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# SAN MIGUEL BREWERY HONG KONG LTD.

香港生力啤酒廠有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 236)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors of San Miguel Brewery Hong Kong Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, together with the comparative figures for the previous financial year. The annual results have been reviewed by the Audit Committee of the Company.

### CONSOLIDATED INCOME STATEMENT

*for the year ended 31 December 2024*

*(Expressed in Hong Kong dollars)*

	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>			
Cost of sales	3	711,157 (445,024)	741,619 (456,180)
<b>Gross profit</b>		<b>266,133</b>	285,439
Other net income	4	63,427	39,475
Selling and distribution expenses		(175,258)	(173,116)
Administrative expenses		(76,753)	(77,199)
Other operating expenses		(8,840)	(7,815)
Impairment losses of non-current assets	5	(90,000)	—
<b>(Loss)/profit from operations</b>		<b>(21,291)</b>	66,784
Finance costs	6(a)	(361)	(339)
<b>(Loss)/profit before taxation</b>	3,6	<b>(21,652)</b>	66,445
Income tax credit	7	2,737	23,135
<b>(Loss)/profit for the year</b>		<b>(18,915)</b>	89,580

**CONSOLIDATED INCOME STATEMENT** *(Continued)**for the year ended 31 December 2024**(Expressed in Hong Kong dollars)*

		<b>2024</b>	2023
	<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(20,096)</b>	85,898
Non-controlling interests		<b>1,181</b>	3,682
		<hr/>	<hr/>
<b>(Loss)/profit for the year</b>		<b>(18,915)</b>	89,580
		<hr/>	<hr/>
<b>(Loss)/earnings per share</b>			
— Basic (cents)	8(a)	<b>(5)</b>	23
		<hr/>	<hr/>
— Diluted (cents)	8(b)	<b>N/A</b>	N/A
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	2024 \$'000	2023 \$'000
(Loss)/profit for the year	(18,915)	89,580
<b>Other comprehensive income for the year (after tax)</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
— Exchange differences on translation of financial statements of subsidiaries outside Hong Kong and monetary items that form part of the net investment in subsidiaries outside Hong Kong	(1,538)	(3,024)
<i>Items that will not be reclassified to profit or loss</i>		
— Remeasurement of defined benefit plan obligations	1,454	(67)
	(84)	(3,091)
<b>Total comprehensive income for the year</b>	<b>(18,999)</b>	<b>86,489</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(20,694)	82,472
Non-controlling interests	1,695	4,017
<b>Total comprehensive income for the year</b>	<b>(18,999)</b>	<b>86,489</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

at 31 December 2024

(Expressed in Hong Kong dollars)

		<b>2024</b>	2023
	<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>247,963</b>	340,971
Investment properties		<b>98,748</b>	103,448
		<b>346,711</b>	444,419
Intangible assets		<b>4,771</b>	4,771
Other receivables	9	<b>18,378</b>	6,492
Deferred tax assets		<b>34,742</b>	27,351
		<b>404,602</b>	483,033
<b>Current assets</b>			
Inventories		<b>82,077</b>	88,579
Trade and other receivables	9	<b>40,222</b>	43,627
Amounts due from holding companies and fellow subsidiaries		<b>14,228</b>	10,754
Amount due from a related company		<b>895</b>	555
Current tax recoverable		<b>662</b>	1,029
Cash and bank balances		<b>216,520</b>	179,979
		<b>354,604</b>	324,523
<b>Current liabilities</b>			
Trade and other payables	10	<b>(70,409)</b>	(85,953)
Loan from a related company		<b>(3,503)</b>	(3,578)
Amounts due to holding companies and fellow subsidiaries		<b>(3,720)</b>	(4,057)
Amounts due to related companies		<b>(8,914)</b>	(10,344)
Lease liabilities		<b>(416)</b>	(380)
		<b>(86,962)</b>	(104,312)
<b>Net current assets</b>		<b>267,642</b>	220,211

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***at 31 December 2024**(Expressed in Hong Kong dollars)*

