



董事長報告書

CHAIRMAN'S STATEMENT



李桂榮
Li Gui Rong

致各位股東：

二零零四年面對國內外激烈的市場競爭和原材料、能源漲價等不利因素，公司認真貫徹落實「細化管理，強化執行，整合價值鏈；推進交流，持續創業，重塑新基礎」的年度工作方針，著力於內部的系統整合、優化管理流程、增強協同效應，取得了可喜的成績，並繼續保持了國內啤酒產銷量、市場份額、銷售收入、利潤、出口創匯、品牌價值等多項指標的行業領先水平。

Dear Shareholders:

The Company achieved encouraging results in 2004 and continued to maintain its leading position in the industry in terms of domestic beer output and sales, market shares, sales revenue, profitability, foreign exchange income generated from exports and brand name value, etc., despite adverse factors such as intense domestic and foreign competition coupled with rising costs of raw materials and energy. This was accomplished through the rigid implementation of our operational directives for the year, namely "detailed management, enforced implementation, value chain integration, more frequent business exchanges, ongoing creation of new businesses and the remolding of new foundations"; with emphasis on internal system integration, optimisation of management processes and enhancement of synergies.

國內啤酒市場分析

二零零四年全國共生產啤酒2,910萬千升，同比增長14.6%，產銷量已連續三年位居世界第一。其中大企業的市場份額在不斷提高，國內前十大啤酒生產商已佔全國市場份額的55%。而近年來外資啤酒對中國市場的大舉進入，使國內啤酒市場競爭日趨國際化，也使中高端市場的競爭愈發激烈。

經營業績穩步提高

公司各項經濟指標在近幾年快速增長的基礎上二零零四年保持了持續增長。全年實現啤酒銷售量371萬千升，超出年初確定的360萬千升的目標，同比增長13.8%。按照香港普遍採用之會計准則編製，實現營業額人民幣77億元，同比增長14.7%；實現股東應佔溢利人民幣2.85億元，同比增長16.4%；青島啤酒品牌價值已達人民幣168.73億元(來源：世界品牌實驗室(World Brand Lab)二零零四年六月二十八日頒發證書)，繼續位居啤酒行業全國第一。

Analysis of the Domestic Beer Market

China produced 291 million hl of beer in 2004, representing a year-on-year growth of 14.6%, to maintain its position as the largest beer-producing country in terms of output and sales for three years in a row. Market shares of large scale enterprises continued to expand as the top ten beer makers in the nation in aggregate accounted for 55% of the domestic market, where competition was becoming increasingly internationalised with foreign brand names establishing their presence massively since recent years. Competition in the medium-to high-end market was particularly intense.

Steady Improvements in Operating Results

The Company sustained continued growth in 2004 in terms of major economic indicators, building on the rapid growth achieved in recent years. Beer sales for the year grew 13.8% to 37.1 million hl, well exceeding the target of 36 million hl set at the beginning of the year. Sales revenue from major operating business amounted to RMB7.7 billion with a year-on-year growth of 14.7% in accordance with HK GAAP. Profit attributable to shareholders amounted to RMB0.285 billion, representing a year-on-year growth of 16.4%. The brand name of "Tsingtao Beer" was valued at RMB16.873 billion (Source: certificate issued by World Brand Lab on 28 June 2004), ranking first among beer makers in the nation on a continued basis.



推進品牌整合，優化資源配置

二零零四年公司以品牌發展規劃為指導，推進品牌、品種整合計劃，深化對市場的規劃和管理。通過青島啤酒新標識和新產品推廣，提升了品牌國際化、現代化的形象，同時以此為契機加快了品牌整合的進度。二零零四年青島啤酒主品牌銷量達117萬千升，同比增長11%，青島主品牌與漢斯、嶗山、山水三個副品牌的銷量已達總銷量的56%。

