguel Group: (a) purchase of packaging materials by the Group from the San Miguel Group; (b) purchase of packaged beer by the Group from the San Miguel Group and (c) the Beverage Sales
“Directors”	the directors of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting to be convened by the Company at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on 19 April 2013, Friday at 3:45 p.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) to consider, and if thought fit, approving the New Agreement, the Continuing Connected Transactions, the Caps, the Amendment Agreement and the Revised Sales Cap
“Existing Agreement”	the agreement dated 18 October 2010 entered into between the Company and SMC
“Existing Sales Cap”	the annual cap of HK\$108 million for the Beverage Sales for the year ending 31 December 2013 as set out in the Existing Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising Dr. the Hon. Sir. David K. P. Li, Mr. Ng Wai Sun, Mr. Reynato S. Puno and Mr. Carmelo L. Santiago, all of them being independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders in respect of the New Agreement, the Continuing Connected Transactions, the Caps, the Amendment Agreement and the Revised Sales Cap
“Independent Shareholder(s)”	the shareholder(s) of the Company, other than SMC and its associates
“Latest Practicable Date”	27 March 2013, the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreement”	the agreement dated 7 March 2013 entered into between the Company and SMC (the New Agreement was signed by SMC on 7 March 2013 and by the Company on 8 March 2013) in respect of the Continuing Connected Transactions for the period commencing on 1 January 2014 to 31 December 2016

DEFINITIONS

“Revised Sales Cap”	the proposed revised annual cap of HK\$181 million for the year ending 31 December 2013 in relation to Beverage Sales as set out in the Amendment Agreement
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“SMB”	San Miguel Brewery, Inc., a company owned as to 51% by SMC
“SMC”	San Miguel Corporation, the ultimate controlling shareholder of the Company
“San Miguel Group”	SMC and its associates, excluding the Group, for the purpose of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



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)

Executive Director:
Ramon G. Torralba

Non-Executive Directors:
Ramon S. Ang, *Chairman*
Carlos Antonio M. Berba, *Deputy Chairman*
Chan Wen Mee, May (Michelle)
Teruyuki Daino
Roberto N. Huang
Taro Matsunaga
Shobu Nishitani

Independent Non-Executive Directors:
David K. P. Li, GBM, JP (alternate: Adrian M. K. Li)
Ng Wai Sun
Reynato S. Puno
Carmelo L. Santiago

*Registered office and
principal place of business
in Hong Kong:*

9th Floor
Citimark Building
28 Yuen Shun Circuit
Siu Lek Yuen
Shatin, New Territories
Hong Kong

2 April 2013

To the Shareholders

Dear Sir or Madam,

**VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
REVISION OF EXISTING ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

BACKGROUND

The principal business activities of the Group are the production and distribution of bottled, canned and draught beers and other beverage products. SMC is the ultimate controlling shareholder of the Company. SMC is one of the Philippines' most diversified conglomerates with operations in beverages, food, packaging, properties, fuel and oil, infrastructure, energy, power, mining, telecommunications and banking.

LETTER FROM THE BOARD

The Group has been carrying out certain continuing connected transactions with the San Miguel Group including, among other things, (i) purchase by the Group from the San Miguel Group of (a) packaging materials for the production of the Group and (b) packaged beer for the Group's wholesale and retail distribution; and (ii) the Beverage Sales. Such transactions constitute continuing connected transactions for the Company in its ordinary and usual course of business.

As set out in the announcement of the Company dated 18 October 2010 and the circular of the Company dated 8 November 2010, the Company entered into the Existing Agreement setting out the terms of the continuing connected transactions between the Group and the San Miguel Group as set out above for the three years ending 31 December 2013. The Existing Agreement, the annual caps and the transactions contemplated thereunder were approved by Independent Shareholders at the extraordinary general meeting of the Company held on 26 November 2010.

As set out in the announcement of the Company dated 8 March 2013, the Amendment Agreement dated 7 March 2013 was entered into between the Company and SMC to amend the Existing Agreement by revising the Existing Sales Cap for the Beverage Sales for the year ending 31 December 2013 to the Revised Sales Cap of HK\$181 million. Save for the revision of the Existing Sales Cap to the Revised Sales Cap, all other terms and conditions under the Existing Agreement remain the same.

The Existing Agreement will expire on 31 December 2013. Accordingly, the Company and SMC entered into the New Agreement dated 7 March 2013 with a view to renewing the agreements to carry out the Continuing Connected Transactions from 1 January 2014 to 31 December 2016 on substantially the same terms as those under the Existing Agreement (as amended by the Amendment Agreement).

THE AMENDMENT AGREEMENT

Reference is made to the announcement of the Company dated 18 October 2010 and the circular of the Company dated 8 November 2010, in relation to, among other things, the transactions under the Existing Agreement in relation to the Beverage Sales which constituted continuing connected transactions of the Company under the Listing Rules. As set out in the Existing Agreement, annual caps for the Beverage Sales amounted to HK\$97 million, HK\$103 million and HK\$108 million, respectively for the years ended 31 December 2011 and 2012 and the year ending 31 December 2013. The annual caps and the transactions contemplated thereunder were approved by Independent Shareholders at the extraordinary general meeting of the Company held on 26 November 2010.

The Amendment Agreement dated 7 March 2013 was entered into between the Company and SMC to amend the Existing Agreement by revising the Existing Sales Cap for the Beverage Sales for the year ending 31 December 2013 to the Revised Sales Cap of HK\$181 million. Save for the revision of the Existing Sales Cap to the Revised Sales Cap, all other terms and conditions under the Existing Agreement remain the same.

Set out below are the principal terms of the Amendment Agreement.

LETTER FROM THE BOARD

Date

7 March 2013 (the Amendment Agreement was signed by SMC on 7 March 2013 and by the Company on 8 March 2013)

Parties

The Company and SMC

Subject matter

Pursuant to the Amendment Agreement, the Existing Sales Cap for the year ending 31 December 2013 is revised to HK\$181 million.

The Amendment Agreement and the Revised Sales Cap are subject to the Independent Shareholders' approval and shall be effective upon the date of the Amendment Agreement and shall expire on 31 December 2013. In the event that the Amendment Agreement and the Revised Sales Cap are not approved by the Independent Shareholders, the Company has the right to terminate the Amendment Agreement.

The Group has been carrying out certain continuing connected transactions with the San Miguel Group including, among other things, the Beverage Sales which is an income source of the Group. As the Company expects that there may be growth on the Beverage Sales for the year ending 31 December 2013, the Existing Sales Cap for the year ending 31 December 2013 may not be sufficient to meet the Group's Beverage Sales in 2013, and therefore proposes that the Existing Sales Cap for the year ending 31 December 2013 be revised to HK\$181 million.