		<b>2024</b>	2023
	<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Total assets less current liabilities</b>		<b>672,244</b>	703,244
<b>Non-current liabilities</b>			
Retirement benefit liabilities		<b>(11,524)</b>	(16,497)
Other payables	10	<b>(23,772)</b>	(11,741)
Lease liabilities		<b>(2,154)</b>	(2,534)
		<b>(37,450)</b>	(30,772)
<b>NET ASSETS</b>		<b>634,794</b>	672,472
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>252,524</b>	252,524
Other reserves		<b>404,675</b>	444,048
<b>Total equity attributable to equity shareholders of the Company</b>		<b>657,199</b>	696,572
<b>Non-controlling interests</b>		<b>(22,405)</b>	(24,100)
<b>TOTAL EQUITY</b>		<b>634,794</b>	672,472

## NOTES TO THE ANNUAL RESULTS

*(Expressed in Hong Kong dollars)*

### 1 BASIS OF PREPARATION

The unaudited financial information relating to the year ended 31 December 2024 and the financial information relating to the year ended 31 December 2023 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2023, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance ("Companies Ordinance") is as follows:

The financial statements for the year ended 31 December 2024 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Companies Ordinance. The statutory financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the statutory financial statements is the historical cost basis.

## **2 CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **3 REVENUE AND SEGMENT REPORTING**

### **(a) Revenue**

The principal activities of the Group are the manufacture and distribution of bottled, canned and draught beers.

Revenue represents the invoiced value of products sold, net of discounts, returns, value added tax and consumption tax.

### **(b) Segment reporting**

The Group manages its businesses by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

- The Hong Kong operations mainly comprise the manufacture and distribution of own brewed beer products and distribution of imported beer products in Hong Kong and overseas and the leasing of investment properties in Hong Kong to generate rental income.
- The Mainland China operations mainly comprise the manufacture and distribution of own brewed beer products in the southern part of the People's Republic of China ("PRC") and overseas.

All of the Group's revenue is generated from the manufacture and distribution of bottled, canned and draught beers.

### **3 REVENUE AND SEGMENT REPORTING** *(Continued)*

#### **(b) Segment reporting** *(Continued)*

##### **(i) Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and other assets with the exception of deferred tax assets. Segment liabilities include trade creditors and accruals attributable to the manufacture and distribution activities of the individual segments and retirement benefit liabilities managed directly by the segment and other liabilities with the exception of deferred tax liabilities.

The measure used for reportable segment profit or loss is "adjusted EBIT" i.e. adjusted earnings before interest and taxes, where "interest" is regarded as including interest income from bank deposits, interest expense on loan from a related company and interest on lease liabilities. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as net foreign exchange gains. Inter-segment sales are priced at cost plus a profit margin.



### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	Hong Kong		Mainland China		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	447,319	450,352	263,838	291,267	711,157	741,619
Inter-segment revenue	548	329	—	—	548	329
<b>Reportable segment revenue</b>	<b>447,867</b>	<b>450,681</b>	<b>263,838</b>	<b>291,267</b>	<b>711,705</b>	<b>741,948</b>
<b>Reportable segment (loss)/ profit from operations (adjusted EBIT)</b>	<b>(53,762)</b>	<b>17,505</b>	<b>23,931</b>	<b>44,463</b>	<b>(29,831)</b>	<b>61,968</b>
Interest income from bank deposits	6,317	2,767	892	1,147	7,209	3,914
Interest expense on loan from a related company	—	—	(152)	(156)	(152)	(156)
Depreciation and amortisation	(21,665)	(21,687)	(2,832)	(2,559)	(24,497)	(24,246)
Impairment losses on non-current assets	(90,000)	—	—	—	(90,000)	—
Net provision for impairment of trade and other receivables	(72)	(222)	—	—	(72)	(222)
<b>Reportable segment assets</b>	<b>870,927</b>	<b>938,978</b>	<b>126,162</b>	<b>138,771</b>	<b>997,089</b>	<b>1,077,749</b>
Additions to non-current segment assets during the year	13,057	17,237	6,441	7,267	19,498	24,504
<b>Reportable segment liabilities</b>	<b>88,943</b>	<b>90,616</b>	<b>308,094</b>	<b>342,012</b>	<b>397,037</b>	<b>432,628</b>