開展最佳實踐交流，管理、技術水平不斷提升

公司通過與戰略合作伙伴——安海斯——布希公司（「A-B公司」）共同開展的最佳實踐交流活動，就營銷管理、單廠效率、戰略管理、財務管理、人力資源管理等項目進行了卓有成效的交流，細化管理、強化執行，使公司向國際化大公司發展的目標邁出了一大步。公司學習運用A-B公司先進的管理方法和管理模式，使各工

Brand Name Integration and Optimised Resource Allocation

In 2004, the Company continued with efforts in brand name promotion and product integration programs to deepen market planning and management under the direction of its brand name development planning. By marketing novel products under a brand new logo for Tsingtao Beer, our image as a modernised, international brand name was enhanced while the process of brand name integration was given a major boost. In 2004, Sales generated by the principal brand of Tsingtao Beer grew 11% to 11.7 million hl, and together with three secondary brands, namely, Hansi, Laoshan and Shanshui, accounted for 56% of the Company's total sales volume.

Continuous Improvements in Management and Technical Standards Driven by Exchanges in Best Practice

The Company conducted some highly effectively exchange activities in the areas of marketing management, unit plant efficiency, strategic management, financial management and human resource management, etc through the Best Practice Exchange Program launched jointly with Anheuser-Busch Companies, Inc. ("A-B"), its strategic partner. With the resulting initiatives in detailed



董事長報告書(續)

CHAIRMAN'S STATEMENT (Continued)

廠提高了工作的標準化、規範化水平，有效降低了工藝技術指標的控制偏差，為實現口味一致性奠定了扎實基礎。糖化工藝技術改革取得顯著成效，效率明顯提高，在不增加固定資產投入的前提下，糖化產能有較大提升，為公司產銷量的持續增長提供了堅實的保障。

信息化建設加快，流程效率提高

公司經過幾年努力，已完成了公司總部、華南、西安三大市場中心之間的ERP建設，實現了與公司總部財務、庫存、物資等業務項目的聯網，公司信息支持平台的建立，更好的實現了資源共享。同時公司實施管理流程優化，實現了信息暢通、流程便捷，有效降低了運營成本，提高了管理效率，協同效應逐漸發揮。



management and enforced implementation, the Company has taken a solid step towards development into a major international business group. The Company managed to enhance standardisation and consistency at its plants and effectively reduce deviations in process technology indicators by applying the advanced management approaches and models of A-B laying solid foundations for achieving consistency in the taste of our products. Notable results were achieved in the upgrading of our saccharification process technology underpinned by significant improvements in efficiency. Our saccharification capacity was increased without additional investments in fixed assets, providing a solid assurance for continued growth in the Company's output and sales.

Process Efficiency Enhanced by Faster Building of Information Systems

After years of dedicated efforts, the Company completed the development of an EPR system linking its headquarters, the South China market centre and the Xian market centre. The headquarters are now networked with other branches for the financial, inventory and logistics functions as the construction of our corporate information platform facilitated better sharing of resources. Meanwhile, the Company implemented management process optimisation to enable faster flow of information and processes. Synergistic effects were coming into play with reduced operating costs and enhanced management efficiency.

生產規模不斷壯大

為不斷壯大公司的規模，完善國內市場生產布局，二零零四年六月公司出資約人民幣6,500萬元對甘肅省最大的啤酒企業—甘肅農墾啤酒股份有限公司(「農墾啤酒」)進行增資擴股，獲得農墾啤酒55.06%股權，成為其最大股東，為進一步擴大公司在西部地區的市場優勢奠定了基礎；八月青島啤酒(長沙)有限公司10萬噸啤酒項目一期5萬噸投產，為公司在華南地區培育青島啤酒主品牌、擴大市場份額，做出了積極貢獻。



Ongoing Expansion in Production Capacity

With a view to ongoing expansion by complementing our nationwide production bases, the Company increased its shareholding in Gansu Nongken Brewery Company Limited ("Nongken Brewery") to 55.06% in June 2004 with an investment of approximately RMB65 million, thereby becoming the largest shareholder of Nongken Brewery, which was the largest brewery company in Gansu Province. The move consolidated the Company's leading position in West China and prepared it for further expansion. In August, Tsingtao Brewery (Changsha) Company Limited commissioned Phase I of its construction project, which accounted for 50,000 tons out of the total capacity of 100,000 tons per annum for the entire project. The additional capacity contributed positively to the Company's plans to establish its principal brand of Tsingtao Beer and expand its market share in South China.

