



**SABECO**

SAIGON BEER – ALCOHOL – BEVERAGE  
CORPORATION



**PRIDE OF VIETNAM**

2018 ANNUAL REPORT



## SABECO'S GENERAL INFORMATION

<b>Company name in Vietnamese:</b>	TỔNG CÔNG TY CỔ PHẦN BIA – RƯỢU – NƯỚC GIẢI KHÁT SÀI GÒN
<b>Company name in English:</b>	SAIGON BEER – ALCOHOL – BEVERAGE CORPORATION
<b>Abbreviated name:</b>	SABECO
<b>Charter capital:</b>	VND 6,412,811,860,000
<b>Legal representatives:</b>	Mr. Koh Poh Tiong – Chairman of Board of Directors Mr. Neo Gim Siong Bennett – General Director
<b>Head office:</b>	187 Nguyen Chi Thanh, Ward 12, District 5, Ho Chi Minh City, Vietnam
<b>Representative office:</b>	5 <sup>th</sup> Floor, Vincom Center Building, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
<b>Telephone:</b>	(+84) 28 3829 4081 - 3829 4083 - 3829 6342
<b>Fax:</b>	(+84) 28 3829 6856
<b>Email:</b>	sabeco@sabeco.com.vn
<b>Website:</b>	www.sabeco.com.vn
<b>Business registration certificate No.</b>	0300583659 issued by Ho Chi Minh City Department of Planning and Investment on April 17, 2008, 9 <sup>th</sup> amendment on August 07, 2018
<b>Stock code:</b>	SAB
<b>Principal activities:</b>	Production and trading of Beer, Alcohol and Beverages

## CONTENT

<b>SABECO'S GENERAL INFORMATION</b>	<b>04</b>
<b>SABECO 2018</b>	<b>06</b>
Vision – Mission – Core values	08
Message from Chairman	10
Message from General Director	12
Financial highlights of 2018	14
2018 Journey	16
Awards	20
<b>SABECO INTRODUCTION</b>	<b>22</b>
Key milestones	24
Business lines and operating location	26
Product portfolio	28
Organizational chart	30
List of subsidiaries, associates and joint ventures	32
Profile of Directors and Key management	38
Development orientation	48
Analysis of main operational risks	50
<b>OPERATING REPORT</b>	<b>52</b>
Report of the Board of Directors	54
Report of the Audit Committee	60
Report of the Board of Management	62
<b>CORPORATE GOVERNANCE</b>	<b>74</b>
Corporate Governance model	76
Report of Corporate Governance	78
Risk management	83
Investor relations	89
<b>SUSTAINABLE DEVELOPMENT REPORT</b>	<b>94</b>
Introduction of Sustainable Development Report	96
Indicators of Sustainable Development	98
Model and management of Sustainable Development	99
Stakeholders engagement	102
Key issues of Sustainable Development	108
<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>120</b>

---

# SABECO 2018

---



## VISION - MISSION - CORE VALUES

VISION BY  
**2025**

**DEVELOP SABECO TO BECOME THE LEADING BEVERAGE GROUP IN VIETNAM, HAVING FIRM FOOHOLD IN REGIONAL AND INTERNATIONAL MARKETS.**

MISSION

- Develop Vietnam's beverage industry to keep pace with the world.
- Promote the culinary culture of Vietnamese people.
- Improve the quality of life by providing high quality, safe and healthy beverages.
- Bring practical benefits to shareholders, customers, partners, employees and society.
- Satisfy and meet the needs of beverages under the international food safety standards: "Food hygiene and safety and environmental protection".
- Fulfill obligations to the State on the basis of transparency in business.
- Actively participate in community activities.
- Ensure the development towards international integration.



HERITAGE  
BRAND



CONTINUOUS  
IMPROVEMENT



COHERENCE



SOCIAL  
RESPONSIBILITY



COOPERATION FOR  
DEVELOPMENT

CORE  
VALUES

## MESSAGE FROM CHAIRMAN



“ 2019 IS GOING TO CONTINUE TO BE A YEAR WITH MANY CHANGES FOR SABECO. I AM CONFIDENT THAT UNDER THE LEADERSHIP OF THE BOARD OF DIRECTORS ALONG WITH CLEAR BUSINESS STRATEGIES AND HIGHLY EXPERIENCED STAFF, SABECO WILL OVERCOME THE CHALLENGES AHEAD AND CONTINUE TO REAP SUCCESSES IN INCREASING DOMESTIC MARKET SHARE, REACHING OUT TO THE INTERNATIONAL MARKET AND MAXIMIZING BENEFITS FOR SHAREHOLDERS.

### Dear Shareholders,

In 2018, although the business environment was favorable, SABECO encountered fierce competition in the market amid beer consumption showing signs of slowing down. In that context, the Board of Directors and all employees of SABECO made continuous efforts to maintain the leading position in the industry.

