



董事長：李桂榮先生
Mr. Li Gui Rong, Chairman

致各位股東：

2002年本公司貫徹落實“系統整合、機制創新、提高核心競爭力；結構調整、做強做大、再創新百年輝煌”的工作方針，董事會和管理層帶領廣大員工努力拚搏，創新進取，使公司經營業績大幅提高、綜合實力顯著增強，在國內啤酒市場的領先地位得到進一步鞏固和加強。

國內啤酒市場狀況

國內啤酒市場2002年保持了穩定增長的態勢，全年啤酒總產量達到了2387萬千升，同比增長5%，但啤酒市場整體供大於求的局面並未改變，在一些區域性市場，激烈的競爭對產品價格形成了較大的壓力。另一方面，大企業集團的收購兼并使行業的集約化程度不斷提高，目前國內前十大啤酒生產商已占全國市場份額的42.9%，比2001年提高5.8個百分點，可以預見，未來的市場份額將更多的向大企業集團集中。

To the shareholders,

In 2002, with the guiding principle of "striving for further success in the new millennium through system integration, mechanism innovation and improvement for market dominance" implemented by the Company and under the leadership of the Board and the management, our staff was committed to significantly improve the operating results and consolidate the strength of the Company by their innovative and aggressive spirit. As a result the Company's leading position in the beer market in mainland China was further enhanced.

Domestic beer market

The beer market in the PRC maintained a steady growth in 2002 with annual production reaching 23,870,000 kilolitres, representing a growth of 5% over the previous year. However, the over-supply situation remained intact and caused severe competition in certain markets, adding strong pressure on the pricing of products. Meanwhile, mergers and acquisitions among large corporations have intensified the degree of concentration of the beer industry. Currently, the beer produced by the top ten breweries accounts for 42.9% of the market in China, a 5.8% increase as compared with the previous year. It is expected that the market share will be even more concentrated on a small number of large enterprises.

經營業績大幅提高

作為全國最大的啤酒生產商和銷售商，本公司在激烈的市場競爭中通過全方位市場開拓，全年完成啤酒銷售量 298.7 萬千升，同比增長 21%，市場份額由 11% 提高至 12.5%，按中國會計準則計算，實現主營銷售收入 693673 萬元，同比增長 31%；實現淨利潤 23066 萬元，同比增長 124%；經營活動產生的現金流量淨額達 110602 萬元，同比增長 109%。公司積極致力於品牌和產品結構的調整，着力提高青島啤酒主品牌的銷量，全年共產銷 92 萬千升，同比增長 42%，從而帶動了公司整體毛利率的提升。

榮獲全國質量管理獎和國家科技進步二等獎

年內公司以爭創“全國質量管理獎”為契機，深化質量管理的各項工作，並啓動 EVA 價值管理活動，推動了公司整體管理水平的提高，成為全國食品飲料行業迄今為止唯一的“全國質量管理獎”獲獎企業。

公司還加大了產品科研開發方面的工作力度，國家重點技術創新項目“青島啤酒風味物質圖譜技術的開發應用”獲得了 2002 年度國家科技進步二等獎，這不僅是國內啤酒企業首度獲獎，更重要的是推動了本公司的技術進步，對青島啤酒的异地生產和新產品開發中保持原有的特定風味起到了重要作用。另外，公司承擔的“純生啤酒穩定性的綜合研究與應用”等 6 個項目亦被列為 2002 年度國家重點技術創新項目並獲國家財政撥款支持。公司的品牌、質量、技術等始終保持了國內啤酒行業的領先水平。

Significant improvement in operating results

As the largest beer manufacturer and distributor in China, the Company, with much efforts made in cultivating the market, was able to achieve outstanding results in such a highly competitive industry, recording a sales volume of 2,987,000 kilolitres, representing a 21% of growth over the previous year and an increase in market share from 11% to 12.5%. Based on China's generally accepted accounting principles, turnover and profit attributable to shareholders were RMB6,936,730,000 and RMB230,660,000 respectively, representing a respective growth of 31% and 124% over last year, while the cashflow generated from operating activities was RMB1,106,020,000, a growth of 109% as compared with last year. The Company strives to excel itself by brandname building while adjusting its product mix so as to boost the turnover of its key product, Tsingdao beer. Turnover of Tsingdao beer for the year reached 920,000 kilolitres, a rise of 42%, bringing an improvement to the Company's overall gross profit margin.

Award of National Quality Management and Second Class Award of National Technology Advancement

Aiming at winning the "National Quality Management Award", the Company has intensified the measures on quality management during the year and has committed itself to EVA value management activities which in turn helped to promote the Company's overall management standard. The Company is so far the only enterprise which has been awarded the "National Quality Management Award" in the food and beverage industry.

The Company has also intensified its efforts in research and development. "The development and application on the technology of the spectrum of ingredient for Tsingdao beer taste", one of the State's key projects of technological innovation, was awarded the second-class award of the National Technology Advancement in 2002. This is the first award presented to brewery enterprises in the PRC and more importantly, it helps to propel the technological development of the Company and is instrumental in preserving the original unique taste of the Tsingdao beer produced in other regions as well as in new products. In addition, the six projects on "comprehensive research and application on the stability of draft beer" undertaken by the Company has been listed to be the State's key projects of innovation in 2002 and received funding from the government. In terms of brandname, quality and technology adopted, the Company has maintained a leading position in the brewery industry in China.

