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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 2022

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 2022, 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 2022*

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2022</b> <b>\$'000</b>	2021 \$'000
<b>Revenue</b>	3	<b>681,163</b>	595,616
Cost of sales		<b>(434,085)</b>	(352,572)
<b>Gross profit</b>		<b>247,078</b>	243,044
Other net income	4	<b>36,432</b>	26,454
Selling and distribution expenses		<b>(159,835)</b>	(164,694)
Administrative expenses		<b>(79,357)</b>	(73,675)
Other operating expenses		<b>(8,245)</b>	(7,577)
<b>Profit from operations</b>		<b>36,073</b>	23,552
Finance costs	5(a)	<b>(1,075)</b>	(1,541)
<b>Profit before taxation</b>	3,5	<b>34,998</b>	22,011
Income tax (expense)/credit	6	<b>(1,863)</b>	97
<b>Profit for the year</b>		<b>33,135</b>	22,108

**CONSOLIDATED INCOME STATEMENT** *(Continued)**for the year ended 31 December 2022**(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2022</b> <b>\$'000</b>	2021 \$'000
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>32,305</b>	19,364
Non-controlling interests		<b>830</b>	2,744
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>33,135</b>	22,108
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>			
— Basic (cents)	7(a)	<b>9</b>	5
		<hr/> <hr/>	<hr/> <hr/>
— Diluted (cents)	7(b)	<b>N/A</b>	N/A
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

	2022 \$'000	2021 \$'000
<b>Profit for the year</b>	<b>33,135</b>	22,108
<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	(8,420)	2,210
<i>Items that will not be reclassified to profit or loss</i>		
— Actuarial gains and losses of defined benefit retirement plan	(6,098)	3,773
	<b>(14,518)</b>	5,983
<b>Total comprehensive income for the year</b>	<b>18,617</b>	28,091
<b>Attributable to:</b>		
Equity shareholders of the Company	15,001	26,306
Non-controlling interests	3,616	1,785
<b>Total comprehensive income for the year</b>	<b>18,617</b>	28,091

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>2022</b> <b>\$'000</b>	2021 \$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>338,844</b>	346,750
Investment properties		<b>108,162</b>	112,173
		<b>447,006</b>	458,923
Intangible assets		<b>4,771</b>	4,771
		<b>451,777</b>	463,694
<b>Current assets</b>			
Inventories		<b>89,643</b>	69,374
Trade and other receivables	8	<b>43,183</b>	42,250
Amounts due from holding companies and fellow subsidiaries		<b>17,976</b>	12,103
Amount due from a related company		<b>2,759</b>	1,273
Bank deposits		<b>—</b>	30,579
Cash and cash equivalents		<b>114,006</b>	101,807
		<b>267,567</b>	257,386
<b>Current liabilities</b>			
Trade and other payables	9	<b>(93,241)</b>	(85,144)
Loans from related companies		<b>(3,632)</b>	(42,351)
Amounts due to holding companies and fellow subsidiaries		<b>(6,469)</b>	(7,618)
Amounts due to related companies		<b>(10,314)</b>	(9,452)
Lease liabilities		<b>(374)</b>	(362)
		<b>(114,030)</b>	(144,927)
<b>Net current assets</b>		<b>153,537</b>	112,459

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**at 31 December 2022**(Expressed in Hong Kong dollars)*

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Total assets less current liabilities</b>	<b>605,314</b>	576,153
<b>Non-current liabilities</b>		
Retirement benefit liabilities	<b>(12,680)</b>	(1,757)
Lease liabilities	<b>(2,915)</b>	(3,294)
	<b>(15,595)</b>	(5,051)
<b>NET ASSETS</b>	<b>589,719</b>	571,102
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>252,524</b>	252,524
Other reserves	<b>365,312</b>	350,311
<b>Total equity attributable to equity shareholders of the Company</b>	<b>617,836</b>	602,835
<b>Non-controlling interests</b>	<b>(28,117)</b>	(31,733)
<b>TOTAL EQUITY</b>	<b>589,719</b>	571,102