SABECO has gone through 2018 with many major changes in the roadmap for realizing its mission to become the leading beverage corporation in Vietnam with a strong presence in the international markets. At the 2018 Annual General Meeting of Shareholders held on July 21, 2018, SABECO shareholders conducted the election of members of the Board of Directors for the new office term of 2018 – 2023 with a total of 7 members, including 4 Vietnamese members and 3 foreign members. Thanks to the rich management experience and deep understanding of the domestic and foreign business environment of new members, SABECO has been raised to a new high level. On the same day, SABECO made a major change of its structure of managerial organization, by replacing the Board of Supervisors with an Audit Committee to meet international management practice as well as helping SABECO enhance its transparency and management. In addition, in December 2018, the 49% cap on foreign ownership in SABECO was removed. This was considered as an important decision in attracting foreign investment, thereby increasing the value of SABECO.

2019 is going to continue to be a year with many changes for SABECO. I am confident that under the leadership of the Board of Directors along with clear business strategies and highly experienced staff, SABECO will overcome the challenges ahead and continue to reap successes in increasing domestic market share, reaching out to the international market and maximizing benefits for shareholders.

I would like to acknowledge and highly appreciate the dedication and hard work of all the Board of Directors, Board of Management and employees. On behalf of the Board of Directors, I would also like to extend my sincere thanks to the valued Shareholders, valued Customers and valued Partners for your support and contributions to SABECO's achievements. We hope to continue to receive the support and trust from you in the future.

Best regards,

**Koh Poh Tiong**

Chairman of the Board of Directors

## MESSAGE FROM GENERAL DIRECTOR



Dear Shareholders,

**SABECO IS A VIETNAMESE COMPANY, SAIGON BEER AND 333 ARE BORN IN VIETNAM AND PROUD OF ITS HERITAGE. WITH THE TRANSFORMATION, AND STRENGTHENING OF ITS BRANDS AND OPERATIONS, I AM CONFIDENT THAT SABECO WILL CONTINUE TO MAINTAIN ITS LEADERSHIP POSITION IN THE VIETNAMESE MARKET, AND READY TO TAKE ON THE WORLD!**

### SABECO 2018 - The Dragon Awakens

In 2018, the Vietnamese economy maintained its high growth momentum, underpinned by stable macroeconomics and controlled inflation. Consumption increased, exports and international tourist arrivals also saw positive growth. Overall business environment and conditions continued to improve.

With a growing economy, positive outlook and youthful energy in the workforce, SABECO continues to thrive. A slow but steady transformation in SABECO has started to make impact. In the second half 2018, a new Board of Directors, consisting of experienced international and local directors, was appointed to a 5-year term. A new senior management team was also appointed, made up of seasoned executives who

are experts in their respective fields, in Sales, Marketing, Production, Supply Chain, Finance, Human Resource and Leadership. Various transformation initiatives have been rolled out and will deliver positive results in the months and years to come. These short, mid and long-term plans will strengthen the foundation of the Corporation and ensure the long term sustainability of the business.

The transition from the previous Board and Management to the new Board and Management had been smooth. The new Team started to invest in our brands, improve our product quality and freshness, realise cost synergies and savings projects, up-skill the employees and sharpen our distribution strategies. Collectively, these initiatives have enabled the company to exceed its planned target of Profit after tax, achieving VND 4,403 billion, despite a substantial increase of special sales tax and raw material costs. A cash dividend of 35% was also paid out. In addition to that, a special dividend of 15% was proposed to the shareholders for approval at the Annual General Meeting to be held on April 12, 2019.

### 2019 - Transformation; Pride of Vietnam Shines

We expect the economic growth in 2019 to continue, with rapid urbanization and growth of the middle class. The successful organization of the World Economic Forum in 2018, confirmation of staging of the Formula 1 and the 2<sup>nd</sup> Trump - Kim Summit held in Hanoi in early 2019 have propelled Vietnam to the global stage. This will boost economic activities, attract investments and increase consumption.

Competition in the beer industry is expected to be intensify further as various players have stepped up their commercial activities. A major competitor is also building new production facilities in South.

SABECO has to accelerate its transformation process, focusing on sales, brands, product quality, supply chain efficiency, upskill employees, reduce complexity and improve efficiency of processes. It will deliver promises made to gain the trust and support of Shareholder, Customers, Employees, Partners and other stakeholders.

SABECO is a Vietnamese company, Saigon Beer and 333 are born in Vietnam and proud of its heritage. With the transformation, and strengthening of its brands and operations, I am confident that SABECO will continue to maintain its leadership position in the Vietnamese market, and ready to take on the world!

Best regards,

**Neo Gim Siong Bennett**  
General Director

# FINANCIAL HIGHLIGHTS OF 2018

## CONSUMPTION VOLUME

(Million liters)



**+0.3%** compared to 2017

**-0.4%** compared to 2018 plan

## TOTAL REVENUE

(Billion VND)



**+5.1%** compared to 2017

**+2.6%** compared to 2018 plan

(\*) **Total revenue** = Net sales + Financial income + Profit from associates and joint ventures + Other income

## NET SALES

(Billion VND)



**+5.1%**

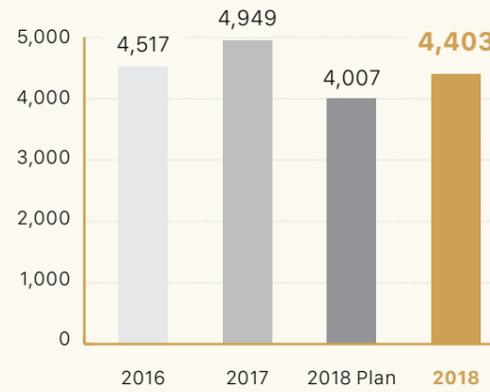
compared to 2017

**+2.1%**

compared to 2018 plan

## PROFIT AFTER TAX

(Billion VND)