The Revised Sales Cap was determined based on, among other things, the Company's expectation that there will be a growth in demand by the San Miguel Group for the Group's packaged beer and non-alcoholic beverage products for export markets for the year ending 31 December 2013 after having discussed with the San Miguel Group, the San Miguel Group's preliminary indication on its purchase quantity of packaged beer and non-alcoholic beverage products from the Group in 2013, the expected costs of production and distribution, the expected selling margin, the possible exchange rates fluctuations and the possible inflation. For the two years ended 31 December 2011 and 2012, the actual transaction amount under the Beverage Sales accounted for approximately 96% and 90% of the respective annual cap. For the two months ended 28 February 2013, the actual transaction amount under the Beverage Sales was approximately HK\$11.7 million.

THE NEW AGREEMENT

Date

7 March 2013 (the New Agreement was signed by SMC on 7 March 2013 and by the Company on 8 March 2013)

Parties

The Company and SMC

LETTER FROM THE BOARD

Continuing Connected Transactions and the Caps

Under the New Agreement, the Group will enter into the following Continuing Connected Transactions with the San Miguel Group: (i) purchase by the Group from the San Miguel Group of packaging materials (including, but not limited to, cans, bottles, crown seals and crates) and packaged beer; and (ii) the Beverage Sales.

Term

Subject to the Independent Shareholders' approval on the Continuing Connected Transactions, the New Agreement and the proposed Caps, the New Agreement shall have a term ending on 31 December 2016 and its terms shall apply to the Continuing Connected Transactions for the period commencing on 1 January 2014 to 31 December 2016. In the event that the New Agreement, Continuing Connected Transactions and the Caps are not approved by the Independent Shareholders, the Company has the right to terminate the New Agreement.

Pricing

The Company confirms that the pricing policy of the Company in respect of the Continuing Connected Transactions is on an arm's length basis and is consistent with the Group's historical pricing policy in respect of the past transactions between the Group and the San Miguel Group, which are described below:

(a) Purchase of packaging materials from the San Miguel Group

In respect of the purchase of packaging materials (comprising, but not limited to, cans, bottles, crown seals and crates) by the Group from the San Miguel Group, the prices payable by and the credit terms offered to the Group have historically been negotiated and shall continue to be negotiated between the Group and the San Miguel Group on an annual basis with reference to the prices and credit terms available 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 between the Group and the San Miguel Group based upon reasonable commercial principles being arm's length negotiations between the parties.

In respect of the purchase of packaging materials by the Group, the San Miguel Group is not the sole supplier. The Group compares the prices and credit terms offered by independent suppliers and the San Miguel Group in making vendor selection and purchase decision. In addition, the Group maintains more than one supply source so as to avoid over-reliance on a particular supplier.

LETTER FROM THE BOARD

The Group has entered into several purchase contracts with different suppliers (including a member of the San Miguel Group and other independent suppliers) in respect of purchase of packaging materials of one-year term where the terms are determined on an annual basis. Management of the Group would review the terms of the contracts (including the prices and the credit terms), the nature and the usage of the packaging materials to determine if the packaging materials from independent suppliers are comparable to those supplied by the San Miguel Group. If there are comparable packaging materials available from independent suppliers, the Company will directly compare the terms offered by the independent suppliers and the terms offered by the San Miguel Group.

The Company considers that there are packaging materials available from the independent suppliers that are comparable to those supplied by the San Miguel Group. If there are no comparable packaging materials available from independent suppliers, the Company will then negotiate with the San Miguel Group on an arm's length basis for the terms of the purchases and may consider factor like the Group's profit margin after taking into account the prices of the packaging materials to ensure the terms of the purchases from the San Miguel Group (include the prices) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders.

(b) *Purchase of packaged beer from the San Miguel Group*

In respect of the purchase of packaged beer by the Group from the San Miguel Group, the prices payable by and the credit terms offered to the Group have been and shall continue to be determined 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 between the Group and the San Miguel Group based upon reasonable commercial principles being arm's length negotiations between the parties.

In respect of the purchase of packaged beer by the Group from the San Miguel Group, the packaged beer purchased is produced by the San Miguel Group in the Philippines (i.e. beer with the brand "San Miguel Pale Pilsen") which the San Miguel Group is the sole supplier of beer with such brand.

The Group negotiates the prices and credit terms with the San Miguel Group in respect of the purchase of packaged beer on an annual basis. In negotiating the prices and the credit terms with the San Miguel Group, management of the Group would make reference to, among others, 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 (i.e. similar packaged beer that the Group sources from independent suppliers for reselling which are of various brand names) and to determine if the products from independent suppliers are comparable to those supplied by the San Miguel Group. If there are comparable products from independent suppliers, the Company will directly compare the terms offered by the independent suppliers and the terms offered by the San Miguel Group.

LETTER FROM THE BOARD

The Company compares the terms of the packaged beer sourced from independent suppliers when considering the terms of the packaged beer sourced from the San Miguel Group. If there are no comparable packaged beer available from independent suppliers, the Company will then negotiate with the San Miguel Group on an arm's length basis for the terms of the purchases and may consider factor like the Group's profit margin after taking into account the prices of the packaged beer to ensure the terms of the purchases from the San Miguel Group (include the prices) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders.

(c) *The Beverage Sales*

In respect of the Beverage Sales, the prices receivable by the Group have been and shall continue to be determined in the ordinary and usual course of business based on the Group's production cost plus profit margins. Such profit margins are 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 products, and if no such comparable profit margins are available, the profit margins shall be determined between the Group and the San Miguel Group based upon reasonable commercial principles being arm's length negotiations between the parties.

The credit terms offered by the Group for the Beverage Sales have been and shall continue to 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 between the Group and the San Miguel Group based on reasonable commercial principles being arm's length negotiations between the parties.

The packaged beer and non-alcoholic beverage products produced by Group will be supplied to (i) the San Miguel Group (i.e. the Beverage Sales that the products will be exported through the San Miguel Group by its international sales channels) and (ii) independent customers in Hong Kong and Macau (the "Domestic Sales"). In negotiating the prices with the San Miguel Group, management of the Group will refer to the Group's production cost plus profit margins and the Group would compare (a) the profit margins of the Beverage Sales to the San Miguel Group and (b) the profit margins of the Domestic Sales to the independent customers, which the profit margins from the Beverage Sales should be no less favourable to the Group than those imposed by the Group on independent third party customers (i.e. the Domestic Sales).

The credit terms offered by the Group for the Beverage Sales shall be determined by reference to the credit terms offered by the Group to its independent third party customers (i.e. the Domestic Sales customers).

There is no provision in the New Agreement requiring the Group to exclusively source packaging materials and packaged beer from the San Miguel Group nor sell the packaged beer and non-alcoholic beverage products to the San Miguel Group.

LETTER FROM THE BOARD

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group needs to source various packaging materials including cans, bottles, crown seals and crates for use in the packaging and distribution of its beer products. The San Miguel Group has established itself as a competitively priced and dependable supplier to the Group which meet the Group's stringent quality requirements and delivery schedules.

The Group purchases packaged beer from SMB, a company owned as to 51% by SMC to complement the range of products sold by the Group. The Group believes that this will enhance the product range and earnings potential of the Group.

SMB is a company listed on The Philippine Stock Exchange, Inc. and is principally engaged in the manufacture and sale of fermented and malt-based beverages, particularly beer of all kinds and classes. SMB runs the domestic brewery business of the San Miguel Group in the Philippines.