## 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 2022 and the financial information relating to the year ended 31 December 2021 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 2021, 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 2022 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 2021 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 2021. 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"), accounting principles generally accepted in Hong Kong 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.
- 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 current 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 current 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 loans from related companies and 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 losses. 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 2022 and 2021 is set out below:

	Hong Kong		Mainland China		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	397,339	369,584	283,824	226,032	681,163	595,616
Inter-segment revenue	200	270	—	—	200	270
<b>Reportable segment revenue</b>	<b>397,539</b>	<b>369,854</b>	<b>283,824</b>	<b>226,032</b>	<b>681,363</b>	<b>595,886</b>
Reportable segment (loss)/ profit from operations (adjusted EBIT)	(12,120)	2,630	43,351	20,811	31,231	23,441
Interest income from bank deposits	339	189	930	748	1,269	937
Interest expense on loans	(736)	(1,222)	(158)	(155)	(894)	(1,377)
Depreciation and amortisation for the year	(20,908)	(21,161)	(1,906)	(1,931)	(22,814)	(23,092)
Net (provision for)/ reversal of impairment of trade and other receivables	(336)	34	—	12	(336)	46
<b>Reportable segment assets</b>	<b>917,178</b>	<b>958,307</b>	<b>138,010</b>	<b>137,776</b>	<b>1,055,188</b>	<b>1,096,083</b>
Additions to non-current segment assets during the year	9,489	14,105	6,596	3,178	16,085	17,283
<b>Reportable segment liabilities</b>	<b>85,028</b>	<b>105,547</b>	<b>380,441</b>	<b>419,434</b>	<b>465,469</b>	<b>524,981</b>

### 3 REVENUE AND SEGMENT REPORTING (Continued)

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

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

	2022 \$'000	2021 \$'000
<b>Revenue</b>		
Reportable segment revenue	681,363	595,886
Elimination of inter-segment revenue	(200)	(270)
	<u>681,163</u>	<u>595,616</u>
Consolidated revenue	<u><u>681,163</u></u>	<u><u>595,616</u></u>
<b>Profit</b>		
Reportable segment profit from operations	31,231	23,441
Interest income from bank deposits	1,269	937
Net foreign exchange gain/(losses)	3,458	(929)
Interest on lease liabilities	(66)	(61)
Interest expense on loans from related companies	(894)	(1,377)
	<u>34,998</u>	<u>22,011</u>
Consolidated profit before taxation	<u><u>34,998</u></u>	<u><u>22,011</u></u>
<b>Assets</b>		
Reportable segment assets	1,055,188	1,096,083
Elimination of inter-segment receivables	(335,844)	(375,003)
	<u>719,344</u>	<u>721,080</u>
Consolidated total assets	<u><u>719,344</u></u>	<u><u>721,080</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	465,469	524,981
Elimination of inter-segment payables	(335,844)	(375,003)
	<u>129,625</u>	<u>149,978</u>
Consolidated total liabilities	<u><u>129,625</u></u>	<u><u>149,978</u></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		Specified	
	external customers		non-current assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Hong Kong (place of domicile)	243,781	259,743	416,141	427,562
Mainland China	60,826	71,911	35,636	36,132
International	376,556	263,962	—	—
	437,382	335,873	35,636	36,132
	681,163	595,616	451,777	463,694

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (c) Major customers

The Group's customer base is diversified and includes one customer (2021: 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.

	2022 \$'000	2021 \$'000
Largest customer (arose from both Hong Kong and the Mainland China segments)	366,028	258,832
— Percentage of total revenue	<u>54%</u>	<u>43%</u>

### 4 OTHER NET INCOME

	2022 \$'000	2021 \$'000
Rental income from investment properties	24,924	24,875
Government subsidies (note)	6,168	—
Interest income from bank deposits	1,269	937
Net gain on disposal of property, plant and equipment	66	1,345
Net foreign exchange gain/(losses)	3,458	(929)
Others	547	226
	<u>36,432</u>	<u>26,454</u>

*Note:* In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding was to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group was required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