**-11.0%**

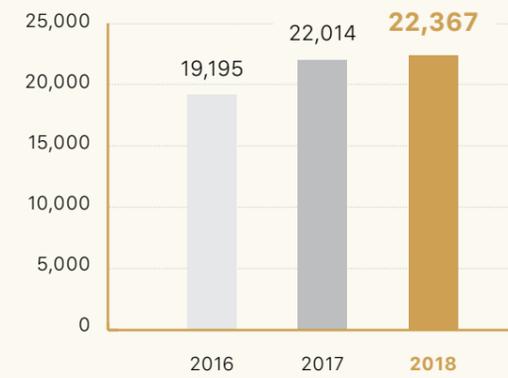
compared to 2017

**+9.9%**

compared to 2018 plan

## TOTAL ASSETS

(Billion VND)

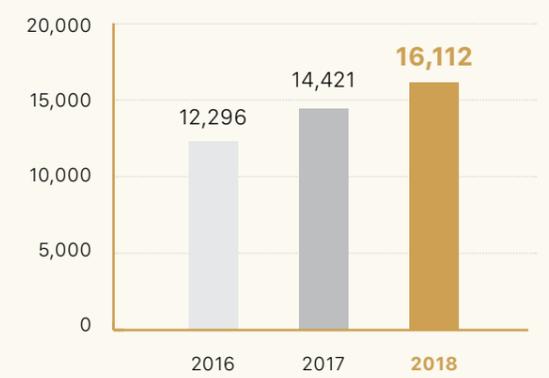


**+1.6%**

compared to 2017

## TOTAL OWNER'S EQUITY

(Billion VND)



**+11.7%**

compared to 2017

### TOTAL ASSETS

22,367

BILLION VND

### OWNER'S EQUITY

16,112

BILLION VND

### NET SALES

35,949

BILLION VND

### ROA

19.8%

### ROE

28.8%

## 2018 JOURNEY

### Successful convention of 2018 Annual General Meeting of Shareholders

At 2018 Annual General Meeting of Shareholders, shareholders of SABECO elected the Board of Directors for a new term of 2018 - 2023, in which Mr. Koh Poh Tiong was appointed as Chairman of the Board of Directors. In addition, 2018 Annual General Meeting of Shareholders approved the change of structure of managerial organization of SABECO (replacing the Board of Supervisors with the Audit Committee under the Board of Directors).

### SABECO Town Hall in Ho Chi Minh City and Da Nang

The dialogue between the General Director and all managers of SABECO and its subsidiaries, associates and joint ventures was held to share the direction and the path which would lead to SABECO's success in the near future.



### Leicester City's Sponsorship

Bia Saigon has become Leicester City's Official Sleeve Sponsor for the 2018/2019 season.

## 08-09/2018

### "Saigon Special Beach Festival"

Series of "Saigon Special Beach Festival" with the message "Make it your special summer" were held in big tourist cities.



## 07/2018



## 09 - 12/2018



### 09 - 11/2018: Saigon Special UTC Promotion "Here's to Success, Win 8 luxury cars"

One of the largest promotion programs in the history of SABECO and beer industry in Vietnam with the prizes of 8 Mercedes GLC 200 and 8,888,888 Saigon Special bottles, reaching the 1st rank of "BSI Top 10 Campaign on social media in October 2018" (source: Buzzmetrics).



### 10 - 12/2018: "Here's to Success" Program accompanying with AFF Suzuki Cup

Bia Saigon closely associated with Vietnamese football team as a sponsor of 2018 AFF Suzuki Cup football tournament through a series of football cheering activities at 5 Fanzone and nationwide outlets. Bia Saigon has contributed to creating an enthusiastic and orderly football vibe, thereby spreading Vietnamese spirit and pride.



**11/2018: "Here's to Success" Tet Campaign**

Holistic campaign to celebrate the new height and rising spirit of the nation.



**12/2018: "Coming Home For Tet 2019"**

SABECO awarded 1,000 free air tickets to outstanding workers from industrial zones and processing zones of Ho Chi Minh City, Binh Duong and Dong Nai Province to come home for Tet 2019.

This is a way for SABECO to show appreciation for the non-stop efforts of workers in 2018. As a Vietnamese brand, Bia Saigon has been proud to celebrate and acknowledge the rising spirit of the workers, thereby contributing to the

overall success of the nation. The program has promoted Vietnamese cultural value: The reunion on the traditional Tet holiday.

The program has received positive support from the community, media and social networks, reaching 3<sup>rd</sup> rank of **"Top 10 Tet Campaign on social media in 2019"** (source: SocialBeat).

# 24/12/2018

**24/12/2018: "Pride of Vietnam" Mega Event**

Iconic year-end event to celebrate the achievements of Vietnam and Vietnamese, including the young, rising pop stars and Champions of AFF Suzuki Cup 2018. SABECO organized the **"Pride of Vietnam"** Mega Event with the music performance of pop stars on the rise, highlighted with the head coach Park Hang-seo, star footballers and training team on stage.



