



**ACQUISITION BY
ANHEUSER-BUSCH HONG KONG INVESTMENT COMPANY, LIMITED
OF 69,565,501 SHARES RESULTING IN AN AGGREGATE 36.0% SHAREHOLDING IN
HARBIN BREWERY GROUP LIMITED**

MANDATORY CASH OFFER BY

Morgan Stanley

on behalf of

ANHEUSER-BUSCH HONG KONG INVESTMENT COMPANY, LIMITED
(incorporated in Hong Kong with limited liability)

an indirect wholly owned subsidiary of

ANHEUSER-BUSCH COMPANIES, INC.
(incorporated in Delaware, United States of America with limited liability)

FOR ALL THE SHARES OF

HARBIN BREWERY GROUP LIMITED

A-B announced on 19 May 2004 that it had completed the acquisition of 291,500,000 Harbin Shares, representing approximately 29.1% of Harbin. The Offeror now announces that it has acquired a further 69,565,501 Harbin Shares, representing approximately 6.9% of Harbin, from funds managed by Capital International, Inc. for a purchase price of HK\$5.58 per Harbin Share. The A-B Parties now own 361,065,501 Harbin Shares, representing 36.0% of Harbin. As a result, under Rule 26.1 of the Code, the Offeror is required to make a mandatory offer for all the Harbin Shares not already owned by the A-B Parties.

Morgan Stanley will therefore make an offer on behalf of the Offeror for all the Harbin Shares not already owned by the A-B Parties, on the following basis:

For each Offer Share HK\$5.58 in cash

The Offer is conditional only upon valid acceptances of the Offer being received which, when taken together with any Harbin Shares acquired or agreed to be acquired before or during the Offer period, would result in the A-B Parties holding more than 50% of the issued voting share capital of Harbin.

A-B is one of the largest brewers globally and its beers are sold in key beer markets around the world. The company operates a total of 14 breweries in the United States, the United Kingdom and China, and also produces beer under licensing arrangements in seven other countries. Its flagship brands, Budweiser and Bud Light, are the two largest selling brands in the world.

The Board of Harbin fully supports the Offer and warmly welcomes A-B becoming a strategic partner of Harbin.

The Offeror has received from Li Wentao, Lo Peter, Fu Hui, Au Peter Jeva, Bao Liusuo, each of whom is an executive director of Harbin and Lam Pong Sui, the company secretary of Harbin, an irrevocable undertaking to exercise certain options held over Harbin Shares and to accept the Offer in respect of the Harbin Shares issued upon exercise of such options. The undertakings relate to a total of 21,750,000 Harbin Shares which, when taken together with the Harbin Shares already owned by the A-B Parties, represent a total of 37.4% of Harbin on a fully diluted basis. The undertakings cannot be withdrawn unless the Offer lapses or is withdrawn.

Harbin Shareholders are urged to reject the SABMiller Offer as:

- **the Offeror is offering a higher price**
- **A-B has the support of the key constituents**
- **A-B is the better strategic partner for Harbin**

ACQUISITION OF GLOBAL CONDUIT

On 19 May 2004, A-B announced the completion of the Global Conduit Agreement whereby it became the owner, through the acquisition of Global Conduit, of 291,500,000 Harbin Shares, representing approximately 29.1% of Harbin. The total consideration payable by A-B for such Harbin Shares was HK\$1,078,550,000, representing HK\$3.70 per Harbin Share.

ACQUISITION OF FURTHER HARBIN SHARES

On 31 May 2004, the Offeror entered into an unconditional sale and purchase agreement with funds managed by Capital International, Inc. under which the Offeror agreed to acquire 69,565,501 Harbin Shares, representing approximately 6.9% of Harbin, for a purchase price of HK\$5.58 per Harbin Share. The purchase price was negotiated and determined on an arm's length basis between the Offeror and Capital International, Inc.

MANDATORY CASH OFFER

The A-B Parties now own 361,065,501 Harbin Shares, representing 36.0% of Harbin. As a result, under Rule 26.1 of the Code, the Offeror is required to make a mandatory offer for all the Harbin Shares not already owned by the A-B Parties.

Morgan Stanley will therefore make the Offer on behalf of the Offeror for all the Harbin Shares not already owned by the A-B Parties, on the following basis:

Offer Price

For each Offer Share HK\$5.58 in cash

The Offer is conditional only upon valid acceptances of the Offer being received which, when taken together with any Harbin Shares acquired or agreed to be acquired before or during the Offer period, would result in the A-B Parties holding more than 50% of the issued voting share capital of Harbin.