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2024 \$'000	2023 \$'000
<b>Revenue</b>		
Reportable segment revenue	711,705	741,948
Elimination of inter-segment revenue	<u>(548)</u>	<u>(329)</u>
Consolidated revenue	<u><b>711,157</b></u>	<u><b>741,619</b></u>
<b>Profit or loss</b>		
Reportable segment (loss)/profit from operations	(29,831)	61,968
Interest income from bank deposits	7,209	3,914
Net foreign exchange gains	1,201	777
Interest on lease liabilities	(79)	(58)
Interest expense on loan from a related company	<u>(152)</u>	<u>(156)</u>
Consolidated (loss)/profit before taxation	<u><b>(21,652)</b></u>	<u><b>66,445</b></u>
<b>Assets</b>		
Reportable segment assets	997,089	1,077,749
Elimination of inter-segment receivables	<u>(272,625)</u>	<u>(297,544)</u>
	<b>724,464</b>	<b>780,205</b>
Deferred tax assets	<u>34,742</u>	<u>27,351</u>
Consolidated total assets	<u><b>759,206</b></u>	<u><b>807,556</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	397,037	432,628
Elimination of inter-segment payables	<u>(272,625)</u>	<u>(297,544)</u>
Consolidated total liabilities	<u><b>124,412</b></u>	<u><b>135,084</b></u>

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (iii) Geographic information

The following table sets out information about the geographic location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets ("specified non-current assets"). The geographic location of customers is based on the country of establishment of each customer. The geographic location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties and the location of the operation to which they are allocated, in the case of intangible assets.

	Revenue from external customers		Specified non-current assets	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Hong Kong (place of domicile)	240,358	258,622	312,932	411,254
Mainland China	64,872	63,625	38,550	37,936
Philippines	392,420	406,090	—	—
Others	13,507	13,282	—	—
	470,799	482,997	38,550	37,936
	711,157	741,619	351,482	449,190

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (c) Major customers

The Group's customer base is diversified and includes one customer (2023: one customer), with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales to this customer during the reporting period is set out as below.

	2024 \$'000	2023 \$'000
Largest customer (arose from both Hong Kong and Mainland China segments)	392,420	406,090
— Percentage of total revenue	55%	55%

### 4 OTHER NET INCOME

	2024 \$'000	2023 \$'000
Rental income from investment properties	54,045	33,115
Interest income from bank deposits	7,209	3,914
Net gain on disposal of property, plant and equipment	37	1,152
Net foreign exchange gains	1,201	777
Others	935	517
	63,427	39,475

### 5 IMPAIRMENT LOSSES OF NON-CURRENT ASSETS

	2024 \$'000	2023 \$'000
Impairment losses of property, plant and equipment employed in Hong Kong brewery operations	90,000	—

The Group identified a shortfall in the actual results against previous forecasts due to various factors, including but not limited to, a decline in demand for its own brewed products in light of fierce market competition and more outbound travel spending. Indicators of impairment existed for the non-current assets employed in the manufacturing operations in Hong Kong, comprising primarily the production plant and machineries.

The Group determined the recoverable amount of the cash-generating unit to which these assets belong (the "Hong Kong CGU") as at 31 December 2024, which is lower than the carrying amount. Based on management's assessment, impairment losses of \$90,000,000 were recognised on the property, plant and equipment employed in the Hong Kong CGU for the year ended 31 December 2024.

## 6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	2024 \$'000	2023 \$'000
<b>(a) Finance costs</b>		
Interest expense on loan from a related company	152	156
Interest on lease liabilities	79	58
Bank charges	130	125
	<u>361</u>	<u>339</u>
<b>(b) Staff costs</b>		
Retirement costs		
— Contributions to defined contribution retirement plans	8,102	7,613
— Expenses in respect of defined benefit plans		
— ORSO plan	3,538	3,676
— Long service payments	109	632
	<u>11,749</u>	<u>11,921</u>
Salaries, wages and other benefits	<u>134,388</u>	<u>130,611</u>
	<u>146,137</u>	<u>142,532</u>
<b>(c) Other items</b>		
Depreciation		
— Owned property, plant and equipment	7,917	8,161
— Right-of-use assets	16,580	16,085
Cost of inventories <sup>#</sup>	443,622	454,734
Expense relating to short-term leases	353	695
Rental receivable from investment properties less direct outgoings of \$5,372,000 (2023: \$7,642,000)	(48,673)	(25,473)
Auditors' remuneration — audit services	3,307	3,210
Net provision for impairment of trade and other receivables	<u>72</u>	<u>222</u>