## AWARDS



"TOP VIETNAM'S 50 BEST PERFORMING COMPANIES"

"TOP 16 BILLION DOLLARS COMPANIES"

(Honored by Nhip Cau Dau Tu Magazine in tandem with Thien Viet Securities)



**RANK 5<sup>TH</sup>, TOP 10 MOST  
VALUABLE VIETNAMESE  
BRANDS 2017**

Honored by Brand Finance



**TOP 500 LARGEST  
ENTERPRISES IN VIETNAM**



**05 CONSECUTIVE WINS  
OF THE NATIONAL  
BRAND AWARD**

for Food and Beverage in the period of  
2008 - 2013 certified by Vietnam Value  
(National Trademark Council)



Beer 333 Premium Export was  
honored and awarded the  
**GOLD MEDAL, AUSTRALIAN  
INTERNATIONAL BEER  
AWARDS (AIBA) 2015**  
with the certification of the  
Best Lager style product

### GOVERNMENT EMULATION FLAG

years of 1994, 1995, 1997, 1998, 2003, 2004, 2005, 2006, 2007, 2012, 2013, 2015 and merit certificates from the Prime Minister for years of 2002, 2005, 2013

### FIRST-CLASS INDEPENDENCE MEDAL IN 2014

### LABOR HERO MEDAL IN THE RENOVATION PERIOD OF 2008

**RANK 4<sup>TH</sup>, TOP 40  
MOST VALUABLE VIETNAMESE  
BRANDS IN 2018**

HONORED BY FORBES MAGAZINE





---

# SABECO INTRODUCTION

---

## KEY MILESTONES

1875

**The precursor of Saigon Beer was a small beer workshop set up by Mr. Victor Larue, a Frenchman in Saigon.**

In 1910, the workshop was developed into a complete brewery, specialized in producing beer, beverages and ice. In September 1927, the brewery was officially incorporated into the French BGI system.

1977

**The establishment of Saigon Beer Brewery.**

On May 17, 1977, the Minister of Food and Foodstuff issued the Decision No. 845/LTTP to place the BGI Company Brewery under the operation and management of the Southern Brewery Company. From June 01, 1977, the brewery was renamed as Saigon Beer Brewery.

1985

**The introduction of 333 canned beer.**

In October 1985, Saigon Brewery installed a canning system and produced the first canned beer product in Vietnam.



1992

**The introduction of Saigon Lager Beer bottle.**

In February 1992, Saigon Beer Brewery completely installed and put into operation a new brewing line with capacity of 30,000 bottles/hour and started using plastic tanks to replace wooden tanks. The product design was more varied.



1993

**The change from Saigon Beer Brewery to Saigon Beer Company.**

Saigon Beer Brewery became Saigon Beer Company after the merger of Saigon Ice Factory and Beer - Alcohol Mechanical Factory.

1999

**The introduction of Saigon Special beer bottle.**



1996

**The introduction of Saigon Export.**

In August 1996, new product of 355 ml Saigon Export beer bottle was launched.



2003

**The establishment of Saigon Beer - Alcohol - Beverage Corporation (SABECO).**

Saigon Beer - Alcohol - Beverage Corporation (SABECO) was established with new subsidiaries of Binh Tay Liquor Company, Chuong Duong Beverages Company, Phu Tho Glass Company and Saigon Beer - Alcohol - Beverage Trading Company.



1 billion liters of beer consumed.

2008

**The establishment of Saigon Beer - Alcohol - Beverage Corporate as a joint stock company after transformation of operating model through equitization process.**

Also, in 2008, SABECO was awarded the title of Labor Hero of the Renovation Period. Saigon Beer - Cu Chi Brewery was established. This was considered as the most modern brewery in Southeast Asia.

2010

2015

140 years of heritage.

2016

Listing on Ho Chi Minh Stock Exchange (HOSE).

2017

The Ministry of Industry and Trade (MOIT) successfully sold 53.59% of the shares in SABECO to Vietnam Beverage Co., Ltd. MOIT continues to hold 36% of shares.

**The introduction of Saigon Gold - SABECO's premium beer.**



2018

**The change in structure of managerial organization of SABECO.**

Audit Committee was established to replace the Board of Supervisors.

# BUSINESS LINES AND OPERATING LOCATION



### BRAND POSITION

Bia Saigon is the most long-standing brand, leading the beer industry in Vietnam market with 143 years of history and 43 years of brand building and development. Saigon Beer products, which carry traditional values and represent the history and people of Vietnam, are known and supported by many generations of consumer. Products of SABECO have been gradually winning over millions of beer drinkers in the world and have been available in more than 30 countries around the world with increasing popularity.