The Offer Price represents a premium of approximately 29.8% to the SABMiller Offer and a premium of approximately 9.4% to the closing price of HK\$5.10 per Harbin Share as quoted on the Stock Exchange on 31 May 2004, being the last trading day prior to the date of this announcement.

The highest and lowest closing prices of the Harbin Shares as quoted on the Stock Exchange during the six month period preceding the last trading day prior to the date of this announcement were HK\$5.10 per Harbin Share on 31 May 2004 and HK\$3.075 per Harbin Share on 2 February 2004.

Outstanding options

According to the annual report and accounts of Harbin for the year ended 31 December 2003, Harbin had 41,190,000 outstanding options granted under its pre-IPO share option scheme and 12,380,000 outstanding options granted under its share option scheme, exercisable at a price of HK\$1.56 and HK\$1.85 per Harbin Share, respectively. In the event that the Offer is declared or becomes unconditional, an appropriate offer or proposal will be made, in accordance with the provisions of the Code, for the cancellation or exchange of any outstanding options.

Irrevocable undertakings

The Offeror has received from Li Wentao, Lo Peter, Fu Hui, Au Peter Jeva, Bao Liusuo, each of whom is an executive director of Harbin and Lam Pong Sui, the company secretary of Harbin, an irrevocable undertaking to exercise certain options held over Harbin Shares and to accept the Offer in respect of the Harbin Shares issued on exercise of such options. The undertakings cannot be withdrawn unless the Offer lapses or is withdrawn. Under the undertakings the exercise of options must take place within two business days of their

becoming exercisable. The undertakings relate to a total of 21,750,000 Harbin Shares, representing approximately 2.1% of Harbin which, when taken together with the Harbin Shares already owned by the A-B Parties, represent a total of 37.4% of Harbin on a fully diluted basis.

Total consideration

Based on publicly available information, there are 1,002,864,358 Harbin Shares in issue at the date of this announcement. At the Offer Price, the Offer values the entire issued share capital of Harbin (prior to the exercise of any options) at approximately HK\$5,596 million. In the event that the Offer is accepted in full, the aggregate maximum amount payable by the Offeror (including in respect of options) would be approximately HK\$3,880 million. Morgan Stanley is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offer and the cancellation or exchange of the options referred to above.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer, amounting to 0.1% of the consideration payable in respect of the relevant acceptance by the Harbin Shareholders, will be deducted from the consideration due to such person on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty in connection with such sale.

A-B HK'S OFFER IS SUPERIOR

On 24 May 2004 SABMiller posted its offer document to Harbin Shareholders. A-B believes the Offer provides greater value to Harbin Shareholders and benefits to Harbin. **Harbin Shareholders are urged to reject the SABMiller Offer because:**

1. *The Offeror is offering a higher price*

- the Offer Price of HK\$5.58 per Harbin Share represents a premium of approximately 29.8% to the HK\$4.30 per Harbin Share offered under the SABMiller Offer.

2. *The key constituents support A-B*

- Harbin management supports A-B and fully supports A-B becoming its long term strategic partner
 - Harbin management has welcomed A-B's investment in Harbin
 - Harbin management believes A-B can provide strategic benefits to Harbin

- Harbin’s employees do not support the SABMiller Offer
 - As indicated in an announcement dated 7 May 2004, Harbin’s chief executive Mr Peter Lo, after canvassing the views of Harbin employees as a whole, has questioned how SABMiller would be able to run Harbin without the support of the company’s management and employees
- Harbin City approves of A-B
 - The mayor of Harbin City, quoted in the Harbin Daily on 8 May 2004, stated that “the possible cooperation with A-B would benefit the development of Harbin City ... it would help the [beer] market consolidation in the northeast and boost profit”.

3. *A-B is the better strategic partner for Harbin*

- A-B has direct operating experience in China, having owned and operated the Budweiser Wuhan International Brewing Co. since 1995. During this time, A-B has built a national brand with its Budweiser product from one brewing location, established a leadership position among all foreign beers and created a powerful wholesaler distribution system. A-B believes this experience in China will help Harbin develop its brands, increase its competitiveness and realise its long term objectives.
- Additionally, A-B has demonstrated the ability to work closely with a Chinese partner through its investment in Tsingtao.

