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董事長報告書 Chairman's Statement



李桂榮先生
Mr. LI Gui Rong

致各位股東：

本人謹此提呈青島啤酒股份有限公司截止2006年12月31日會計年度之業務報告及經審計之財務報告，敬請各位股東審閱。

國內啤酒市場分析

2006年，在中國經濟穩步增長的帶動下，國內啤酒行業保持了持續穩定的發展，全年啤酒產銷量達到3,515萬千升，同比增長14.7%，連續四年成為世界最大的啤酒生產和消費國及發展最快的市場之一。隨著啤酒行業的整合，市場集中度進一步提高，2006年國內前十大啤酒生產商的市場份額達到62.4%，較去年同期提高1.4個百分點。同時，由於企業購并價格的提高，啤酒企業的擴張已由購並為主逐步轉向以新建、擴建為主的方式，行業新增產能增長較快，導致市場競爭形勢嚴峻。儘管如此，由於國內經濟發展及人們消費水平的提高，行業發展前景依然廣闊。

Dear shareholders,

I hereby present the Business Report and audited Financial Statements of Tsingtao Brewery Company Limited for the fiscal year end on 31 December 2006 for your kind review.

Analysis of Domestic Beer Market

In 2006, the domestic brewery sector kept its steady development momentum driven by the steady growth of China's economy. Its annual sales volume reached 351.5 million hl with a year-on-year growth of 14.7%, which helped it become one of the largest countries in terms of beer production and consumption, and the markets with fastest development pace in the world for the fourth year in consecution. In 2006, the market share of top 10 domestic beer producers reached 62.4%, 1.4 percentages up from the previous year, with the further market centralization due to the integration within the brewery sector. Meanwhile, the competition becomes fiercer under the rapid growth of output capacity as a result that the organic growth of breweries is gradually transforming from focusing on M&A to greenfields and expansion due to the hike of M&A price. Despite of these reasons, the prospect of the brewery sector is still promising with the development of domestic economy and the improvement of consumption level.



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經營業績穩步提高

公司堅持以市場為導向，持續進行內部管理、機制的變革和系統的整合，以開放的思維積極引入新管理理念、工具和方法，推動了企業經營業績的穩步提升。2006年，公司實現啤酒銷量454萬千升，創歷史新高，較2005年增長11.5%，其中主品牌銷量163萬千升，同比增長22.3%；按照香港財務報告準則計算，實現銷售收入人民幣116.8億元，同比增長16.5%；實現股東應佔盈利人民幣4.48億元，同比增長46%；海外市場銷售6.5萬千升，同比增長25.7%。呈現利潤增長大於銷售收入增長，銷售收入增長大於銷量增長的良好發展態勢。為了回報廣大股東，公司近幾年均採取了較高比例及穩定的派息政策，董事會提議派發2006年度股息每股人民幣0.22元。

2006年，公司根據競爭環境的變化，提出了整合與擴張並舉的發展戰略，年內相繼啟動了青島啤酒二廠新增20萬千升擴建項目、青島啤酒（徐州）彭城公司15萬千升異地搬遷擴建項目和在山東省省會濟南20萬千升新建項目，以上項目建成後，將對公司進一步完善國內市場戰略佈局、擴大市場份額和提高公司競爭力產生重要而深遠的影響。

公司作為2008年北京奧運會的贊助商，致力於奧運精神的傳播。為此，公司開展了系列奧運營銷活動，如「青島啤酒·我是冠軍」、「奧運全國行」的大篷車路演等活動，讓更多普通百姓關注奧運、體驗奧運、支持奧運，並以此為契機和載體，提升青島啤酒品牌的市場影響力，實現企業效益和社會效益的有機結合。根據世界品牌實驗室（World Brand Lab）發布的2006年「中國500最具價值品牌」排名，青島啤酒以高達224.73億元人民幣的品牌價值蟬聯「中國500強最具價值品牌」中啤酒品牌第一位。

公司新企業文化更具開放性和創新性，創新管理、持續改進的觀念已為公司廣大員工所認同。公司在業內首倡了將品牌傳播、消費者體驗和產品銷售三種手段有機結合運用的三位一體營銷模式。同時，公司持續深化組織變革，以實現資源的共享與互補，使公司的戰略協同效應最優化。管理的持續改進為公司的可持續發展提供了有力的支持。

Steady Growth of Operational Results

The Company pushed the steady growth of operational results by actively introducing latest management ideas, tools and methods with open mind by insisting on the orientation of markets and continuous internal management, mechanism reform and system integration. In 2006, the Company realized its sales volume to record high of 45.4 million hl, 11.5% up from 2005, in which that of principal brand reached 16.3 million hl, 22.3% up from the previous year; according to HKFRS, sales income of RMB11.68 billion, 16.5% up from the previous year; profit attributable to shareholders of RMB448 million, 46% up from the previous year; sales volume in overseas markets 0.65 million hl, 25.7% up from the previous year. It appears a good trend that the growth of profit is greater than that of sales income, and the growth of sales income is greater than that of sales volume. To reward its shareholders, the Company has been adopting a steady dividend policy with a relatively high percentage in recent years. The Board of Directors proposed RMB0.22 per share as dividend for the year of 2006.