The packaged beer and non-alcoholic beverage products sold by the Group to the San Miguel Group are produced at the Group's plants located at (i) Shunde District, Foshan City, Guangdong Province, the PRC and (ii) Yuen Long, Hong Kong. The Group sells such packaged beer overseas to widen its income source. However, the Group does not have an international sales force outside Hong Kong and Macau. The Group is able to reach customers in export markets through the San Miguel Group which markets and sells products to customers through its international sales channels. Accordingly, the Group may sell its products, through the San Miguel Group, to certain export markets where the Group will also avoid taking exchange rate risk and counterparty risk with the ultimate customers in the relevant export markets. The Company expects such arrangement will help broaden market shares of the Company's products overseas.

HISTORICAL VALUES AND ANNUAL CAPS

Set out below is a summary of (i) the amounts of the continuing connected transactions between the Group and the San Miguel Group for the two years ended 31 December 2012 and from 1 January to 28 February 2013, (ii) the relevant cap amounts under the Existing Agreement and (iii) the proposed Caps under the New Agreement for the three years ending 31 December 2016:

LETTER FROM THE BOARD

<i>HK\$ '000</i>	Year ended 31 December 2011		Year ended 31 December 2012		Actual amount from 1 January 2013 to 28 February 2013	Year ending 31 December 2013	Caps for the three years ending 31 December 2016 pursuant to the New Agreement		
	Actual amount <i>(audited)</i>	Cap amount	Actual amount <i>(audited)</i>	Cap amount	<i>(unaudited)</i>	Cap amount	2014	2015	2016
Purchase of packaging materials by the Group from the San Miguel Group	46,784	47,000	31,740	54,000	1,091	61,000	82,000	89,000	97,000
Purchase of packaged beer by the Group from the San Miguel Group	4,455	4,900	4,665	5,300	560	5,700	6,300	6,800	7,200
The Beverage Sales	93,520	97,000	93,144	103,000	11,745	Under the Existing Agreement: 108,000	218,000	257,000	303,000
						Under the Amendment Agreement: 181,000 <i>(note 1)</i>			

Note 1: subject to the Independent Shareholders' approval on the Amendment Agreement, the Existing Sales Cap for the Beverage Sales for the year ending 31 December 2013 of HK\$108 million as set out in the Existing Agreement will be revised to HK\$181,000,000. Please refer to the section headed "The Amendment Agreement" for details.

In respect of the Caps in relation to the purchase of packaging materials and packaged beer by the Group from the San Miguel Group, the proposed Caps were determined by reference to a number of factors including, among other things, the historical sales amount of beer products, the marketing plan of the Group's products, the expected growth in demand for the Group's products (after taking into account the possible exchange rate fluctuations and the possible inflation) and the consequential increase in the need for the relevant packaging materials to meet the Group's production requirements.

As set out in the annual report of the Company for the year ended 31 December 2012, in 2013, the Group expects to perform an extensive expansion of the beer dealership network in core markets in South China while strengthening the brand equity of beer products. The Group also expects to restructure its distribution system in Hong Kong to aggressively grow in the channels where the Group is weak at and to maximize opportunities in untapped channels and therefore the Group expects that there may be a growth in demand for the Group's packaging materials from 2014 to 2016 to cope with the expected growth in sales.

LETTER FROM THE BOARD

In respect of the Caps in relation to the Beverage Sales, the proposed Caps were determined by reference to a number of factors including, among other things, the historical product lines, the expected demand for the Group's products and the Company's expectations on the demand for the Group's packaged beer and non-alcoholic beverage products for export markets after having discussed with the San Miguel Group, the San Miguel Group's preliminary indication on its purchase quantity of packaged beer and non-alcoholic beverage products in 2013 from the Group and the expected costs increment in production and distribution, the expected selling margin, the possible exchange rates fluctuations and the possible inflation from 2014 to 2016.

Buffer of 10% has been built in when the Caps were determined with a view to taking into account possible further market demand.

The Directors consider that (i) the Continuing Connected Transactions are entered into in the ordinary course of business of the Group and the terms of the New Agreement and the Caps are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole and (ii) the revision of the Existing Sales Cap for the year ending 31 December 2013 pursuant to the Amendment Agreement is on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

EGM

The San Miguel Group controls approximately 65.78% of the issued share capital of the Company. Accordingly, SMC and its associates are connected persons of the Company for the purposes of the Listing Rules. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules. The revision of the Existing Sales Cap is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the Continuing Connected Transactions under the New Agreement constitute non-exempt continuing connected transactions under the Listing Rules and are likewise subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on 19 April 2013, Friday, at 3:45 p.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) to seek the Independent Shareholders' approval for the terms of the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps. Ordinary resolutions will be proposed to approve the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps at the EGM. The notice convening the EGM is set out on pages 37 to 38 of this circular.

In view of the interest of the San Miguel Group in the Continuing Connected Transactions, SMC and its associates (as defined in the Listing Rules), which control approximately 65.78% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting at the EGM.

LETTER FROM THE BOARD

Mr. Ramon S. Ang (the Chairman and a non-executive Director of the Company) did not attend the meeting during which the vote on the Board resolutions to approve the transactions contemplated under the New Agreement and the Amendment Agreement (the “Board Resolutions”) was taken. None of the Directors who were present in the said meeting abstained from voting on the Board resolutions in compliance with Rule 14A.59 (18) of the Listing Rules. The Board Resolutions were unanimously passed in the said Board meeting.

Mr. Ang is the Chairman and a non-executive Director of the Company. He is the Vice Chairman, President and Chief Operating Officer of SMC and the Chairman of SMB. Please also refer to (i) pages 29 to 31 to this circular for the details on the Directors’ interests and short positions in the securities of the Company and its associated corporations and (ii) page 33 to this circular for the details on the Directors being directors/employees of companies which have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

The transfer of books and register of members of the Company will be closed from 17 April 2013, Wednesday, to 19 April 2013, Friday, both days inclusive. To qualify for attending the forthcoming EGM of the Company to be held on 19 April 2013, Friday, shareholders should ensure that transfers are lodged at the Company’s share registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on 16 April 2013, Tuesday.

A form of proxy for use at the EGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM, or any adjournment thereof, should you so wish.

RECOMMENDATION

The Directors consider that the Continuing Connected Transactions, the terms of the Amendment Agreement, the Revised Sales Cap, the New Agreement and the Caps are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 15 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders concerning the Continuing Connected Transactions and the proposed revision of the Existing Sales Cap and (ii) the letter from Ample Capital Limited set out on pages 16 to 28 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the proposed revision of the Existing Sales Cap and the principal factors considered by Ample Capital Limited in arriving at its recommendation.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the information set out elsewhere in this circular and in the appendix to it.

By order of the Board
San Miguel Brewery Hong Kong Limited
Ramon S. Ang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

2 April 2013

To the Independent Shareholders

Dear Sir or Madam,

**VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
REVISION OF EXISTING ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 2 April 2013 issued to the Shareholders (the “Circular”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you in respect of the Continuing Connected Transactions and the proposed revision of the Existing Sales Cap. Ample Capital Limited has been appointed as the independent financial adviser to advise us in respect of the Continuing Connected Transactions and the proposed revision of the Existing Sales Cap.