<sup>#</sup> Cost of inventories includes \$64,450,000 (2023: \$60,811,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

*Taxation in the consolidated income statement represents:*

	2024 \$'000	2023 \$'000
<b>Current year — Mainland China</b>		
Provision for the year	5,610	3,591
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(8,347)	(26,726)
	<u>(2,737)</u>	<u>(23,135)</u>

No provision for Hong Kong Profits Tax has been made for the Company and other Hong Kong subsidiaries for 2024 and 2023 because the accumulated tax losses brought forward exceed the estimated assessable profits or the entities sustain losses for taxation purposes.

The Group's operations in the PRC are subject to Corporate Income Tax Law of the PRC. The standard PRC Corporate Income Tax rate is 25%.

## 8 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company of \$20,096,000 (2023: \$85,898,000) and on 373,570,560 (2023: 373,570,560) ordinary shares, being the number of ordinary shares in issue throughout the year.

### (b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is not presented as the Company did not have dilutive potential ordinary shares for both years presented.

## 9 TRADE AND OTHER RECEIVABLES

The ageing analysis of trade receivables, net of loss allowance, as at the end of the reporting period is as follows:

	<b>2024</b>	2023
	<b><i>\$'000</i></b>	<i>\$'000</i>
Current (not past due)	<b>26,942</b>	31,373
Less than 1 month past due	<b>1,857</b>	1,902
1 to 3 months past due	<b>412</b>	1,138
More than 3 months but less than 12 months past due	<b>538</b>	306
	<b>29,749</b>	34,719

According to the Group's credit policy, customers are granted a credit period that generally requires payment by the end of the month following the month in which sales take place. Therefore, all the current balances disclosed above are aged within two months from the invoice date.

## 10 TRADE AND OTHER PAYABLES

The ageing analysis of trade payables as at the end of the reporting period is as follows:

	<b>2024</b>	2023
	<b><i>\$'000</i></b>	<i>\$'000</i>
Current and less than 1 month past due	<b>36,144</b>	38,572
1 to 3 months past due	<b>15</b>	435
More than 3 months but less than 6 months past due	<b>7</b>	93
	<b>36,166</b>	39,100

According to the credit terms provided by suppliers, the Group is generally required to settle within one to two months from the invoice date. Therefore, the current and less than 1 month past due balances disclosed above are mostly aged within two to three months from the invoice date.

## 11 DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the year

	2024 \$'000	2023 \$'000
Final dividend proposed after the end of the reporting period of \$0.05 per ordinary share (2023: \$0.05 cents per ordinary share)	<u>18,679</u>	<u>18,679</u>

The final dividend proposed after the end of the reporting period had not been recognised as a liability at the end of the reporting period.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year	<u>18,679</u>	<u>3,736</u>



## **CLOSURE OF REGISTER OF MEMBERS**

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 16 April 2025 to Wednesday, 23 April 2025, both days inclusive. To qualify to attend and vote at the AGM, Shareholders should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 April 2025.
- (b) For the purpose of determining the Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 29 April 2025 to Tuesday, 6 May 2025, both days inclusive. To qualify for the final dividend, Shareholders should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 April 2025.

## **FINANCIAL RESULTS**

For 2024, the Group reported consolidated revenue of HK\$711.2 million, 4.1% lower than in 2023. Consequently, gross profit was at HK\$266.1 million, 6.8% lower than the HK\$285.4 million in 2023, mainly due to lower export volume and lower export margins from South China Operations.

As a result of the year-on-year decline in industry volumes which affected the Group's Hong Kong operations, the Company recognized a one-time, non-cash impairment loss of HK\$90.0 million, with a deferred tax impact of HK\$14.9 million in 2024 on its non-current assets. Excluding the impairment loss, the Group's consolidated net profit would have been HK\$56.2 million in 2024, compared with HK\$89.6 million in 2023. Including the impairment loss, the consolidated loss for 2024 was HK\$18.9 million. As a result, the net loss attributable to equity shareholders for 2024 was HK\$20.1 million, against a net profit of HK\$85.9 million the previous year.

The Group maintained a healthy net cash positive position, with cash and bank balances amounting to HK\$216.5 million as of 31 December 2024 (HK\$180.0 million as of 31 December 2023).

