



ASIA PACIFIC BREWERIES LIMITED

438 Alexandra Road #16-01 Alexandra Point Singapore 119958 Tel: (65) 6276 3488 Fax: (65) 6276 4287
Company Registration No.: 193100007K (Incorporated in the Republic of Singapore)

PRESS RELEASE

APB commences legal proceedings regarding proposed sale of Heineken-APB (China)

- ***Contesting summons served by DFH and initiates arbitration proceedings against NAC for various breaches of Joint Venture agreement***
- ***China business remains on track with international premium strategy driving organic growth***

Singapore, 30 March 2012 - Asia Pacific Breweries Ltd (APB) announced today, that the proposed sale of its 50% owned Heineken-APB (China) Pte Ltd (HAPBC) to China Resources Snow Breweries Limited (CRSB) could not be completed as it was unable to reach an agreement after its latest round of discussions with CRSB. The proposed divestment comprised HAPBC's 49% interest in Jiangsu Dafuhao Breweries Co, Ltd (DFH) and 100% of Shanghai Asia Pacific Brewery Company Limited (SAPB).

Mr Roland Pirmez, Chief Executive Officer, APB commented, "*While we are disappointed that the sale to CRSB fell through, this has by no means affected our operations within China. We remain on track with our International Premium Brand Strategy as our higher margin Tiger and Heineken brands record growing volumes in China.*"

The divestment of DFH and SAPB is in line with APB's restructuring efforts in China as it focuses on its International Premium Brand Strategy. Despite receiving unconditional approval by the PRC authorities, CRSB decided to terminate the agreement on the basis that it would not be completed given the summons raised by DFH. HAPBC is contesting the summons served by DFH (as being groundless and without merit), including



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challenging the jurisdiction of the Nantong Intermediate People's Court over the matters raised in the summons.

In light of the termination of the sale, APB expects a negative impact of approximately S\$8.5 million due to transaction costs and operational losses from sale assets from October 2011 to March 2012.

Separately, HAPBC has initiated arbitration against Nantong Fuhao Alcohol Industry Co., Ltd (NAC) at the China International Economic and Trade Arbitration Commission in Beijing and is claiming against NAC for various breaches of the JVA, including but not limited to:

- Refusal to provide HAPBC with financial information of DFH;
- Refusal to cooperate with HAPBC for HAPBC to conduct an audit on DFH pursuant to the JVA;
- Acting in furtherance of NAC's interest to the detriment of DFH in relation to the relocation of DFH's main factory in Tongzhou; and
- Acting unilaterally without HAPBC's approval in relation to material DFH matters.

In light of the above, APB is unable to determine either the financial position or valuation of DFH and considers it prudent to make a provision for the impairment of APB's 50% share of the total book value of DFH. This amounts up to approximately S\$30.0 million.

"This provision for the impairment of DFH removes the last piece of uncertainty in our China minority shareholdings; thereby freeing us to solely concentrate on our next level of growth in China via our International Premium Brand Strategy," he continued.

This release should be read in conjunction with the Company's announcement on SGX.



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