Having taken into account the advice from Ample Capital Limited and having reviewed the terms of the Amendment Agreement and the New Agreement, we consider that the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and that the terms of the New Agreement and the Amendment Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders should vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps.

We also draw the attention of the Independent Shareholders to the letter from the Board, the letter from Ample Capital Limited and the appendix to the Circular.

Yours faithfully,

Dr. The Hon. Sir.
David K. P. Li

Mr. Ng Wai Sun

Mr. Reynato S. Puno

Mr. Carmelo L.
Santiago

Independent Board Committee

LETTER FROM AMPLE CAPITAL LIMITED

The following is the full text of the letter from Ample Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

AmCap

Ample Capital Limited

豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

2 April 2013

To: the Independent Board Committee and
the Independent Shareholders of
San Miguel Brewery Hong Kong Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in connection with the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps, details of which are set out in the “Letter from the Board” in the circular of the Company dated 2 April 2013 (the “Circular”), of which this letter forms a part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The Group has been carrying out certain continuing connected transactions with the San Miguel Group including, among other things, (i) purchase by the Group from the San Miguel Group of (a) packaging materials for the production of the Group and (b) packaged beer for the Group’s wholesale and retail distribution; and (ii) sales of packaged beer and non-alcoholic beverage products by the Group to the San Miguel Group (or the Beverage Sales). Such transactions constitute continuing connected transactions for the Company in its ordinary and usual course of business. In 2010, the Company entered into the Existing Agreement setting out the terms of the continuing connected transactions between the Group and the San Miguel Group and it will expire on 31 December 2013. The Company entered into the Amendment Agreement dated 7 March 2013 with SMC to amend the Existing Agreement by revising the Existing Sales Cap of HK\$108 million for the Beverage Sales for the year ending 31 December 2013 to the Revised Sales Cap of HK\$181 million. Save for the revision of the Existing Sales Cap to the Revised Sales Cap, all other terms and conditions under the Existing Agreement remain the same. The Company and SMC entered into the New Agreement dated 7 March 2013 with a view to renewing the agreements to carry out the Continuing Connected Transactions from 1 January 2014 to 31 December 2016 on substantially the same terms as those under the Existing Agreement (as amended by the Amendment Agreement).

LETTER FROM AMPLE CAPITAL LIMITED

As at the Latest Practicable Date, the San Miguel Group controls approximately 65.78% of the issued share capital of the Company. Accordingly, SMC and its associates are connected persons of the Company for the purposes of the Listing Rules. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules. The revision of the Existing Sales Cap is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the Continuing Connected Transactions under the New Agreement constitute non-exempt continuing connected transactions under the Listing Rules and are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened to seek Independent Shareholders' approval for the terms of the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps. In view of the interest of the San Miguel Group in the Continuing Connected Transactions, SMC and its associates (as defined in the Listing Rules), which control approximately 65.78% of the issued share capital of the Company will abstain from voting at the EGM. The Independent Board Committee, comprised of all the independent non-executive Directors namely Dr. The Hon. Sir. David K. P. Li, Mr. Ng Wai Sun, Mr. Reynato S. Puno and Mr. Carmelo L. Santiago, has been established for the purpose of advising the Independent Shareholders in relation to the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps.

Ample Capital Limited has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps are fair and reasonable so far as the interest of the Company and the Independent Shareholders as a whole are concerned and as to how the Independent Shareholders should vote at the EGM.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (the "Management") and have assumed that such information, facts and opinions are true and accurate and will remain true up to the time of the EGM. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have however not conducted an independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied.

In formulating our opinion on the terms of Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps, we have taken into consideration the following principal factors:

LETTER FROM AMPLE CAPITAL LIMITED

BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

The principal business activities of the Group are the production and distribution of bottled, canned and draught beers and other beverage products. SMC is the ultimate controlling shareholder of the Company. SMC is one of the Philippines' most diversified conglomerates with operations in beverages, food, packaging, properties, fuel and oil, infrastructure, energy, power, mining, telecommunications and banking.

The Group needs to source various packaging materials including cans, bottles, crown seals and crates for use in the packaging and distribution of its beer products. The San Miguel Group has established itself as a competitively priced and dependable supplier to the Group which meet the Group's stringent quality requirements and delivery schedules.

The Group purchases packaged beer from SMB, a company owned as to 51% by SMC to complement the range of products sold by the Group. The Group believes that this will enhance the product range and earnings potential of the Group.

SMB is a company listed on The Philippine Stock Exchange, Inc. and is principally engaged in the manufacture and sale of fermented and malt-based beverages, particularly beer of all kinds and classes. SMB runs the domestic brewery business of the San Miguel Group in the Philippines.

The packaged beer and non-alcoholic beverage products sold by the Group to the San Miguel Group under the Beverage Sales are produced at the Group's plants located at (i) Shunde District, Foshan City, Guangdong Province, the PRC and (ii) Yuen Long, Hong Kong. The Group sells such packaged beer overseas to widen its income source. However, the Group does not have an international sales force outside Hong Kong and Macau. The Group is able to reach customers in export markets through the San Miguel Group which markets and sells products to customers through its international sales channels. Accordingly, the Group may sell its products, through the San Miguel Group, to certain export markets where the Group will also avoid taking exchange rate risk and counterparty risk with the ultimate customers in the relevant export markets. The Company expects such arrangement will help broaden market shares of the Company's products overseas.

The Group has been carrying on connected transactions with the San Miguel Group for over 10 years, the Group and the San Miguel Group maintain a long and satisfactory relationship. Having considered the principal business of the Group and the nature of the Continuing Connected Transactions, we consider that the Continuing Connected Transactions are natural extension of the Group's business relationship with the San Miguel Group and are conducted in the usual and ordinary course of the business of the Group.

LETTER FROM AMPLE CAPITAL LIMITED

EXISTING AGREEMENT AND AMENDMENT AGREEMENT

As set out in the announcement of the Company dated 18 October 2010 and the circular of the Company dated 8 November 2010, the Company entered into the Existing Agreement setting out the terms of the continuing connected transactions between the Group and the San Miguel Group for the three years ending 31 December, 2013. According to the Existing Agreement, annual caps for the Beverage Sales for the years ended 31 December 2011 and 2012 and the year ending 31 December 2013 amounted to HK\$97 million, HK\$103 million and HK\$108 million respectively, the annual caps and the transactions contemplated thereunder were approved by Independent Shareholders at the extraordinary general meeting of the Company held on 26 November 2010.