投資者關係工作獲廣泛認同

近兩年來，公司良好的發展戰略、規範運作和信息透明度獲得了國內外投資者的廣泛認同，公司積極利用定期業績推介、網上路演、電視電話會議、接待來訪、參加投資論壇等方式，與廣大投資者進行廣泛、深入的交流，使公司的投資價值得以發現和提高，公司在資本市場的形象不斷提升。二零零四年十一月青啤公司分別獲得了由世界最權威的專業刊物—英國《IR雜誌》組織的「大中華區小型公司最佳投資者關係獎」和「亞洲區小型公司最佳投資者關係獎」，這是IR雜誌首次向大中華區的上市公司頒發此類獎項。



Successful Investor Relations Underpinned by Strong Market Recognition

Over the past two years, the Company has won wide recognition from domestic and foreign investors with its sound development strategies, standardised operations and transparency of information. The Company has been actively engaged in extensive and yet in-depth interaction with investors in general through various means, such as regular result presentations, Internet roadshows, video conferences, organising visits to the Company and participation in investment forums, etc. These activities have been conducive to the discovery and enhancement of the Company's investment value. The Company's rising profile in the capital markets was underpinned by the capturing of IR Magazine's "Best Investor Relations Award (Greater China - Small Caps)" and the "Best Investor Relations Award (Asia - Small Caps)" in November 2004, which represented the first awards handed to listed companies in the Greater China region by IR Magazine of UK, one of the most authoritative professional publications in the world.



新年度展望

展望二零零五年，公司將繼續按照「系統整合，機制創新，提高核心競爭力；結構調整，做強做大，建設國際化公司」的指導思想，以建設國際化大公司為目標，推進公司實現三個轉變：即由生產導向型向市場導向型轉變；由經營產品向經營品牌轉變；由著力於生產規模擴大向著力於運營能力提高轉變。

公司將以價值為導向，實施組織結構變革，不斷提升企業文化，實現管理創新，並加大品牌建設、基地市場建設和銷售網絡建設力度，同時借助與A-B公司的最佳實踐交流，推進公司的系統整合以及管理技術水平的提升。

二零零五年公司的啤酒產銷量目標為410萬千升，其中主品牌140萬千升，繼續保持和擴大在國內啤酒市場的領先地位。董事會認為這個目標是務實的、穩健的，公司管理層對實現這個目標充滿信心。

最後，本人謹向過去一年中給與公司大力支持的廣大股東和進取奉獻的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

二零零五年四月十一日

Business Prospects for the Ensuing Year

Looking to 2005, the Company will continue to aim at developing into a major international business group by consolidating its strengths and expanding its scale through initiatives in system integration, institutional innovation, enhancement of core competitive strengths and structural realignments. The Company will strive for transformation in three areas: turning from a production-based company to a market-driven one, focusing on brands instead of products and emphasising the enhancement of operational capabilities instead of the expansion of production capacities.

The Company will facilitate organisational restructuring and corporate culture improvements underpinned by an emphasis on value creation. We will introduce new management initiatives while increase our efforts in brand name building, base market development and sales network formation. Meanwhile, we will further our efforts in system integration and seek to upgrade our management and technical standards by leveraging best practice exchange programs with A-B.

The Company's target for the output and sales of beer in 2005 is 41 million hl with the principal brand accounting for 14 million hl, the achievement of which will enable the Company to further reinforce its leading position in the domestic beer market. The Board of Directors believes this target to be a practical and prudent one, which the Company's management has every confidence to fulfil.

Last but not least, I would like to express sincere gratitude for your strong support during the year. Thanks are also due to our management and staff, who are ever aspiring to perform their duties with full dedication.

Li Gui Rong

Chairman

Qingdao, People's Republic of China

11 April 2005