



18 November 2013

Philippine Stock Exchange
Ayala Tower, Ayala Avenue, Makati City
Metro Manila

Attention: **Janet Encarnacion**
Head, Disclosure Department

Subject Matter: **Manila Standard Today new article dated November 16, 2013**

GENTLEMEN:

This is in response to your letter with subject "*Manila Standard Today news article*" dated November 18, 2013. The news article is quoted below:

Cosco unit eyes 10% of light brandy market

MONTOSCO Inc., the wine and spirits distribution arm of Cosco Capital Inc., will seek as much as 5 percent to 10 percent share of the light brandy segment in five years as sales are expected to reach around P1 billion in the first two years.

The company launched Thursday night its first imported light brandy category set to compete with local products.

"The light brandy category is a huge market now. We believe that with our price offering, we set new standards in the brandy category," said JP Santamarina, president of Montosco unit Premier Wine and Spirits Inc.

Santamarina said the new taxation system made it easier for the company to introduce a quality imported brandy at less than P100 price point.

"Before it was impossible to sell an imported [brandy] product at P100 to P200 price point. The new taxation system of uniform rates gave us the opportunity to enter the market at a price that we cannot dare venture before," he said.

The company pays the government a 10-percent duty, 15-percent excise tax of retail value and 12-percent value-added tax.

The product, however, remains competitive at P95 per 9-liter bottle compared with Emperador's P85 per 9-liter bottle.

The company plans to sell 500,000 to 1 million 9-liter cases in two years to meet the growing market for light brandy.

Montosco's Excelente brand is expected to directly compete with Emperador Light of Emperador Distillers Inc. and Gran Matador Light of Ginebra San Miguel Inc.

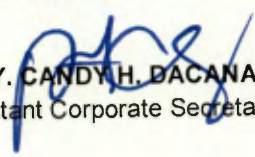
"We see sales peaking at 1 million 9-liter cases in two years. That's about P1 billion in sales already," said Bodegas international division director Alfonso Roldan Piñero. He added the company would commit investing \$10 million for a manufacturing plant in the Philippines if the local market responded well to the product.

*Bodegas used the traditional solera system style in perfecting other brandy products like Alfonso brandy. **Othel V. Campos***

We clarify Mr. Santamarina's statement on the impossibility of selling imported brandy products at P100 to P200 price points, it should be "less than P100 price points", and not P100 to P200 price points. Other than that, we confirm the statements made by Mr. JP Santamarina and Mr. Alfonso Roldan Piñero as quoted in the said news article.

Thank you.

Very truly yours,


ATTY. CANDY H. DACANAY-DATUON
Assistant Corporate Secretary