However, the Company expects that there may be growth on the Beverage Sales for the year ending 31 December 2013 and the Existing Sales Cap for the year ending 31 December 2013 may not be sufficient to meet such growth in the Group's Beverage Sales in 2013. The Company therefore proposes that the Existing Sales Cap for the year ending 31 December 2013 be revised to HK\$181 million. The Company entered into the Amendment Agreement dated 7 March 2013 with SMC to amend the Existing Agreement by revising the Existing Sales Cap for the Beverage Sales for the year ending 31 December 2013. The Revised Sales Cap was determined based on, among other things, the Company's expectation that there will be a growth in demand for the Group's packaged beer and non-alcoholic beverage products for export markets for the year ending 31 December 2013 after having discussed with the San Miguel Group, the San Miguel Group's preliminary indication on its purchase quantity of packaged beer and non-alcoholic beverage products from the Group in 2013, the expected costs increment in the production and distribution, the expected selling margin, the possible exchange rates fluctuations and the possible inflation. For the two years ended 31 December 2011 and 2012, the actual transaction amount under the Beverage Sales accounted for approximately 96% and 90% of the respective annual cap. For the two months ended February 2013, the actual transaction amount under the Beverage Sales was approximately HK\$11.7 million.

We have reviewed the Existing Agreement, the Amendment Agreement, the New Agreement, the circular of the Company dated 8 November 2010, annual report of the Company for the two years ended 31 December 2012 (the "Annual Reports") and the Company's announcement dated 3 August 2012 in relation to the 2011 Annual Report (the "Related Announcement"). Save for the revision of the Existing Sales Cap to the Revised Sales Cap, all other terms and conditions under the Existing Agreement remain the same. The terms of the Existing Agreement were approved by Independent Shareholders at the extraordinary general meeting of the Company held on 26 November 2010. Furthermore, according to the Annual Reports and the Related Announcement, the independent non-executive directors of the Company have reviewed these connected transactions and confirmed that such transactions were (i) entered into in the ordinary and usual course of business of the Group; (ii) conducted either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also noted that the auditors of the Company have confirmed in a letter to the Board that nothing has come to their attention that caused them to believe that the continuing connected transactions in the 2011 and 2012 financial years (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

LETTER FROM AMPLE CAPITAL LIMITED

governing such transactions; (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; and (iv) were not, in all material respects, in accordance with the pricing policies of the Group.

Therefore, we are of the view that the terms of the Amendment Agreement are fair and reasonable in so far as the Company and the Independent Shareholders are concerned. Please refer to “3) The Beverage Sales” under the paragraph headed “Annual Caps” below for our view on the Revised Sales Cap.

The Existing Agreement will expire on 31 December 2013. Accordingly, the Company and SMC entered into the New Agreement dated 7 March 2013 with a view to renewing the agreements to carry out the Continuing Connected Transactions from 1 January 2014 to 31 December 2016 on substantially the same terms as those under the Existing Agreement as amended by the Amendment Agreement.

NEW AGREEMENT

The principal terms of the Continuing Connected Transactions under the New Agreement are summarized as below:

1) Purchase of packaging materials

Vendor: the San Miguel Group

Purchaser: the Group

Price/Credit Terms: negotiated on an annual basis with reference to the prices and credit terms available from independent suppliers 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 between the Group and the San Miguel Group based upon reasonable commercial principles being arm’s length negotiations between the parties.

We understand from the Management that San Miguel Group was not the sole supplier of the Group’s packaging materials. The Group compares the price and credit terms offered by independent suppliers and San Miguel Group in making vendor selection and purchase decision. In addition, the Group maintains more than one supply source so as to avoid over-reliance in a particular supplier.

The Group has entered into several purchase contracts with different suppliers (including a member of the San Miguel Group and other independent suppliers) in respect of purchase of packaging materials of one-year term where the terms are determined on an annual basis. Management of the Group would review the terms of the contracts (including the prices and the credit terms), the nature and the usage of the packaging materials to determine if the products from independent suppliers are comparable to those supplied by the San Miguel Group. If there are comparable products from independent suppliers, the Company will directly compare the terms offered by the independent suppliers and the terms offered by the San Miguel Group.

LETTER FROM AMPLE CAPITAL LIMITED

In 2012, the Group has purchased packaging materials from not less than four independent suppliers. The allocation of packaging material purchase for 2012 is stated as follow:

	San Miguel Group	Independent suppliers
Amber 640, Amber 330 bottles	—	100%
Flint 640, Flint 330 bottles	—	100%
LN 600 bottles	—	100%
LN 330 bottles	11%	89%
330, 600 Cork	—	100%
640 Cork	2%	98%
330ml Can body	47%	53%
Sot Ends (330, 500 Ends)	70%	30%

We have reviewed 18 sets of the sales invoices issued by San Miguel Group and other independent suppliers to the Group for the supplies of various types of the packaging materials and noted that the terms offered by the San Miguel Group to the Group are of comparable terms to those offered by the independent suppliers. We have also reviewed the quotations of the packaging materials issued by San Miguel Group and 2 other independent suppliers for 2013 and noted that the price and credit terms offered by the San Miguel Group are no less favourable to the Group than terms offered by the independent suppliers.

The Company considers that there are packaging materials available from the independent suppliers that are comparable to those supplied by the San Miguel Group. If there are no comparable packaging materials available from independent suppliers, the Company will then negotiate with the San Miguel Group on arm's length basis for the terms of the purchases and may consider factor like the Group's profit margin after taking into account the prices of the packaging materials to ensure the terms of the purchases from the San Miguel Group (include the prices) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders. As selling prices of the Group's products are determined, to a large extent, by the market, so in the event that there are no comparable packaging materials available in the market, we consider that using the Group's profit margin as basis to determine the price of the packaging materials are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders.

LETTER FROM AMPLE CAPITAL LIMITED

2) Purchase of packaged beer

Vendor:	the San Miguel Group
Purchaser:	the Group
Price/Credit Terms:	negotiated on an annual basis with reference to the prices paid by and 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 between the Group and the San Miguel Group based upon reasonable commercial principles being arm's length negotiations between the parties.

In respect of the purchase of packaged beer by the Group from the San Miguel Group, the packaged beer purchased is produced by the San Miguel Group in the Philippines (i.e. beer with the brand "San Miguel Pale Pilsen") which the San Miguel Group is the sole supplier of beer with such brand.

The Group negotiates the prices and credit terms with the San Miguel Group in respect of the purchase of packaged beer on an annual basis. In negotiating the prices and the credit terms with the San Miguel Group, management of the Group would make reference to, among others, 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 (i.e. similar packaged beer that the Group sources from independent suppliers for reselling which are of various brand names) and to determine if the products from independent suppliers are comparable to those supplied by the San Miguel Group. If there are comparable products from independent suppliers, the Company will directly compare the terms offered by the independent suppliers and the terms offered by the San Miguel Group.

We have reviewed 9 sets of sales invoices issued by San Miguel Group and independent suppliers to the Group for the sales of similar packaged beer products. We noted the terms offered by the San Miguel Group to the Group are comparable to those offered by independent third parties.

If there are no comparable packaged beer available from independent suppliers, the Company will then negotiate with the San Miguel Group on arm's length basis for the terms of the purchases and may consider factor like the Group's profit margin after taking into account the prices of the packaged beer to ensure the terms of the purchases from the San Miguel Group (include the prices) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders.

