



**SAN MIGUEL BREWERY
HONG KONG LTD.**

香港生力啤酒廠有限公司

PRESS RELEASE

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San Miguel Brewery Hong Kong Limited Announced Year 2009 Interim Results

San Miguel Brewery Hong Kong Limited (the "Company") today announced its financial results for the first six months of 2009. While volumes in South China were weaker than expected, volumes in Hong Kong grew 2.3%.

Consolidated loss from operations for the six months ended 30 June 2009 was HK\$23.8 million (2008: HK\$14.3 million). Consolidated loss attributable to equity shareholders for the first semester of 2009 was HK\$29.3 million (2008: HK\$23.5 million).

The effects of the global financial crisis continued to be felt in South China for the first six months of 2009. Both San Miguel (Guangdong) Brewery Company Limited ("SMGB") and Guangzhou San Miguel Brewery Company Limited ("GSMB") were particularly affected by the difficult market conditions as the economies of the cities the two companies operate in are mostly dependent on the export and manufacturing industries, thus were the ones hard hit by factory closures. As such, both SMGB and GSMB recorded sales volume decline during the first six months of 2009 compared to the same period last year. Chairman of the Company, Ramon S. Ang however noted, "We are nevertheless encouraged by the positive trend registered in the second quarter of the year for more developed cities like Guangzhou and Shenzhen, with both cities reversing first quarter declining trend to post positive growth in the second quarter."

The start of 2009 saw the preparation for the resumption of the Company's brewing operations in Yuen Long. Ang said, "The plant will be more flexible and will be able to produce multi products, e.g. beer and other beverages. With a much leaner operating structure, plant efficiencies and production costs are expected to improve. The first batch of products was available for export in April, while products for local market were made available in May."

Despite slower sales, the Company managed to defend its leading position. For the second half of 2009, the Company will hold the San Miguel "WildDayOut" Grand Show to solidify the brand's communication platform with young consumers. The Company also intends to build brand presence through the launch of a new marketing campaign, including television commercials using a new theme, complemented with similarly-themed market promotions.

Ang concluded, "The Company and its subsidiaries (the "Group") remains optimistic on the outlook for the rest of the year given the positive trend we are witnessing in key cities of our South China



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operations. We are placing a great deal of emphasis on investments in brand-building and improvements in its sales and distribution management systems which should help create a solid groundwork for the Group's growth in the future."

The Group continued to be cash positive with net cash balances for the period ended 30 June 2009 amounting to HK\$136.9 million. Total net assets maintained at HK\$1,464.3 million, along with a low debt-to-equity ratio of 0.15 and current ratio of 1.2 times.

The Board has resolved that no dividends will be declared for the first six months of 2009.

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