



**SAN MIGUEL BREWERY
HONG KONG LTD.**

香港生力啤酒廠有限公司

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PRESS RELEASE

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San Miguel Brewery Hong Kong Limited Announced Year 2011 Annual Results

San Miguel Brewery Hong Kong Limited (the "Company") and its subsidiaries (the "Group") today announced its 2011 financial results. As the result of significant improvements in domestic sales and the growth of its exports business, the Company managed to turnaround the profitability of its Hong Kong operations. While the South China operations continued to face challenges, thus affecting the Group's consolidated results, it still posted an improvement versus last year.

All told, 2011 was a very good year for the Hong Kong operations. The Company's total volume and revenue grew by 16% and 24%, respectively over the prior year. While the territory's total beer industry posted a moderate growth of 2%, the Company's local sales volume grew at 9%. "This further strengthened the Company's position as the No. 1 beer company in Hong Kong with our flagship brand San Miguel at the forefront." said Chairman, Mr. Ramon S. Ang.

While our two companies in South China posted losses in 2011, there were nevertheless improvements in their operations.

Consolidated turnover of the Group was at HK\$683.9 million, 16.0% higher than 2010 (2010: HK\$589.3 million) while gross profit for 2011 was at HK\$296.8 million (2010: HK\$255.6 million). The Group's gross profit margin was maintained at 43.4% (2010: 43.4%). Consolidated loss for 2011 was HK\$68.6 million mainly due to losses from our South China operations, but this was a considerable improvement from the HK\$774.0 million loss in 2010. (2010 included an impairment loss of HK\$677.3 million (net of tax effect) and 2011 included an impairment loss of HK\$5.5million (net of tax effect)).

The Company is glad to report that for 2011, the lower calorie San Mig Light launched by its Hong Kong operations in 2010 grew four-fold over the previous year. A new marketing campaign, a new television ad entitled "Release" and a highly-publicized promotion entitled "Caribbean Sea Cruise" were launched. This new ad campaign received high approval ratings and further ensured the success of the new San Mig Light. The second half of 2011 saw the introduction of a new line extension of San Miguel brand in Hong Kong, the San Miguel Premium All-Malt, providing the consumers a new alternative among the portfolio of brands competing in the premium segment. While distribution is limited and exclusive to the higher-end of the night market, it aims to enhance the overall San Miguel brand image.



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Ang said, "For our flagship San Miguel Pale Pilsen, we continued to build our brand's association with sports and music." On the sports front, the brand sustained its association with soccer through the "San Miguel Soccer Union", a series of enhanced viewing parties providing an exhilarating environment for consumers to view Premier League soccer matches in bars and to participate in live feeds from these viewing venues. On the music front, San Miguel Pale Pilsen, with TVB.com as the major media partner, organized the "Music Battle". It was also the exclusive beer sponsor of the much talked-about music and arts festival, Clockenflap 2011.

Total revenues of Guangzhou San Miguel Brewery Company Limited ("GSMB") registered an improvement, despite the decline in total volumes versus last year, due to a favorable product mix. San Mig Light was also re-launched in Guangdong, and response from consumer and trade was very favorable. Meanwhile, growth momentum in the retail chains was sustained, with the channel posting a double-digit volume increase over last year. GSMB also grew volumes in West and North Guangdong, stemming from its efforts to strengthen distribution coverage in areas outside the core markets of Dongguan.

San Miguel (Guangdong) Brewery Company Limited ("SMGB") recorded a decline in total sales of its local Dragon brand versus the previous year. In response to the intense market competition and to maximize the organizational effectiveness and efficiency of the whole South China Operations, a major business re-structuring was implemented which involved the integration of the sales and distribution of Dragon into GSMB's operations. Meanwhile, SMGB will concentrate on manufacturing/tolling with focus on improving utilization, productivity and efficiency. This new strategy hopes to provide GSMB improved leverage to the trade as well as optimized promo spending both in the trade and outlets, accelerating the turnaround of GSMB and ensuring the long-term viability of SMGB.

"Looking ahead, the Company is confident that we have established a solid foundation for growth that will enable us to continue the turnaround momentum that we have started in 2011." Ang concluded, "We have well-mapped out growth strategies that should facilitate the achievement of the Company's goals."

The Board has resolved that no dividends will be declared for 2011.

Media Inquiry:

- ESTHER YU, Manager – Corporate Affairs; Tel: 2491 3125; Fax: 2647 5170
- JOHN CHEUNG, Chief Finance Officer & Company Secretary; Tel: 2491 3118; Fax: 2491 5626

Corporate Development Department
9/F, Citimark Building, 28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, NT, Hong Kong
Tel: (852)2491 0411 Fax: (852) 2647 5170