We have reviewed historical accounting records of the Group for the financial year ended 31 December 2012 and noted that the average gross profit margin of the sales of packaged beers sourced from San Miguel Group is higher than those sourced from the independent third parties. As selling prices of package beer are determined, to a large extent, by the market, so the higher gross profit margin implies that the Group purchased package beer from the San Miguel Group at no less favorable terms as compared with price offered by the independent suppliers.

LETTER FROM AMPLE CAPITAL LIMITED

3) The Beverage Sales

Vendor: the Group

Purchaser: the San Miguel Group

Price/Credit Terms: the prices receivable by the Group have been and shall continue to be determined in the ordinary and usual course of business based on the Group's production cost plus profit margins. Such profit margins are 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 products, and if no such comparable profit margins are available, the profit margins shall be determined between the Group and the San Miguel Group based upon reasonable commercial principles being arm's length negotiations between the parties.

The credit terms offered by the Group for the Beverage Sales have been and shall continue to 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 between the Group and the San Miguel Group based on reasonable commercial principles being arm's length negotiations between the parties.

The packaged beer and non-alcoholic beverage products produced by Group will be supplied to (i) the San Miguel Group (the Beverage Sales); and (ii) independent customers in Hong Kong and Macau (the "Domestic Sales"). In negotiating the prices with the San Miguel Group, management of the Group will refer to the Group's production cost plus profit margins and the Group would compare (a) the profit margins of the Beverage Sales to the San Miguel Group and (b) the profit margins of the Domestic Sales to the independent customers, which the profit margins from the Beverage Sales should be no less favourable to the Group than those imposed by the Group on independent customers (i.e. the Domestic Sales).

The credit terms offered by the Group for the Beverage Sales shall be determined by reference to the credit terms offered by the Group to its independent customers (i.e. the Domestic Sales customers).

We have reviewed the Group's historical accounting records, supply and purchase agreement and invoices. We have compared the net profit margins and credit terms of the sales made to the San Miguel Group and to other independent customers and noted that the credit terms of and the net profit margin derived from the sales to the San Miguel Group are comparable to the sales to the independent customers.

LETTER FROM AMPLE CAPITAL LIMITED

Based on the above, we are of the view that the Continuing Connected Transactions are conducted on normal commercial terms and the terms of the New Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

ANNUAL CAPS

1) Purchase of packaging materials

Set out below is a summary of the historical utilization of the caps under the Existing Agreement and the proposed new caps under the New Agreement:

	For the year ended/ending 31 December					
	2011	2012	2013	2014*	2015*	2016*
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Existing annual caps/proposed annual caps*	47	54	61	82	89	97
Historical transaction amounts	46.8	31.7	6.5 ⁽¹⁾			
Cap utilization	99%	59%	11%			
Increase in annual cap as compared with previous year's annual cap				34%	9%	9%

Note: (1) annualized amount derived from January and February 2013 actual transaction amounts.

We understand from the Management that annual caps were established by:

- (i) forecasting the turnover of the Group's production bases in Hong Kong and Shunde for the three years ending 31 December 2016. The sales projections were estimated based on, among other things, the historical sales amount, the sales trend, the expected demand for the Group's products;
- (ii) deriving the demand for the packaging materials from the projected/forecasted turnover;
- (iii) comparing the price and credit terms offered by independent suppliers and the San Miguel Group and selecting the vendor for each type of packaging materials;
- (iv) calculating the expected amount of purchases of packaging materials from the San Miguel Group for the three years ending 31 December 2016; and
- (v) adding 10% buffer to the expected amount of purchases of packaging materials from the San Miguel Group for each of the three years ending 31 December 2016.

LETTER FROM AMPLE CAPITAL LIMITED

We note that the utilization rate of the annual caps decreased from 99% in 2011 to 58% in 2012, and then further decreased to 11% in 2013 (based on annualized amount derived from the January and February 2013 historical figures). According to the Company, the Group has restructured and stream-lined its South China operation in 2011 due to fierce market competition. Therefore, the sales performances in 2012 and the two months ended 28 February 2013 were affected.

As set out in the annual report of the Company for the year ended 31 December 2012, in 2013, the Group expects to perform an extensive expansion of the beer dealership network in its core markets in South China while strengthening the brand equity of beer products. The Group also expects to restructure its distribution system in Hong Kong to aggressively grow in the channels where the Group is weak at and to maximize opportunities in untapped channels and therefore the Group expects that there may be a growth in demand for the Group's packaging materials from 2014 to 2016 to cope with the expected growth in sales.

We have reviewed the production plan, the forecast and projections prepared by the Management. We understand that the Company expects that there will be an increase in export sales that have been carried out through the San Miguel Group. (Please refer to "3) The Beverage Sales" below for more information). The expected increase in total sales of the Group's own products implies that the demand for the packaging materials will also increase. In view of the above and after taking into account of the potential inflation, exchange rate fluctuation as well as the 10% buffer, we concur with the view of the Management that the estimated 34% growth in sales in 2014 and about 9% growth in sales per annum in the following years are reasonable.

2) Purchase of packaged beer

Set out below is a summary of the historical utilization of the caps under the Existing Agreement and the proposed new caps under the New Agreement:

	For the year ended/ending 31 December					
	2011	2012	2013	2014*	2015*	2016*
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Existing annual caps/proposed annual caps*	4.9	5.3	5.7	6.3	6.8	7.2
Historical transaction amounts	4.5	4.7	3.4 ⁽¹⁾			
Cap utilization	92%	89%	60%			
Increase in annual cap as compared with previous year's annual cap				11%	8%	6%

Note: (1) annualized amount derived from January and February 2013 actual transaction amounts.

LETTER FROM AMPLE CAPITAL LIMITED

We understand from the Management that the annual caps were established by (i) forecasting the sales volumes of packaged beer purchased from San Miguel Group; and (ii) the expected unit prices of package beer for the three years ending 31 December 2016.

- (i) The expected sales volumes were determined based on, among other things, the historical sales amount, the growth rates and the expected demand on the sales of the products.
- (ii) The unit price projection was mainly based on, among other things, the expected increase in cost of production and distribution as well as the possible inflation and fluctuation in exchange rates.

We have reviewed the forecast and projections prepared by the Management. The projected increase in purchase of package beer is less than 10% per annum for the three years ending 31 December 2016 after taking into account of the potential inflation, exchange rate fluctuation as well as the expected growth in demand for the Group's packaged beer from 2014 to 2016 due to the expected expansion of the beer dealership network in South China and grow in the distribution channels in Hong Kong in 2013. After adding the 10% buffer to the expected packaged beer purchases from San Miguel Group, the growth rates of the Caps are in the range of 6% - 11% per annum for the three years ending 31 December 2016. We consider that it is reasonable for the Group to adopt the above basis and assumptions in determining the amount of the Caps for the Group's purchase of packaged beer for the three year ending 31 December 2016.