RECOMMENDATION

The Board of Harbin fully supports the Offer and warmly welcomes A-B becoming a strategic partner of Harbin. A-B notes that the announcement made by Harbin today states that the Board of Harbin intends to write to Harbin Shareholders recommending acceptance of the Offer and rejection of the SABMiller Offer and urges Harbin Shareholders to take no action in relation to the SABMiller Offer.

REASONS FOR THE OFFER

The China beer market is the largest in the world and is a strategic priority for A-B. Harbin is one of China’s leading brewers with a proven management team and a leading position in the north east of China.

The investment by A-B in Harbin complements A-B’s existing strategic partnership with Tsingtao as well as A-B’s profitable Budweiser operations in China, which achieved record production in 2003. Budweiser, Tsingtao and Harbin are among the leading beer brands in China. A-B believes that co-operation between these three important brewers will enable Harbin to accelerate the development of its brands, increase operating efficiency and improve performance.

HOLDINGS IN HARBIN SECURITIES

Other than the 291,500,000 Harbin Shares held through Global Conduit and the 69,565,501 Harbin Shares acquired pursuant to the Acquisition, the A-B Parties do not own, control or direct any Harbin Shares or any convertible securities, warrants or options in respect of Harbin Shares.

OFFER DOCUMENT

The Offeror expects to despatch the Offer document to Harbin Shareholders within 21 days after the date of this announcement. The Offer document will contain, among other things, the terms of the Offer as well as forms for accepting the Offer.

INFORMATION ON HARBIN

Harbin's main business is the brewing, distribution and sale of beer in China. According to its 2003 annual report, the Group achieved an output of 11.5 million hectolitres in 2003 at 13 breweries in China, seven in Heilongjiang, three in Jilin, two in Liaoning and one in Hebei, with an aggregate designed production capacity of approximately 13 million hectolitres per annum. The Group's principal beer brand, Harbin (popularly known as "HAPI"), is a leading brand in the north east of China.

The audited consolidated net profit of Harbin attributable to Harbin Shareholders for the year ended 31 December 2003 was approximately HK\$114.4 million, representing basic earnings per Harbin Share of approximately HK\$0.12. The published audited shareholders' equity of Harbin as at 31 December 2003 was approximately HK\$1,069.6 million.

INFORMATION ON THE OFFEROR AND A-B

The Offeror is incorporated in Hong Kong and is an indirect wholly owned subsidiary of A-B. The Offeror is a holding company and has not carried out any business activities since its incorporation on 15 December 2003, except in relation to the Acquisition and the Offer.

A-B is one of the largest brewers globally. A-B beers are sold in key beer markets around the world. The company operates a total of 14 breweries in the United States, the United Kingdom and China, and also produces beer under licensing arrangements in seven other countries. Its flagship brands, Budweiser and Bud Light, are the two largest selling brands in the world.

A-B is also one of the largest theme park operators in the United States, is a major manufacturer of aluminium cans and is the world's largest recycler of aluminium beverage containers. Worldwide full-time employment totals more than 23,000.

In 2003, A-B reported worldwide beer volume of 111.0 million U.S. barrels (130.2 million hectolitres), up 1.1% for the year. The company's share of its equity affiliates' volume was 18.8 million barrels (22.1 million hectolitres), giving A-B a combined volume of 129.8 million barrels (152.3 million hectolitres) in 2003.

A-B achieved record gross sales of US\$16.3 billion and record net sales of US\$14.1 billion in 2003. In 2003, operating income was US\$3.2 billion and net income was US\$2.1 billion. Diluted earnings per share in 2003 were US\$2.48, an increase of 12.7% from the prior year. Overall earnings of A-B's international business, including its equity investment partners, provided US\$400 million of net income.

A-B's international growth is based on the dual objectives of promoting Budweiser as the leading international premium beer brand and investing in leading local brewers in beer markets with good volume and profit growth potential. Equity investments include a 50% interest in Grupo Modelo, the largest brewer in Mexico, a 20% equity position in Compañía Cervecerías Unidas in South America and a 9.9% position in Tsingtao in China.

A-B began selling Budweiser in China in 1995 following the acquisition of the Zhongde Brewery in Wuhan. A-B has developed Budweiser nationwide into a leading brand in the international premium segment, selling over 2 million barrels (2.3 million hectolitres) in 2003. The operation is one of the most profitable in the beer industry in China, and A-B is currently expanding the annual capacity at the Wuhan brewery to 2.7 million barrels (3.2 million hectolitres).

