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If you have sold all your shares in Harbin Brewery Group Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



哈爾濱啤酒集團有限公司
HARBIN BREWERY GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES**

A notice convening the Annual General Meeting to be held at Taishan Room (Level 5), Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Hong Kong on Thursday, 22 May 2003 at 4:00 p.m. is appended to the 2002 Annual Report. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting if they so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held on 22 May 2003 at 4:00 p.m. at Taishan Room (Level 5), Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Hong Kong
“Companies Laws”	the Companies Law Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands
“Company”	Harbin Brewery Group Limited, a company incorporated in Cayman Islands under the Companies Law, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



哈爾濱啤酒集團有限公司
HARBIN BREWERY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:

Li Wentao

Lo Peter

Fu Hui

Au Peter Jeva

Lee Kong Leong

Bao Liusuo

Dr. Tong Kay Tak Tom*

Chen Zhixiong*

Tse Kwok Lam*

Dr. Sit Fung Shuen Victor**

Chong Tao Boon**

Registered office:

Century Yard, Cricket Square

Hutchins Drive

George Town

Grand Cayman

British West Indies

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

29 April, 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES**

INTRODUCTION

Pursuant to the written resolutions of the shareholders of the Company dated 3 June 2002 and 17 June 2002, general mandates were granted to the Directors (i) to allot, issue or otherwise deal with additional shares or convertible securities up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company in issue and to be issued pursuant to the Share Offer and Capitalisation Issue (as defined in the prospectus dated 18 June 2002) (the “**Share Capital**”); (ii) to repurchase, on the Stock Exchange, securities of the Company up to a maximum of 10% of the aggregate nominal amount of the Share Capital; and (iii) to add such securities repurchased pursuant to the aforesaid mandate under (ii) to the general mandate under (i) granted on the same date to the Directors to allot, issue or otherwise deal with additional securities of the Company.

LETTER FROM THE CHAIRMAN

The above general mandates will expire at the conclusion of the Annual General Meeting. The Directors consider that it is in the interests of the Company and the Shareholders that the Directors shall continue to be granted these general mandates (i) to allot, issue or otherwise deal with additional Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares, and to make or grant offers, agreements or options which might require securities to be issued; (ii) to repurchase Shares; and (iii) to extend the general mandate to issue Shares by adding to it the aggregate nominal amount of such Shares repurchased under the repurchase mandate.

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution as set out in Resolution 4 of the notice of the Annual General Meeting will be proposed, inter alia, to grant to the Directors a general mandate to allot, issue and deal with other than by way of rights, shares or securities convertible into shares, or options, warrants or similar rights to subscribe for shares, and to make or grant offers, agreements or options which might require securities to be issued, with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the resolution. Such mandate will give the Directors greater flexibility to issue securities when it is in the interests of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

Under the Companies Laws and the Listing Rules, listed companies are allowed to repurchase their own issued Shares. The Articles of Association also permit such Shares repurchases. The Directors consider that these provisions increase the flexibility in the conduct of the Company's affairs in the interests of the Shareholders, and that the appropriate arrangements shall continue to be adopted by the Company.

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate as set out in Resolution 5 of the notice of the Annual General Meeting will be such number of Shares representing up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the resolution. A resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such Shares (if any) repurchased under the mandate is to be proposed as Resolution 6 at the Annual General Meeting.

The Appendix to this circular contains the explanatory statement required by the Listing Rules to be sent to Shareholders in relation to the Shares repurchase mandate which will be proposed for the consideration and approval of the Shareholders in the Annual General Meeting.

LETTER FROM THE CHAIRMAN

THE ANNUAL GENERAL MEETING

You will find a notice convening the Annual General Meeting to be held at Taishan Room (Level 5), Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Hong Kong on Thursday, 22 May 2003 at 4:00 p.m. accompanying the 2002 annual report. Resolutions in respect of the general mandates as referred to above will be proposed at the Annual General Meeting.

A proxy form for use at the Annual General Meeting is enclosed. Whether or not you are able to attend, please complete and return the proxy form to the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event so as to arrive not less than 48 hours before the time fixed for the Annual General Meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

RECOMMENDATION

The Directors consider that the grant of general mandates to issue and repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the securities that may be allotted pursuant to the general mandate to issue securities are each in the best interests of the Company, and accordingly, recommend all Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
Harbin Brewery Group Limited
Li Wentao
Chairman

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the proposed repurchase mandate.

(a) **Share Capital**

As at 25 April, 2003 (being the Latest Practicable Date), the issued capital of the Company was 970,974,358 fully paid-up ordinary shares of HK\$0.10 each. Subject to the passing of the relevant resolution at the Annual General Meeting and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company will be allowed under the general mandate to repurchase on the Stock Exchange a maximum of 97,097,435 Shares.

(b) **Reason for the Repurchase**

The Directors have no present intention of repurchasing Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders.

(c) **Effect of the Codes**

If on the exercise of the power to repurchase Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases ("**Codes**"). As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholder's interest, may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Codes.

As at 25 April, 2003 (being the Latest Practicable Date), CEDF (Brewery) Holdings Limited ("**CEDF (Brewery)**") and Harbin Brewery Factory (BVI) Limited ("**HBF (BVI)**") held 343,200,000 and 291,500,000 Shares according to the register maintained under section 336(1) of the Securities and Futures Ordinance, representing approximately 35.35% and 30.02% of the issued share capital of the Company respectively. Based on such interest and in the event that the Directors exercise in full the power to repurchase Shares under the repurchase mandate, the interest of CEDF (Brewery) and HBF (BVI) would be increased to approximately 39.27% and 33.36% of the issued share capital of the Company respectively, who will be subject to the mandatory offer obligations under the Codes. Save as the aforesaid, the Directors are not aware of any consequences which may arise under the Codes as a result of any Share repurchases made under the repurchase mandate. In the event that the mandate to repurchase Shares is exercised in full, the number of Shares of the Company held by the public would not fall below 25% of the total number of shares in issue.

(d) **Source of Funds**

Repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of the Company and the Companies Ordinance. Such funds include but not limited to profits available for distribution.

(e) The Directors have undertaken to the Stock Exchange that they will exercise the Shares repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

(f) The Directors anticipate that the repurchase of Shares equivalent to 10% of the total issued share capital under the repurchase mandate to be granted on 22 May 2003 may have an adverse effect on the working capital and gearing level of the Company. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(g) None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries if the repurchase mandate is exercised by the Company.

No other connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell any Shares held by them to the Company or have undertaken not to sell any of the Shares to the Company in the event that the Company is authorised to make repurchases of the Shares.

- (h) The highest and lowest prices at which Shares were traded on the Stock Exchange since trading began on 27 June 2002 and up to end of March 2003 are as follows:

	Shares	
	Highest	Lowest
	HK\$	HK\$
2002		
June (commencing from 27 June)	1.870	1.57
July	1.960	1.34
August	1.870	1.55
September	2.125	1.75
October	2.175	1.89
November	2.250	1.97
December	2.175	1.99
2003		
January	2.450	2.05
February	2.400	2.15
March	2.425	2.25

- (i) No Shares had been repurchased by the Company or any of its subsidiaries in the six months preceding the Latest Practicable Date.