143

YEARS OF HISTORY

43

YEARS OF BRAND BUILDING AND DEVELOPMENT

### PRODUCTION SYSTEM

With 25 breweries and 1 brewery under construction, SABECO is easy to access and bring products to consumers in the fastest and most efficient manner. The production system is considered a fundamental factor and a competitive advantage compared to competitors. Saigon Beer breweries are equipped with synchronous machinery and equipment with modern production technology, imported from manufacturers of specialized equipment for beer industry in the world such as Krones AG and KHS, integrated with high-automation production management system, which helps reduce energy consumption and support effective production management. Most of Saigon Beer breweries are all certified to ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 22000:2005 (Food Safety Management System) and HACCP (Hazard analysis and critical point control system during the production).

### TECHNOLOGY AND PRODUCT QUALITY

Defining technology and technique as the fundamental factor in its competitive and development strategy. SABECO promulgates and applies a closed and highly automated production process, managed by a technical team including highly-experienced technological and equipment engineers and Brew Masters who are trained to improve their skills in leading brewing countries such as Germany and USA. Besides, SABECO also issues and commits the highest quality policy for all its products, managed by the quality management system with modern testing equipment and strict monitoring processes from raw materials (under the standards issued by SABECO, imported from reputable and major suppliers in the world and regularly updated as regulated) to the finished products before reaching consumers.

## BREWERY SYSTEM



25 **Breweries**  
(and 1 Brewery under construction)

2.0 **Total production capacity**  
(Billion liters of beer/year)

**1** Parent Trading Company

**10** Regional Trading Companies

More than **100,000** product consumption channels

Available in more than **30** countries

## DISTRIBUTION SYSTEM



### VIETNAM

63 provinces

### ASIAN

Laos, China, Taiwan, Japan, Hong Kong, South Korea, Thailand, Singapore, Bahrain, Israel

### AFRICA

Equatorial Guinea, Gabon, Cameroon, Ghana, Republic of Congo, Benin, Liberia, Sierra Leone

### EUROPE

France, the Netherlands, the UK, Sweden, Switzerland, Russia, Denmark, Spain, Czech Republic, Austria, Italy, Germany, Romania