A-B has been an investor in Tsingtao since 1993. In 2002, the two companies formed a strategic alliance, which includes a programme of sharing best practices in the areas of marketing, brewing operations, finance and planning. Under the strategic alliance agreement, A-B's interest will increase to 27% in Tsingtao by 2010.

COMPULSORY ACQUISITION AND SUSPENSION OF DEALINGS

If the Offeror receives valid acceptances of the Offer for not less than 90% in value of the Offer Shares, the Offeror intends to apply the provisions of the Companies Law (2003 Revision) of the Cayman Islands to compulsorily acquire any outstanding Harbin Shares and to apply for a de-listing of Harbin Shares from the Stock Exchange.

The Stock Exchange has stated that, in the event that less than 25% of the Harbin Shares are in public hands following the close of the Offer, it will give consideration to exercising its discretion to suspend dealings in the Harbin Shares.

GENERAL

Morgan Stanley has been appointed as financial adviser to the Offeror in connection with the Offer.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“A-B”	Anheuser-Busch Companies, Inc.
“A-B Parties”	the Offeror and parties acting in concert with it
“Acquisition”	the acquisition of 69,565,501 Harbin Shares from funds managed by Capital International, Inc.
“Board of Harbin”	the committee of the board of Harbin, comprising all of the directors of Harbin other than the two directors nominated by SABMiller
“Code”	the Hong Kong Code on Takeovers and Mergers
“Global Conduit”	Global Conduit Holdings Limited
“Global Conduit Agreement”	the sale and purchase agreement dated 2 May 2004 between A-B and Capital Select Enterprises Limited for the sale to A-B of the entire issued share capital of Global Conduit, which completed on 19 May 2004
“Group”	Harbin and its subsidiaries
“Harbin”	Harbin Brewery Group Limited
“Harbin Shareholders”	holders of Harbin Shares
“Harbin Shares”	ordinary shares of HK\$0.10 each in the issued share capital of Harbin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Morgan Stanley”	Morgan Stanley Dean Witter Asia Limited, a registered institution for types 1, 4, 6 and 7 regulated activities under the Securities and Futures Ordinance
“Offer”	the mandatory cash offer to be made by Morgan Stanley on behalf of the Offeror for all the Offer Shares
“Offeror” or “A-B HK”	Anheuser-Busch Hong Kong Investment Company, Limited
“Offer Price”	HK\$5.58 per Harbin Share

“Offer Shares”	the Harbin Shares not beneficially owned by the A-B Parties and any further Harbin Shares unconditionally allotted or issued and fully paid before the date on which the Offer closes (or such earlier date(s) as the Offeror may, subject to the Code, determine), including any Harbin Shares unconditionally allotted or issued pursuant to the exercise of options in respect of Harbin Shares
“SABMiller”	SABMiller plc
“SABMiller Offer”	the conditional voluntary offer by Anglo Chinese Corporate Finance, Limited on behalf of an indirect wholly owned subsidiary of SABMiller for all the Harbin Shares made on 24 May 2004
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tsingtao”	Tsingtao Brewery Company Limited
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the board of
**ANHEUSER-BUSCH HONG KONG
INVESTMENT COMPANY, LIMITED**
Patrick T. Stokes
Director

Hong Kong, 1 June 2004

The directors of the Offeror and A-B jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, except in respect of information relating to Harbin, SABMiller and the SABMiller Offer and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The information relating to Harbin contained in this announcement has been taken from Harbin’s annual report and accounts for the year ended 31 December 2003 and from public announcements made by Harbin. The information relating to SABMiller and the SABMiller Offer contained in this announcement has been taken from the SABMiller offer document dated 24 May 2004. The only responsibility accepted by the directors of the Offeror and A-B in respect of information relating to Harbin, SABMiller and the SABMiller Offer is to ensure that it has been correctly and fairly reproduced or presented.

In accordance with normal Hong Kong market practice and subject to applicable regulatory requirements, the Offeror, A-B or their affiliates or nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Harbin Shares outside the United States, other than pursuant to the Offer either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases will be made in compliance with applicable Hong Kong and US rules and will be disclosed in the Offer document.

Please also refer to the published version of this announcement in South China Morning Post.