In 2006, due to the changes of competition environment, the Company proposed a development strategy of both focusing on the integration and expansion. As a result of it, the Company started Expansion Project of Increasing 2 Million HL in Tsingtao Brewery No. 2, Relocation and Expansion of 1.5 Million HL of Tsingtao Brewery (Xuzhou) Pengcheng Company, Greenfield of 2 Million HL in Jinan, Capital of Shandong Province. It would create important and far-reaching influence in further improving its domestic strategic network, increasing market share and enhancing the competitiveness of the Company after the completion of aforesaid projects.

As the official sponsor of Beijing 2008 Olympic Games, the Company dedicated to the spreading of Olympic spirits by carrying out a series of Olympic marketing activities, such as "Tsingtao Beer • I Am the Champion", caravan road-show "Around China", to have more general people pay attention to the Games, experience the Games and support the Games. Based on such opportunity and platform, these activities promote the market influence of Tsingtao brand and realize the harmonious combination of corporate interests and social interests. Tsingtao Beer was ranked No. 1 of "Top 500 Most Valuable Brands in China" again in 2006 among the beer brands by the World Brand Lab with its brand value as high as RMB22.473 billion.

The Company's latest corporate culture is more open and innovative, while the concept of innovative management and continuous improvements have been recognized by its staff. It brings out the marketing mode of "Three-in-One" firstly in the sector by harmoniously combining and utilizing the three means of brand propaganda, consumers' experience and product sales. In the same time, the Company goes on to deepen its organizational reform to realize the information sharing and complementation so as to optimize the synergetic effect of strategy. The continuous improvements in management greatly support the Company's sustainable development.

董事長報告書 Chairman's Statement

2006年，公司科研成果《啤酒高效低耗釀造技術的開發與應用》獲得2006年「國家科技進步二等獎」，此項技術不僅可以降低啤酒生產過程中的水耗、煤耗、蒸汽等資源消耗，同時也可以縮短發酵週期，是啤酒行業一次突破性的創新，對擴大公司產能、降低能耗等將發揮積極的推動作用。

新年度展望

展望2007年，公司將按照「宏觀運勢，凸顯品牌，強化推廣，保持戰略執行一致性；微觀建模，資源集約，能力集成，提升價值鏈協同能力」的指導思想，以「激情歡動，奧運同行」為主題開展奧運營銷活動，按照「1+3」品牌戰略規劃目標推進青島啤酒品牌和漢斯、山水、嶗山三大品牌的整合；持續強化專業化管理，提升價值鏈運營能力，實現公司總體戰略、職能戰略、區域戰略的和諧一致。

2007年是公司實施整合與擴張並舉戰略的第一年，公司的啤酒銷量將達到508萬千升，其中青島啤酒主品牌達到190萬千升，董事會認為這個目標是積極進取的，公司的管理層將克服困難，努力實現預期目標。

最後，本人謹向過去一年中給與公司大力支持的廣大投資者、業務夥伴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
二零零七年四月十九日

In 2006, the scientific research result of “The Development and Application of Brewing Technology with High Efficiency and Low Energy Consumption” won “2006 National Sci-Tech Progress Award (II)”. This technology can not only reduce the resource consumption of water, coal, steam during the production of beer, but also reduce the fermentation cycle as well, which is a breakthrough innovation in the brewery sector, and efficiently promotes the Company to improve its output capacity, reduce energy consumption, and so on.

Outlook for 2007

For the year of 2007, the Company will follow the guideline of “Utilizing all external and internal opportunities, highlighting on brands, strengthening promotion, to maintain consistence between strategy and implementation; establishing detailed management mode, efficiently utilizing resources, absorbing human resources, to improve the synergetic ability of value chain”, to carry out the Olympic marketing activities in the theme of “Passion with Olympics”, and follow the “1+3” strategic brand planning target to promote the integration between Tsingtao brand and the other three brands of Hans, Shanshui and Laoshan; further strengthen the professional management and promote the operational capability of value chain, to realize the harmony and consistence of the Company's general strategy, functional strategy and regional strategy.

The year of 2007 will be the first year of implementing the strategy of both focusing on integration and expansion. Therefore, the Company will have its sales volume reach 50.8 million hl, in which Tsingtao Beer will reach 19 million hl. The Board thinks this target positive and aggressive, and believes the management team will make any efforts to realize this target despite of the difficulties.

Last but not least, I would like to express my sincere gratitude to our investors, our business partners, our dedicative and aggressive management team and staff for your great supports in the last year!

Chairman
LI Gui Rong
Qingdao, the People's Republic of China
19 April 2007