As of 31 December 2024, loans were at HK\$3.5 million (HK\$3.6 million as of 31 December 2023). Total net assets were at HK\$634.8 million (HK\$672.5 million as of 31 December 2023), and the loan-to-equity ratio was 0.01 (31 December 2023: 0.01).

## **DIVIDENDS**

On 24 February 2025, the Board of Directors approved a proposal to declare a final dividend of HK\$0.05 per share for the year ended 31 December 2024 to shareholders of record as of 6 May 2025. The proposal is further subject to the shareholders' approval at the forthcoming annual general meeting.

## **BUSINESS REVIEW**

### **HONG KONG OPERATIONS**

Hong Kong faced economic challenges in 2024. While GDP for the year still showed a moderate 2.5% growth, total retail sales value registered ten consecutive months of year-on-year decline as of December 2024, with a full-year decline of 7.3%. This reflects changes in the consumption behavior of both residents and tourists. Outbound travel increased among residents, particularly to Mainland China, while visitor spending dropped.

The Hong Kong beer industry declined by 3.3% in 2024, while the Company's total domestic volumes decreased by 6.0%. However, the total volume of Hong Kong operations grew by 2.9% due to increased export sales. Along with improved product costs, higher export margins, and higher leasing income, the Company registered a significant improvement in profit before tax for the year, excluding the non-cash impairment charge.

In 2024, the Company increased brand availability through aggressive distribution expansion programs in the on-trade channel, resulting in a 4% growth for San Miguel brands in this segment. Promotions at retail chains also supported volumes.

Following the success of our 75th anniversary campaign in 2023, we continued to enhance San Miguel Pale Pilsen (SMPP)'s strength in Hong Kong. The "Taste of Hong Kong" program for Chinese restaurants was implemented in May and was supported by new point-of-sales merchandise. We also collaborated with key food and beverage opinion leaders (KOLs) to produce "Taste of Hong Kong" videos. In July, we launched the new campaign, "So Hong Kong So San Miguel," through a new television commercial (TVC). A market-wide promotion, an above-the-line campaign, and the launch of limited edition cans followed this. We also sponsored "The Legend of Hong Kong" in December, an infotainment program on ViuTV showcasing SMBHK's commitment to providing freshly produced beer for the Hong Kong market.

Meanwhile, San Mig Light (SML) launched its “Seashore” TVC in April, followed by the “Light is Life, Feel Light, Feel Good” market-wide promotion in May. This promotion involved above-the-line advertising and a merchandising drive at both on and off-premise outlets. We reinforced SML’s leadership in the bars and pubs segment with outlet promotions and game activations.

San Miguel Cerveza Blanca’s “Perfect Moment” lucky draw was rolled out in March, supported by promotions via KOLs.

Various premium redemption promos were also implemented at supermarkets and convenience stores for the other San Miguel, Kirin, and Blue Ice brands.

To maximize exposure and increase the trial of our brands, we sponsored various events, including the VS Lounge in February, Waterbomb Hong Kong in June, the Hong Kong Golf Open in November, and Christmasland in December.

## **SOUTH CHINA OPERATIONS**

China’s economy grew 5% in 2024, driven by the government stimulus package and the strong performance of key industrial, manufacturing, and service sectors. However, retail sales grew slower, highlighting weak consumer demand.

San Miguel (Guangdong) Brewery Co., Ltd.’s (“SMGB”) domestic volume grew by 3.3% in 2024. Meanwhile, export volume declined by 1.6% as some export customers preferred to source from breweries outside of Mainland China. Export margins were also lower due to a downward adjustment in export transfer price due to foreign exchange movements. As such, operating profit declined 41% from 2023.

For the year, SMGB expanded its distribution to off-premise channels, with SMPP being added to the product offerings of two new chains and several new online platforms.

SMPP ran a San Miguel Chinese New Year-themed campaign in January and February, which included a merchandising drive at on-premise outlets.

In the summer, an SMPP and SML market-wide promotion was introduced to boost volumes and increase brand visibility. In September, an SML food pairing campaign was launched to enhance brand awareness.

SMGB introduced a new 250ml bottle for SML in May and an SMPP 500ml can 4-pack in September to enhance its product portfolio and meet consumer demand.