3) The Beverage Sales

Set out below is a summary of the historical utilization of the caps under the Existing Agreement and the proposed new caps under the New Agreement and the proposed Revised Sales Cap:

	For the year ended/ending 31 December					
	2011	2012	2013	2014*	2015*	2016*
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Existing annual caps/proposed annual caps*	97	103	108 (Existing) 181 (Revised Sales Cap)	218	257	303
Historical transaction amounts	94	93	70 ⁽¹⁾			
Cap utilization	97%	90%	65%			
Increase in annual cap as compared with previous year's annual cap				20%	18%	18%

Note: (1) annualized amount derived from January and February 2013 actual transaction amounts.

LETTER FROM AMPLE CAPITAL LIMITED

As the Company expects that there may be growth on the Beverage Sales for the year ending 31 December 2013, the Existing Sales Cap for the year ending 31 December 2013 may not be sufficient to meet the Group's Beverage Sales in 2013, and therefore proposes that the Existing Sales Cap for the year ending 31 December 2013 be revised from HK\$108 million to HK\$181 million. The Revised Sales Cap was determined based on, among other things, the Company's expectation that there will be a growth in demand for the Group's packaged beer and non-alcoholic beverage products for export markets for the year ending 31 December 2013 after having discussed with the San Miguel Group, the San Miguel Group's preliminary indication on its purchase quantity of packaged beer and non-alcoholic beverage products in 2013 from the Group and the expected costs increment in the production and distribution, the expected selling margin, the possible exchange rates fluctuations and the possible inflation in 2014 to 2016. For the two years ended 31 December 2011 and 2012, the actual transaction amount under the Beverage Sales accounted for approximately 97% and 90% of the respective annual cap. For the two months ended February 2013, the actual transaction amount under the Beverage Sales was approximately HK\$11.7 million. The Company expects lower average sales during the first few months of the year owing to the seasonality factor wherein beer consumption tends to be lower during the winter season and peaks during the summer months.

We have reviewed the forecast and projections prepared by the Management and understand from the Company that the annual caps for Beverage Sales were determined by forecasting (i) the sales volumes; (ii) the costs of production; and (iii) the profit margins for the three years ending 31 December 2016.

- (i) The expected sales volumes were determined based on, among other things, the historical sales amount, the sales trend and the San Miguel Group's indication of expected demand on the Group's products.
- (ii) The cost of productions projection were mainly based on, among other things, the expected increase in cost of production and distribution as well as the fluctuation in inflation and exchange rates.
- (iii) The projected profit margins were mainly based on profit margin of the Group's own products (locally brewed) for the financial year ended 31 December 2012.

Given the fact that over 90% of the Existing Sales Caps were utilized in 2011 and 2012, and the sales forecast and the Revised Sales Cap are based, to a large extent, on the San Miguel Group's indication of its estimated orders to be placed with the Group in 2013, the Company believes that the sales forecast is possible to achieve.

For the three years ending 31 December, 2016, the growth rate in the Caps is about 20% per annum. Such growth rate is based on, among other things, the expected growth in sales, expected increase in cost of production and distribution, possible inflation and exchange rate fluctuation. We consider that it is reasonable for the Group to adopt the above basis and assumptions for determining the amount of the Revised Sales Cap for the year ending 31 December 2013 and the Caps in respect of the Beverage Sales for the three years ending 31 December 2016.

LETTER FROM AMPLE CAPITAL LIMITED

All of the Revised Sales Cap and the Caps have included 10% buffer. We note that the transactions under the Amendment Agreement and the New Agreement are conducted in the ordinary and usual course of business of the Group and are of a revenue nature. Accordingly, the 10% buffer would allow the Group to (i) reduce the possibility of disruption to its business operations due to the caps being exceeded; and (ii) lower the chance of seeking revised enlarged caps in the future which would inevitably incur additional costs to the Group. Since the underlying transactions are fair and reasonable as discussed earlier, we consider that the inclusion of a buffer is also fair and reasonable.

OPINION ON THE AMENDMENT AGREEMENT AND NEW AGREEMENT

Having taken into consideration the above principal factors and reasons, we are of the view that the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the proposed resolution to approve the Amendment Agreement, the Revised Sales Cap, the New Agreement, the Continuing Connected Transactions and the Caps in the upcoming EGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited

Jenny Chan
President
Investment Banking

H. W. Tang
President

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

(1) *Interests in issued shares*

Name	Number of ordinary shares of HK\$0.50 each in the Company	
	Number of shares held	% of total issued shares
David K. P. Li	500,000	0.13%

Name	Number of common shares in 5 Philippine pesos each in San Miguel Corporation	
	Number of shares held	% of total issued shares
Ramon S. Ang	368,898,389	11.03%
Carlos Antonio M. Berba	23,645	0.000687%
Roberto N. Huang	22,600	0.000686%
Reynato S. Puno	5,000	0.000145%
Carmelo L. Santiago	5,000	0.000145%
Ramon G. Torralba	22,600	0.000686%

Name	Number of common shares in 1 Philippine peso each in San Miguel Brewery Inc.	
	Number of shares held*	% of total issued shares
Ramon S. Ang	5,000	0.000032%
Carlos Antonio M. Berba	5,000	0.000032%
Teruyuki Daino	5,000	0.000032%
Roberto N. Huang	5,000	0.000032%
Shobu Nishitani	5,000	0.000032%
Carmelo L. Santiago	5,000	0.000032%

* *includes corporate interest*

(2) *Interests in underlying shares*

Certain directors of the Company have been granted stock options to subscribe for common shares in SMC under SMC's stock option scheme. Particulars of stock options in SMC held by directors as at the Latest Practicable Date are as follows:

Stock options in San Miguel Corporation				
Name	Date granted	Exercise period up to	Exercise price per option (Philippine pesos)	Number of options outstanding as at the Latest Practicable Date
Common (par value of 5 Philippine pesos each):				
Ramon S. Ang	10/11/2005	10/11/2013	65.00	204,654
	10/11/2005	10/11/2013	89.50	136,436
	01/03/2007	01/03/2015	63.50	993,386
	01/03/2007	01/03/2015	75.50	662,258
	26/06/2008	26/06/2016	40.50	765,603
	25/06/2009	25/06/2017	58.05	587,556
Carlos Antonio M. Berba	16/12/2010	16/12/2018	120.33	41,556
Roberto N. Huang	16/12/2010	16/12/2018	120.33	50,793
Ramon G. Torralba	16/12/2010	16/12/2018	120.33	8,991

All interests in the shares and underlying shares of the Company and its associated corporations stated above are long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

(b) Persons or corporations who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of members of the Group

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons or corporations had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such persons's/corporation's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Substantial shareholders	Ordinary shares of HK\$0.50 each	
	Number of ordinary shares held	% of total issued shares
San Miguel Corporation (<i>note 1</i>)	245,720,800	65.78%
Kirin Holdings Company, Limited (<i>note 1</i>)	245,720,800	65.78%
San Miguel Brewery Inc. (<i>note 1</i>)	245,720,800	65.78%
San Miguel Brewing International Limited (<i>note 1</i>)	245,720,800	65.78%
Neptunia Corporation Limited (<i>note 1</i>)	245,720,800	65.78%
Cheung Kong (Holdings) Limited (<i>note 2</i>)	23,703,000	6.34%
Li Ka-Shing Unity Trustee Company Limited (<i>note 2</i>) (as trustee of The Li Ka-Shing Unity Trust)	23,703,000	6.34%
Li Ka-Shing Unity Trustcorp Limited (<i>note 2</i>) (as trustee of another discretionary trust)	23,703,000	6.34%
Li Ka-Shing Unity Trustee Corporation Limited (<i>note 2</i>) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	23,703,000	6.34%
Li Ka-Shing (<i>note 2</i>)	23,703,000	6.34%