## 5 PROFIT BEFORE TAXATION

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

	2022 \$'000	2021 \$'000
<b>(a) Finance costs</b>		
Interest expense on loans from related companies	894	1,377
Interest on lease liabilities	66	61
Bank charges	115	103
	<u>1,075</u>	<u>1,541</u>
<b>(b) Staff costs</b>		
Retirement costs		
— Defined contribution retirement plans	6,826	7,047
— Defined benefit retirement plan	4,280	4,648
	<u>11,106</u>	<u>11,695</u>
Salaries, wages and other benefits	124,532	121,450
	<u>135,638</u>	<u>133,145</u>
<b>(c) Other items</b>		
Depreciation		
— Owned property, plant and equipment	6,790	7,166
— Right-of-use assets	16,024	15,926
Cost of inventories	432,684	350,894
Expense relating to short-term leases	717	1,254
Rental receivable from investment properties		
less direct outgoings of \$7,722,000		
(2021: \$7,896,000)	(17,202)	(16,979)
Auditors' remuneration	3,226	3,203
Net provision for/(reversal of) impairment of trade and other receivables	336	(46)

## 6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2022 \$'000	2021 \$'000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>1,863</u>	<u>(97)</u>

No provision for Hong Kong Profits Tax has been made for the Company and other Hong Kong subsidiaries for year 2022 because the entities sustained losses for taxation purposes. No provision for Hong Kong Profits Tax had been made for the Company and other Hong Kong subsidiaries for year 2021 because the accumulated tax losses brought forward exceed the estimated assessable profits or the entities sustained losses for taxation purposes.

No provision for current taxation has been made for the subsidiaries established in the PRC because the accumulated tax losses brought forward exceed the estimated assessable profits or the entities sustained losses for taxation purposes for both years.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$32,305,000 (2021: \$19,364,000) and on 373,570,560 (2021: 373,570,560) ordinary shares, being the number of ordinary shares in issue throughout the year.

### (b) Diluted earnings per share

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

## 8 TRADE AND OTHER RECEIVABLES

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

	<b>2022</b> <b>\$'000</b>	2021 <i>\$'000</i>
Current	<b>32,589</b>	28,933
Less than 1 month past due	<b>1,151</b>	1,433
1 to 3 months past due	<b>679</b>	479
More than 3 months but less than 12 months past due	<b>97</b>	165
More than 12 months past due	<b>34</b>	71
	<u><b>34,550</b></u>	<u>31,081</u>

According to the Group's credit policy, the general credit period is payment by the end of the month following the month in which sales take place. Therefore, all the current balances above are within two months from the invoice date.

## 9 TRADE AND OTHER PAYABLES

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

	<b>2022</b> <b>\$'000</b>	2021 <i>\$'000</i>
Current and less than 1 month past due	<b>46,615</b>	39,691
1 to 3 months past due	<b>950</b>	1,843
3 to 6 months past due	<b>—</b>	98
	<u><b>47,565</b></u>	<u>41,632</u>

The Group's general payment terms are one to two months from the invoice date. Therefore, the current and less than one month past due balances above are mostly within two to three months from the invoice date.

## 10 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	<b>2022</b> <b>\$'000</b>	2021 <i>\$'000</i>
Final dividend proposed after the end of the reporting period of \$0.01 per ordinary share (2021: \$Nil per ordinary share)	<u><b>3,736</b></u>	<u>—</u>

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

## CLOSURE OF REGISTER OF MEMBERS

- (a) For the purpose of determining the shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 19 April 2023 to Monday, 24 April 2023, both days inclusive. To qualify to attend and vote at the annual general meeting, 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, 18 April 2023.
- (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 Friday, 28 April 2023 to Wednesday, 3 May 2023, both days inclusive. To qualify for the final dividend, 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 Thursday, 27 April 2023.

## FINANCIAL RESULTS

The Group registered a consolidated profit of HK\$33.1 million in 2022 (2021: HK\$22.1 million). Net profit attributable to equity shareholders for 2022 was at HK\$32.3 million (2021: HK\$19.4 million).

The Group's consolidated revenue was at HK\$681.2 million, 14.4% higher than the same period in 2021. Gross profit was at HK\$247.1 million, 1.7% higher than the HK\$243.0 million in 2021, with a gross profit margin of 36.3%.