Meanwhile, brand visibility programs for the Dragon brand were also implemented. The “Year of the Dragon” merchandising campaign was seen at both off-premise and on-premise outlets from January to March, while the “Dragon, Genuine Shunde Flavour” food pairing campaign took place from March to September.

## **COMMUNITY RELATIONS AND SOCIAL RESPONSIBILITY**

Social responsibility remains an integral part of our values system. We work to make a positive impact on our employees, their families, our business partners, local communities, and the environment and ensure compliance with legal and regulatory requirements.

Since 2015, we have been publishing an Environmental, Social, and Governance (“ESG”) Report to provide the public insights on how we respond to different ESG issues, guided by our Sustainability Committee. The Company’s 2024 ESG Report will be available on our website no later than March 28, 2025.

Part of our commitment includes actively promoting responsible drinking within the organization and to the general public, protecting the environment, and meeting or exceeding government-set environmental standards.

## **HUMAN RESOURCES**

Our employees are crucial to our Company’s success and fulfilling our responsibilities to shareholders, society, and the environment. As such, we continue to implement programs to improve their well-being and capabilities.

We continue to invest in in-house training programs and use publicly available webinars to further enhance and develop our people’s knowledge, skills, and experiences. We have also organized smaller-scale company programs and activities to foster camaraderie within the organization.

We regularly review our policies to ensure appropriate and sufficient measures are in place to provide our employees with a safe, secure, and healthy workplace conducive to their physical well-being and personal and career development.

We also continue to provide employees with competitive remuneration aligned with industry standards and attractive benefits, including medical and insurance coverage and paid leaves, in addition to what is required by law.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with the requirements set out in the Corporate Governance Code (“CG Code”), as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **DIRECTORS**

Since we published our interim report on August 30, 2024, Ms. Aurora T. Calderon has been appointed as a non-executive director of the Company, effective 24 February 2025.

## **FUTURE DIRECTION AND CHALLENGES**

For 2025, the Company has outlined the following objectives:

- In Hong Kong, we will continue to aggressively expand distribution coverage of San Miguel brands in all channels to intensify volume recovery, focusing on brand strategies and focused portfolio selling. We will enhance the image and volume of San Miguel brands through integrated sales and marketing activities. We will also continue to improve efficiencies across our operations to mitigate cost increases.
- In South China, we will continue to develop our wholesale network and accelerate penetration of on-premise channels to ensure the expansion of our outlet base. We will support channel-specific initiatives with integrated sales and marketing programs. We will also sustain cost containment and operation efficiency initiatives to improve profitability.

We remain cautiously optimistic about the growth prospects for the Hong Kong and South China economies. However, we are aware of the challenges and uncertainty that lie ahead due to geopolitical and trade tensions and their impacts on domestic demand and exports of goods.

Nevertheless, we are confident that we have implemented programs to help us cope with the risks we foresee. We will closely monitor market conditions to implement strategies to accelerate our volume recovery, manage costs effectively, and strengthen profitability overall.

We thank our employees for their hard work and perseverance, the members of our Board for their guidance, and, most of all, all our shareholders, consumers, customers, and business partners for their continued support.

## **PURCHASE, SALE, OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company nor its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year.

## **SCOPE OF WORK OF KPMG**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement, and consequently, no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## **PUBLICATION OF THE 2024 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE**

The Company's annual report for 2024 will be published on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [info.sanmiguel.com.hk](http://info.sanmiguel.com.hk) in due course.

By Order of the Board

**Ramon S. Ang**

*Chairman*

Hong Kong, 24 February 2025

*(All monetary values in this announcement are expressed in Hong Kong Dollars unless stated otherwise.)*

*As at the date of this announcement, the Board of the Company is comprised of the executive director, Mr. Chan Weng Kheong, the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Carlos Antonio M. Berba (Deputy Chairman), Ms. Aurora T. Calderon, Ms. May (Michelle) W. M. Chan, Mr. Yoshinori Inazumi, Mr. Katsuhisa Nose and Mr. Fumiaki Ozawa; and the independent non-executive directors, Mr. Alonzo Q. Ancheta, Mr. Thelmo Luis O. Cunanan, Dr. the Hon. Sir David K. P. Li and Mr. Reynato S. Puno.*