### THE AMERICAS

USA, Canada, Panama, Cuba

### THE OCEANIA

Australia, New Zealand, Kiribati

# PRODUCT PORTFOLIO

## Beer



Saigon Gold      Saigon Special      Saigon Export      Saigon Lager      333



Vina Vodka Standard      Vina Vodka Pure Grain      Vina Vodka Special

## Alcohol Beverages

## Non-alcohol Beverages



Nang Huong Premium Liquor      Nang Huong Premium Vodka      Nang Huong Liquor



Sa Xi Chuong Duong      Aloe Vera Chuong Duong      Soda Chuong Duong

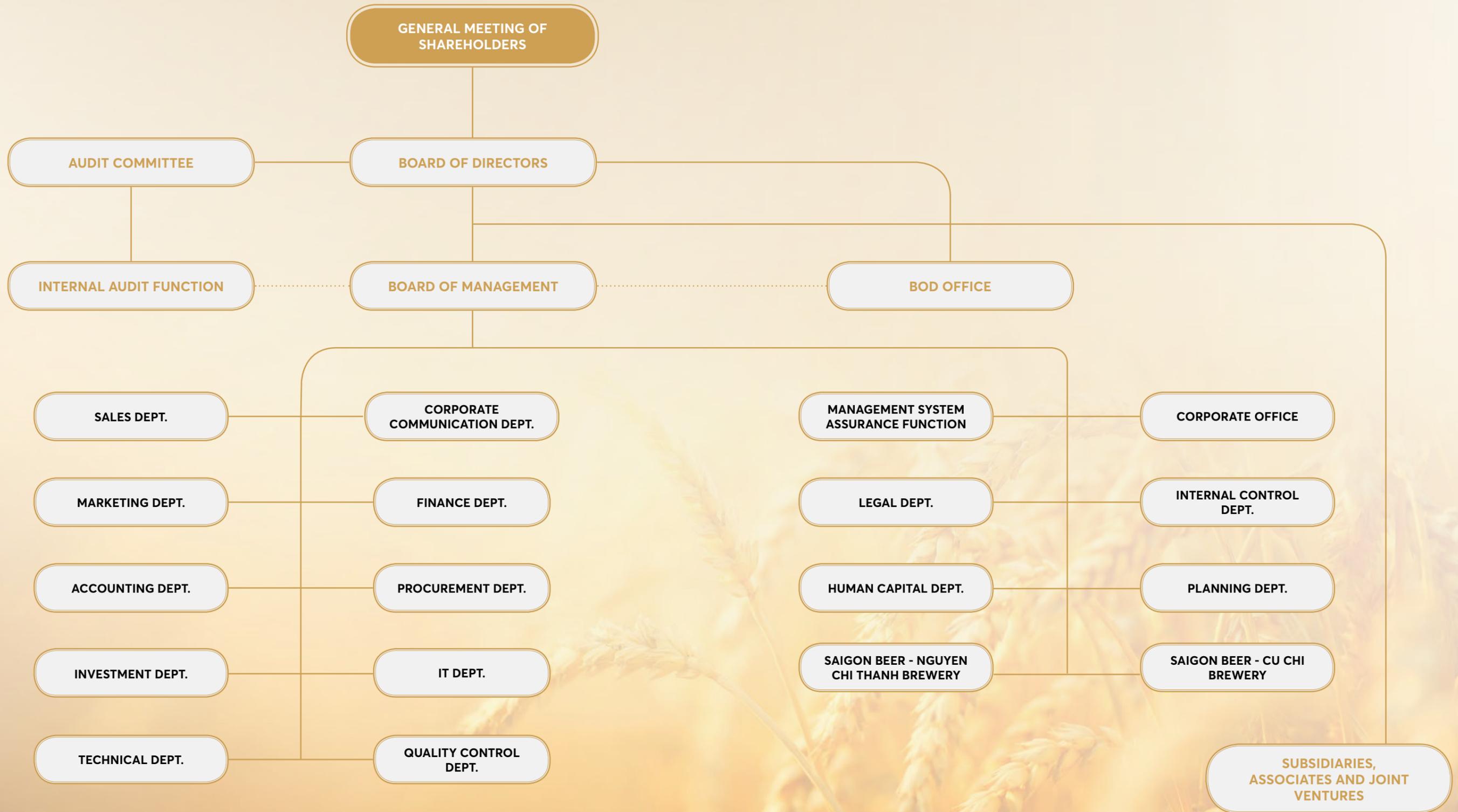


Napoleon      Caravelle Red Rhum      De Wine



Orange/Strawberry Chuong Duong      Bottled Drinking Water Chuong Duong

# ORGANIZATIONAL CHART



# LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

## SUBSIDIARIES

No.	COMPANY NAME	ADDRESS	BUSINESS LINE	CHARTER CAPITAL	% OF OWNERSHIP
1	Sai Gon Beer Trading Company Limited	#12, Dong Du Road, Ben Nghe Ward, Dist.1, Ho Chi Minh City.	Trading beer, alcohol and beverage.	700,000,000,000	100.00%
2	Sa Be Co Mechanical Co., Ltd	#215, Dao Duy Tu Road, Ward 6, Dist.10, Ho Chi Minh City.	Manufacturing equipment used in food, manufacturing, install and maintain machinery system and equipment.	59,365,663,690	100.00%
3	Sai Gon - Ha Tinh Beer One Member Company Limited	Km 12, Ha Tinh Ring Road, Thach Tan, Thach Ha Dist., Ha Tinh Province.	Producing and trading beer, yeasty malt, mineral water, bottled purified water.	120,000,000,000	100.00%
4	Saigon Beer Company Limited	#187, Nguyen Chi Thanh Road, Ward 12, Dist.5, Ho Chi Minh City.	Trading beer, alcohol and beverage.	10,000,000	100.00%
5	Saigon Beer Group Company Limited	#187, Nguyen Chi Thanh Road, Ward 12, Dist.5, Ho Chi Minh City.	Trading beer, alcohol and beverage.	10,000,000	100.00%
6	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Nho Dong Vinh Industrial Park, Dong Vinh Ward, Vinh City, Nghe An Province.	Trading beer, alcohol and beverage; transportation and warehousing services.	40,000,000,000	95.07%
7	Northern Sai Gon Beer Trading Joint Stock Company	Industrial lot 01-05, Ninh Hiep Industrial Cluster, Ninh Hiep Commune, Gia Lam Dist., Hanoi.	Trading beer, alcohol and beverage; transportation and warehousing services.	39,719,500,000	94.72%
8	Saigon Beer Center Trading Joint Stock Company	#2, Thi Sach Road, Ben Nghe Ward, Dist.1, Ho Chi Minh City.	Wholesale of beer, alcohol drinks; wholesale of non-alcohol dinks, wholesale of other chemicals, alcohol trading packaging; providing cargo transportation by car.	90,000,000,000	94.41%
9	Binh Tay Liquor Joint Stock Company	#621, Pham Van Chi Road, Ward 7, Dist.6, Ho Chi Minh City.	Producing and trading alcohol.	140,000,000,000	93.32%
10	Bia Saigon Mien Trung Trading Joint Stock Company	#7, Road No. 1, An Don Industrial Park, An Hai Bac Ward, Son Tra Dist., Da Nang City.	Trading beer, alcohol and beverage; provision warehousing and cargo transportation by car services.	60,000,000,000	91.24%
11	Sai Gon Beer Eastern Trading Joint Stock Company	#46/19, D1 Road, Binh Phu Hamlet, Binh Chuan Commune, Thuan An Dist., Binh Duong Province.	Trading beer, alcohol and beverage; provision cargo transportation by car services.	40,210,000,000	90.68%
12	Sai Gon Beer Northeast Trading Joint Stock Company	#2A, Cai Lan Industrial Park, Bai Chay Ward, Ha Long Dist., Quang Ninh Province.	Trading beer, alcohol and beverage; provision warehousing and cargo transportation services.	40,000,000,000	90.45%
13	Saigon Beer Nam Trung Bo Trading Joint Stock Company	National Highway No. 1, Dien Phu Commune, Dien Khanh Dist., Khanh Hoa Province.	Trading beer, alcohol and beverage; provision warehousing and cargo transportation services.	60,000,000,000	90.14%
14	Sai Gon Beer Tay Nguyen Trading Joint Stock Company	#190, Nguyen Van Linh Avenue, Ea Tu Commune, Buon Me Thuot City, Dak Lak Province.	Trading beer, alcohol and beverage; provision warehousing and transportation services.	39,761,600,000	90.00%
15	Saigon Song Tien Beer Trading Joint Stock Company	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province.	Trading beer, alcohol and beverage; provision warehousing and cargo transportation by car services.	40,000,000,000	90.00%
16	Saigon Song Hau Beer Trading Joint Stock Company	#1/1A, Dinh Tien Hoang Avenue, Thoi Binh Ward, Ninh Kieu Dist., Can Tho City.	Trading beer, alcohol and beverage; provision cargo transportation by road and waterway services.	40,290,000,000	90.00%
17	Sai Gon Beer Packaging Joint Stock Company	#621, Pham Van Chi Road, Ward 7, Dist.6, Ho Chi Minh City.	Producing and trading tin lid ring and metal packaging, packaging for food and beverage industry.	71,770,160,000	76.81%
18	Saigon - Songlam Beer Joint Stock Company	Bloc 1, Hung Dao Commune, Hung Nguyen Dist., Nghe An Province.	Producing and trading beer and beverage; import and export related materials.	450,000,000,000	68.78%
19	Sai Gon - Quang Ngai Beer Joint Stock Company	Quang Phu Industrial Park, Quang Ngai City, Quang Ngai Province.	Producing and trading beer.	450,000,000,000	66.56%
20	Chuong Duong Beverages Joint Stock Company	#606, Vo Van Kiet Road, Cau Kho Ward, Dist.1, Ho Chi Minh City.	Producing and trading beverage, canned food and accessories.	85,000,000,000	62.06%