Notes:

- (1) SMC, Kirin Holdings Company, Limited (“Kirin”), SMB and San Miguel Brewing International Limited (“SMBIL”) are all deemed to hold the above disclosed interest indirectly through Neptunia Corporation Limited (“Neptunia”) in the Company because each of SMC and Kirin holds more than one third of the voting power of SMB. SMB has a controlling interest in SMBIL and SMBIL has a controlling interest in Neptunia.
- (2) Mr. Li Ka-Shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust (“UT1”) but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trusts. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of UT1, together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited (“CKH”). CKH is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Conroy Assets Limited and Hamstar Profits Limited.

The entire issued share capital of each of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Mr. Li Ka-Shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. TUT1 is interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its function as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-Shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the SFO, each of Mr. Li Ka-Shing (being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO), TUT1, TDT1, TDT2, and CKH is deemed to be interested in the 23,703,000 shares of the Company of which 13,624,600 shares are held by Conroy Assets Limited and 10,078,400 shares are held by Hamstar Profits Limited.

- (3) The following Directors are directors/employees of companies which have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Mr. Ramon S. Ang is the Vice Chairman, President and Chief Operating Officer of SMC and Chairman of SMB. Mr. Carlos Antonio M. Berba is a director of SMB, Managing Director of SMBIL, and a director of Neptunia. Mr. Teruyuki Daino is a director and the Executive Vice President of SMB and a director of SMBIL. Mr. Roberto N. Huang is a director and President of SMB and a director of SMBIL. Mr. Taro Matsunaga is the Executive Vice President and a director of SMBIL. Mr. Shobu Nishitani is the Executive Financial Adviser and a director of SMB and a director of SMBIL. Mr. Reynato S. Puno is an independent director of SMC. Mr. Carmelo L. Santiago is an independent director of SMB.

(c) Interests in a subsidiary

As at the Latest Practicable Date, the following corporation was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the following member of the Group:

Name of subsidiary	Name of shareholder	% of interest in subsidiary
Guangzhou San Miguel Brewery Company Limited	Guangzhou Brewery	30%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

3. SERVICE CONTRACTS

Pursuant to an agreement dated 12 June 1963, Neptunia provides technical and advisory services to the Company and may be paid a General Managers' commission. Mr. Ramon S. Ang, Mr. Carlos Antonio M. Berba, Mr. Teruyuki Daino, Mr. Roberto N. Huang, Mr. Taro Matsunaga, Mr. Shobu Nishitani, Mr. Reynato S. Puno and Mr. Carmelo L. Santiago are interested parties to this contract to the extent that they either have equity interests in or are directors and/or officers of SMB, SMBIL and SMC, the ultimate holding company of Neptunia. General Managers' commission has not been paid by the Company or charged by Neptunia since the 1995 financial year.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his/her associates had any interests which competed or was likely to compete, either directly or indirectly, with the Company's business.

5. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial and trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

Save as disclosed in the section headed “Service Contracts” above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in this circular:

Name	Qualification
Ample Capital Limited	a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Ample Capital Limited has made its letter for incorporation in this circular. Ample Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ample Capital Limited did not have any shareholding interests in any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Ample Capital Limited did not have any direct or indirect interest in any asset which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

8. GENERAL

- (a) Mr. John Ka Lun Cheung is the chief finance officer, company secretary, service agent and authorised representative of the Company.

Mr. Cheung is a member of the Institute of Management Accountants. Mr. Cheung received a Master’s degree and a Bachelor’s degree, both in Business Administration, from Georgia State University, USA.

- (b) The Company's share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office, 9th Floor, Citimark Building, 28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong during normal business hours up to and including the date of the EGM:

- (a) the New Agreement;
- (b) the Existing Agreement;
- (c) the Amendment Agreement;
- (d) the agreement referred to in the section headed "Service Contracts" in this appendix;
- (e) the letter from Ample Capital Limited, the text of which is set out in this circular;
- (f) the consent letter of Ample Capital Limited referred to in the section headed "Qualification and Consent of Expert" in this appendix; and
- (g) the circular of the Company dated 8 November 2010.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of San Miguel Brewery Hong Kong Limited (the “Company”) will be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on 19 April 2013, Friday at 3:45 p.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:** the amendment agreement dated 7 March 2013 (the “Amendment Agreement”) entered into between San Miguel Corporation, the ultimate controlling shareholder of the Company, and the Company, a copy of which marked “A” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and the Revised Sales Cap for the year ending 31 December 2013 (as defined and described in the circular of the Company dated 2 April 2013 (the “Circular”)) in respect of the maximum annual aggregate value under the Beverage Sales (as defined in the Circular) for the year ending 31 December 2013 be and are hereby approved, and the directors of the Company be and are hereby authorised on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as they may in their discretion consider necessary or desirable or expedient to implement and/ or to give effect to the Amendment Agreement and the Revised Sales Cap and the transactions thereby contemplated.”
2. **“THAT:** the agreement dated 7 March 2013 (the “New Agreement”) entered into between San Miguel Corporation and the Company, a copy of which marked “B” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and the proposed annual caps (the “Caps”) in relation to the transactions contemplated under the New Agreement for each of the three financial years ending 31 December 2014, 2015 and 2016

NOTICE OF EGM

as set out in the Circular be and are hereby approved, and the directors of the Company be and are hereby authorised on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the New Agreement and the Caps and the transactions thereby contemplated.”

By order of the Board
San Miguel Brewery Hong Kong Limited
John Ka Lun Cheung
Company Secretary

Hong Kong, 2 April 2013

Registered Office:

9th Floor
Citimark Building
28 Yuen Shun Circuit
Siu Lek Yuen
Shatin, New Territories
Hong Kong

As at the date hereof, the Board of the Company comprises the executive director, Mr. Ramon G. Torralba, the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Carlos Antonio M. Berba (Deputy Chairman), Ms. Chan Wen Mee, May (Michelle), Mr. Teruyuki Daino, Mr. Roberto N. Huang, 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, Mr. Reynato S. Puno and Mr. Carmelo L. Santiago.

Notes:

1. Shareholders are entitled to appoint one or more proxies to attend and vote in their stead at the meeting. A proxy needs not be a shareholder of the Company.
2. To be valid, forms of proxy must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the meeting.
3. The transfer of books and register of members of the Company will be closed from 17 April 2013, Wednesday, to 19 April 2013, Friday, both days inclusive. To qualify for attending the forthcoming extraordinary general meeting of the Company to be held on 19 April 2013, Friday, shareholders should ensure that transfers are lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on 16 April 2013, Tuesday.