The Group maintained a stable net cash positive position, with cash and cash equivalents and bank deposits amounting to HK\$114.0 million as of 31 December 2022. This was lower than the HK\$132.4 million as of 31 December 2021 due to the repayment of loans by the Group's Hong Kong operations.

Loans as of 31 December 2022 totaled HK\$3.6 million, 91.5% lower than the HK\$42.4 million debt reported in 2021. Total net assets stood at HK\$589.7 million (HK\$571.1 million as of 31 December 2021), with a loan-to-equity ratio of 0.01 (31 December 2021: 0.07).

## **DIVIDENDS**

On 27 February 2023, the Board of Directors approved that a final dividend for the year ended 31 December 2022, of HK\$0.01 per share to shareholders whose names appear in the Company's register of members as of 3 May 2023 be proposed for approval by the shareholders at the forthcoming annual general meeting of shareholders.

## **BUSINESS REVIEW**

### **Hong Kong Operations**

The fifth wave of the COVID-19 pandemic in the first quarter of the year was the worst outbreak for Hong Kong, with government implementing the most stringent restrictions to date, derailing the precarious economic recovery achieved in 2021. Combined with heightened geopolitical tensions, and steep interest rate hikes implemented by major central banks across the globe which heavily impacted domestic demand, Hong Kong's economy once again contracted in 2022, following similar declines observed in 2019 and 2020.

The restrictive COVID-19 measures implemented in the first half of the year continued to negatively impact tourism and the retail sales and services segment. Correspondingly, the beer industry contracted yet again, further declining by 4.3% in 2022.

The Company's total volumes grew by 8% in 2022, lifted by an increase in exports sales. However, local volumes declined by 7% for the year, underperforming versus the industry. There was partial volume recovery in the 3rd quarter. Nevertheless, San Mig Light continued to be a bright spot for our Hong Kong operations, as the brand managed to register double-digit growth in the second and third quarters.

However, due to marked increases in the cost of major raw materials, aluminum, and diesel fuel, our Hong Kong operations registered a loss for the year, despite turning in a profit in the second half. This provides us a positive momentum heading into 2023.

With the restrictive on-trade environment in the first half of the year, we re-channeled our resources to focus on volume recovery. We ran various premium redemption promos for the San Miguel, Kirin, and Blue Ice brands at supermarkets and convenience stores. "San Miguel Friends", a market-wide lucky draw promotion for San Miguel Pale Pilsen, San Mig Light, San Miguel Cerveza Negra, and San Miguel Cerveza Blanca, was also implemented from July to August, to stimulate offtake during the peak summer months. To maintain brand visibility, a new thematic

campaign for SMPP dubbed “A True Friend” was launched in July, improving total awareness and preference for the brand. We also aired the San Mig Light TVC with the new “HK’s No. 1 Light Beer” message to sustain brand growth, complemented by a series of consumer promotions at retail chains and on-premise channels during the World Cup period. We likewise sustained growth in the online channel via periodic brand and pricing promotions.

### **South China Operations**

China’s economy grew by 3% in 2022, but this was still far below government’s target, and much lower than improvements experienced in 2021. Growth was significantly affected by frequent COVID-19 lockdowns resulting from the spread of the more contagious Omicron variant across many cities. This difficult situation was further compounded by a downturn in China’s property sector.

Reflecting these circumstances, San Miguel (Guangdong) Brewery Co., Ltd.’s (“SMGB”) domestic volume suffered a decline. But because of healthy volume growth in its export markets, total South China volumes improved by double-digits. As the market dealt with the COVID-19 curbs, SMGB worked on further improving its distribution network. A fresh campaign to help sustain the visibility of SMPP was also launched in September, via a merchandising drive, supported by a new ad. The new SMPP 250ml bottle pack size was likewise launched in October, initially in Fujian Province, to take advantage of the increased preference for this serving size in the region.

In order to address higher materials costs, SMGB worked on maximizing production efficiencies and better management of fixed cost spending. These efforts, together with the improvement in exports volumes, resulted in a significant increase in operating profit for our South China operations versus 2021.

## **COMMUNITY RELATIONS AND SOCIAL RESPONSIBILITY**

Social responsibility remains an integral part of our values as a Company. We continue to endeavor to make a positive impact on our employees, their families, our business partners, local communities, and the environment, while ensuring compliance with legal and regulatory requirements.