No.	COMPANY NAME	ADDRESS	BUSINESS LINE	CHARTER CAPITAL	% OF OWNERSHIP
21	Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Area 6, Thanh Ba Town, Thanh Ba Dist., Phu Tho Province.	Producing and trading beer, alcohol and soft drinks.	30,000,000,000	55.90%
22	Saigon - Nghetinh Beer Joint Stock Company	#54, Phan Dang Luu Road, Truong Thi Ward, Vinh City, Nghe An Province.	Producing and trading beer, alcohol and beverage.	105,000,000,000	54.73%
23	Sai Gon - Ha Noi Beer Corporation	#A2-CN8, Tu Liem Industrial Cluster, Phuong Canh Ward, Nam Tu Liem Dist., Hanoi.	Producing and trading beer and beverage; import and export related materials.	180,000,000,000	52.11%
24	Saigon Beer Western Joint Stock Company	Tra Noc Industrial Park, Tra Noc Ward, Binh Thuy Dist., Can Tho City.	Producing and trading beer.	145,000,000,000	51.00%
25	Saigon Soc Trang Beer One Member Limited Company	Lot S, An Nghiep Industrial Park, An Hiep Commune, Chau Thanh Dist., Soc Trang Province.	Producing and trading beer, yeasty malt, mineral water, bottled purified water.	45,000,000,000	51.00%

## ASSOCIATES AND JOINT VENTURES

No.	COMPANY NAME	ADDRESS	BUSINESS LINE	CHARTER CAPITAL	% OF OWNERSHIP
1	Vietnam Spirits and Wine Ltd	#621, Pham Van Chi Road, Ward 7, Dist.6, Ho Chi Minh City.	Producing and trading alcohol and alcohol-related products.	65,461,973,000	45.00%
2	Truong Sa Food - Food Business Joint Stock Company	#6A, Truong Sa Road, Ward 17, Binh Thanh Dist., Ho Chi Minh City.	Producing agricultural products and foods.	17,700,000,000	38.62%
3	San Miguel Yamamura Phu Tho Packaging Company Limited	#1, Le Van Khuong Road, Hiep Thanh Ward, Dist.12, Ho Chi Minh City.	Manufacturing and trading metal packaging.	51,882,792,000	35.00%
4	Me Linh Point Limited	#2, Ngo Duc Ke Road, Ben Nghe Ward, Dist.1, Ho Chi Minh City.	Provision office building leasing and management services.	221,066,150,400	35.00%
5	Sai Gon - Mien Trung Beer Joint Stock Company	#1, Nguyen Van Linh Road, Tan An Ward, Buon Me Thuot City, Dak Lak Province.	Producing and trading beer, alcohol, beverage and spare parts.	298,466,480,000	32.40%
6	Saigon - Phutho Beer Joint Stock Company	Trung Ha Industrial Park, Hong Da Commune, Tam Nong Dist., Phu Tho Province.	Producing beer, alcohol and beverage.	125,000,000,000	30.84%
7	Crown Beverage Cans Saigon Limited	Hanoi Avenue, Hiep Phu Ward, Dist.9, Ho Chi Minh City.	Manufacturing aluminium cans.	256,369,900,000	30.04%
8	Malaya - Vietnam Glass Limited	Suite 11.1, Floor 11, REE Building, #9, Doan Van Bo Road, Ward 12, Dist.4, Ho Chi Minh City.	Manufacturing glass products.	322,209,160,000	30.00%
9	Tan Thanh Investment Trading Company Limited	#66, Tan Thanh Road, Ward 12, Dist.5, Ho Chi Minh City.	Construction and real estates.	250,000,000,000	29.00%
10	Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	#50A, Bui Thi Xuan Road, Ben Thanh Ward, Dist.1, Ho Chi Minh City.	Providing consulting construction and designing services.	1,400,000,000	28.57%
11	Saigon Tay Do Beer - Beverage Joint Stock Company	Lot 22, Tra Noc 1 Industrial Park, Binh Thuy Dist., Can Tho City.	Producing and trading beer, alcohol, beverage.	200,000,000,000	27.62%
12	Mechanical and Industrial Construction Joint Stock Company	#929-931, National Highway No. 1A, Thoi An Ward, Dist.12, Ho Chi Minh City.	Manufacturing, installing machinery, bridges and roads and industrial construction products.	35,999,480,000	26.00%
13	Sai Gon - Khanh Hoa Beer Joint Stock Company	Dien Phu Industrial Park Cluster, Dien Phu Commune, Dien Khanh Dist., Khanh Hoa Province.	Producing and trading beer, alcohol, beverage and spare parts.	100,000,000,000	26.00%
14	Saigon Binh Tay Beer Group Joint Stock Company	#8, Nam Ky Khoi Nghia Road, Nguyen Thai Binh Ward, Dist.1, Ho Chi Minh City.	Producing beer.	875,245,360,000	21.80%