成功達成戰略聯盟

為應對中國加入WTO後世界經濟一體化所帶來的競爭和挑戰，公司本着“強強聯合、優勢互補”的原則與世界最大的啤酒生產商美國安海斯-布希公司（“AB公司”）於2002年10月21日正式簽署了戰略投資協議，結為戰略聯盟。本公司將向AB公司定向發行合共為1.82億美元的強制性可轉換債券。同時雙方將結合各自的資源優勢，支持本公司在中國啤酒行業中持續發展和保持領先地位，進一步增強本公司的競爭力並提高盈利能力。

開闢臺灣市場

在國際啤酒市場普遍不景氣的情況下，本公司2002年產品出口取得了突破性進展，全年共出口啤酒6.4萬千升，創匯4048萬美元，分別同比增長了110%和104%。主要原因就是公司抓住海峽兩岸先後加入世貿組織的有利時機，與臺灣當地經銷商通力合作，在第一時間將“青島啤酒”銷入臺灣市場，在8個月的時間裏共銷售啤酒3.1萬千升。

新年度展望：

2003年是青島啤酒的百年華誕，我們將以此為起點邁向一個更加輝煌的新百年。中國經濟的蓬勃發展給啤酒市場帶來了廣闊的發展空間，面對新的機遇和挑戰，公司將加強戰略規劃研究及實施，並通過與AB公司的戰略聯盟，整合各種資源，加快管理創新、技術創新和制度創新，並借助ERP信息管理系統，推動公司的管理變革，全面提升公司的核心競爭力和可持續發展能力。

Successful formation of strategic alliance

Facing the competition and challenges arising from China's accession to the WTO and the globalization of economy, the Company, adhering to the principle of "Synergy created by collaboration among major enterprises", entered into a strategic investment agreement on 21 October 2002 with Anheuser-Busch Companies Inc. ("A-B"), the world's largest brewery, to form a strategic alliance. The Company will issue an aggregate of approximately USD182 million mandatory convertible bonds to A-B. Both parties will fully utilize their respective strengths in resources to support the persistent growth and leading position of the Company in China's brewery industry, thereby further enhancing the Company's competitiveness and profitability.

Expansion to the Taiwan market

Despite the unfavourable conditions prevailing in the global beer market, the Company made an outstanding achievement in its export business in 2002. The total volume of beer exported reached 64,000 kilolitres in the year and generated a revenue of USD40.48 million, representing a growth of 110% and 104% respectively over the last year. This was because the Company has seized the golden opportunity of China and Taiwan's accession to the WTO and worked closely with Taiwan's local beer distributors to introduce "Tsingdao beer" to the Taiwan market. In only eight-months' time, a total of 31,000 kilolitres of beer were sold to the Taiwan market.

Business prospects in the coming year

The year 2003 celebrates the first centenary of Tsingdao beer and we have confidence that Tsingdao beer will enter into the new millennium with further achievements. China's booming economy provides enormous potential for the development of the brewery industry. Faced with such new opportunities and challenges, the Company shall put more efforts in the studies and implementation of its strategic planning. Meanwhile, with the strategic alliance with A-B, it will also make full use of its existing resources to expedite the adoption of innovative measures in the aspects of management, technology advancement and system renovation through the adoption of ERP information system, with the target of putting forth of the Company's management reform, raising its core competitiveness and maintaining its sustainable development.

2003年公司的經營目標就是完成啤酒產銷量360萬千升，其中青島主品牌力爭達到120萬千升，在不斷提高市場占有率的基礎上，調整產品品種結構和品牌結構，不斷提高公司的盈利水平。公司將繼續以EVA價值管理為核心，推進市場、品牌、銷售網絡及企業文化的整合，以質量為基礎，促進品牌的提升；以數字化為手段，不斷整合公司的物流、資金流和信息流，從而使公司的管理水平和規模效益不斷提高。

近年來的成功實踐證明，公司董事會確定的發展戰略是正確的，管理層帶領廣大員工開拓創新，在激烈的市場競爭中不斷發展壯大，使百年青啤煥發了新的青春和活力。我們將充分挖掘青島啤酒百年品牌所蘊涵的深厚文化底蘊和巨大市場潛力，並學習借鑒國外先進管理模式和經驗，不斷推進系統整合、改革創新，實現公司做强做大、創建國際化大公司、進入世界啤酒業十強的目標。

最後，本人謹向過去一年中給予公司鼎力支持的廣大股東和進取奉獻並取得佳績的公司管理層及廣大員工致以衷心的感謝！

董事長 李桂榮
中華人民共和國·青島
二〇〇三年四月二日

The Company's operating results in 2003 is to achieve the target beer output of 3,600,000 kilolitres, in which the sales target for the key brand of Tsingdao beer is 1,200,000 kilolitres. Apart from further acquiring the market share, the Company will also adjust its product mix and branding strategy so as to raise further the Company's profitability. In addition, the Company will continue to enshrine EVA value management, and make full use of its strengths in marketing, brand building, sales network and corporate culture to enhance market recognition by persistently improving the product quality and strengthening the Company's logistic functions, capital flow as well as information flow by adopting computerized system, all of which aim at constantly improving the Company's management standard and scale of operation.

The success in recent years proved that the Directors made and implemented the right strategies. Under the leadership of the management, the staff carried out innovative plans which contributed to the continuous growth of business in a highly competitive market. We will capitalize on the traditional and cultural characteristics of the 100 years old Tsingtao brand and realize its huge market potential. The Company will also absorb and learn from the international management styles and experiences. We will keep on our efforts on system consolidation, innovation, with a view to strengthening the Company so as to become an international large enterprise and realize its goal of being one of the ten largest beer company of the world.

Finally, I would like to take this opportunity to extend my sincere gratitude and appreciation to our shareholders for their strong, wholehearted support and to the enterprising top management as well as all the staff members for their loyalty, dedication and excellent result achieved in the past year.

Chairman Li Gui Rong
Qingdao, People's Republic of China
2nd April, 2003