Since 2015, we have been publishing an Environmental, Social, and Governance (“ESG”) Report to provide the public an appreciation of how we respond to different ESG issues--guided by our Sustainability Committee that was established last November 2, 2021. The Company’s 2022 ESG Report will be available on our website no later than March 31, 2023.

Part of our commitment includes the active promotion of responsible drinking within the organization and also to the general public, as well as the protection of the environment, and the meeting or exceeding of environmental standards set by the government.

## **HUMAN RESOURCES**

Our employees are crucial to our Company's success and the fulfillment of our responsibilities to shareholders, society, and the environment. As such we continue to implement programs aimed at improving their well-being and enhancing their capabilities.

Despite the constraints brought on by the COVID-19 pandemic, we ensured that they continued to be equipped with the right knowledge, skills, and experiences needed to fulfill their duties. We invested in in-house training programs, and maximized the utilization of publicly-available webinars. We also organized smaller scale company programs and activities to foster camaraderie within the organization.

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

We also continued to provide employees with competitive remuneration aligned with industry standards, along with attractive benefits that include medical and insurance coverage and paid leaves, on top of what is required by the law.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with the requirements set out in the Corporate Governance Code, as contained in Appendix 14 of the Listing Rules throughout the year.

## **DIRECTORS**

There has been no change in the membership of the Board of Directors since we published our interim report on 25 August 2022.

## **FUTURE DIRECTION AND CHALLENGES**

For 2023, the Company has outlined the following objectives:

- In Hong Kong, with all COVID-19 restrictions already lifted, we will aim to regain market share and improve profitability through maximizing the potential of our brand portfolio and optimizing the use of our resources. Focusing on the San Miguel brand, we will improve brand preference and distribution coverage. We will be quick to address gaps in distribution, and adapt to ever-changing consumer preferences. We will also continue to improve efficiencies across our operations to mitigate cost increases.
- In South China, with markets fully re-opening, we will intensify coverage of our existing outlets, while expanding into untapped channels. We will develop a competitive brand portfolio that will allow us to meet the needs of our consumers. We will also continue to develop our dealer and wholesaler networks to ensure product availability, while improving margins, and rationalizing costs.

We are starting 2023 with a more positive outlook, given the lifting of all COVID-19 restrictions both in Hong Kong and China. Still, we remain cautious as the virus is still very much around and continues to pose a risk to people and the economy. The possibility of a global recession likewise looms, resulting in subdued optimism on the domestic front. While inflation and cost pressures are seen to ease, we still need to be prepared to mitigate any price increases to protect our profitability.

Looking ahead, we reiterate our commitment to maximize shareholder value, strengthen our brands, and ensure that our products remain relevant to our consumers and customers. We have strategies in place to help us cope with the risks we foresee. We will remain vigilant in closely monitoring market conditions so we can implement appropriate strategies and programs to accelerate volume recovery, manage costs effectively, and strengthen profitability.

We thank our employees for their hard work and perseverance, as well as the members of our Board for their guidance. Most of all, we thank 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 any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## **SCOPE OF WORK OF KPMG**

The financial 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 2022 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this preliminary announcement.

## **PUBLICATION OF THE 2022 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE**

The Company's annual report for 2022 will be published on the website of The Stock Exchange of Hong Kong Limited at *www.hkex.com.hk* and the Company's website at *info.sanmiguel.com.hk* in due course.

By order of the Board  
**Ramon S. Ang**  
*Chairman*

Hong Kong, 27 February 2023

*(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 comprises the executive director, Mr. Raymundo Y. Albano, the non-executive directors, Mr. Ramon S. Ang (Chairman), Mr. Carlos Antonio M. Berba (Deputy Chairman), Ms. May (Michelle) W. M. Chan, Mr. Roberto N. Huang, Mr. Fumiaki Ozawa, Mr. Kenji Uchiyama and Mr. Tomoki Yamauchi; and the independent non-executive directors, Dr. the Hon. Sir David K. P. Li, Mr. Reynato S. Puno, Mr. Alonzo Q. Ancheta and Mr. Thelmo Luis O. Cunanan Jr.*