No.	COMPANY NAME	ADDRESS	BUSINESS LINE	CHARTER CAPITAL	% OF OWNERSHIP
15	Sai Gon - Vinh Long Beer Joint Stock Company	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province.	Producing beer, alcohol and beverage.	150,000,000,000	20.00%
16	Sai Gon - Kien Giang Beer Joint Stock Company	D1, D2 Road, Thanh Loc Industrial Park, Thanh Loc Commune, Chau Thanh Dist., Kien Giang Province.	Producing and trading beer, alcohol, beverage and spare parts.	115,000,000,000	20.00%
17	Saigon - Bentre Beer Joint Stock Company	Phuoc Hau Hamlet, An Phuoc Commune, Chau Thanh Dist., Ben Tre Province.	Producing beer, alcohol and beverage.	100,000,000,000	20.00%
18	Saigon - Lamdong Beer Joint Stock Company	Industrial lot 5, Loc Son Industrial Park, Loc Son Ward, Bao Loc City, Lam Dong Province.	Producing beer, alcohol and beverage.	100,000,000,000	20.00%
19	Saigon - Bac Lieu Beer Joint Stock Company	Lot 5B, Tra Kha Industrial Park, Ward 8, Bac Lieu City, Bac Lieu Province.	Producing beer, alcohol and beverage.	120,120,000,000	10.20%



## PROFILE OF DIRECTORS AND KEY MANAGEMENT



**Mr. Koh Poh Tiong**  
Chairman

**Year of birth:** 1946

**Nationality:** Singaporean

**Date of first appointment:** April 23, 2018

**Date of last re-election:** July 21, 2018

### Academic and Professional Qualifications

- Bachelor of Science, University of Singapore, Singapore

### Work Experiences

#### Current positions include:

- Chairman, Bukit Sembawang Estates Limited
- Director/Chairman - Remuneration Committee/Member - Audit Committee/Member - Nominating Committee/Member - Risk Management Committee/Member - Market Sustainability and Strategy Committee, Delfi Limited
- Director and Adviser of the Board/Chairman - Executive Committee/Chairman - Sustainability and Risk Management Committee, Fraser and Neave Limited

- Independent Director, Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad
- Chairman, National Kidney Foundation
- Lead Independent Director/Member - Audit and Risk Committee/Member - Nomination and Compensation Committee, Raffles Medical Group Ltd
- Chairman, Singapore Kindness Movement
- Chairman, Times Publishing Limited
- Chairman, Yunnan Yulinquan Liquor Co Ltd

#### Past positions include:

- Director/Member - Audit Committee/Chairman - Strategy Working Group/Member - Investment Review Working Group, The Great Eastern Life Assurance Company Limited
- Director/Member - Executive Committee/Chairman - Nominating Committee/Member - Remuneration and Human Resource Committee, SATS Ltd
- Director/Member - Remuneration Committee, United Engineers Ltd



**Mr. Pramoad Phornprapha**  
Independent member of Board of Directors  
Chairman of Audit Committee

**Year of birth:** 1966

**Nationality:** Thai

**Date of first appointment:** July 21, 2018

### Academic and Professional Qualifications

- Bachelor of Science in Electrical Engineering (Honors), Northwestern University, USA
- MBA in Marketing (Honors), J.L. Kellogg Graduate School of Management, Northwestern University, USA
- MPA in Business and Government (Honors), J.F. Kennedy School of Government, Harvard University, USA

### Work Experiences

#### Current positions include:

- Independent Director, Amarin Printing and Publishing Public Company Limited
- Independent Director/Member of Nominating and Corporate Governance Committee/Member of Risk Management Committee, Sermsuk Public Company Limited

- Audit Committee/Independent Director, Univanich Palm Oil Public Company Limited
- Independent Director/Member of the Audit Committee, Thai Summit Harness Public Company Limited
- Chairman, Talaypu Natural Products Co., Ltd
- Managing Partner/Director, Claris Co., Ltd
- Managing Director, myDNA Co., Ltd
- Director, EcoFuture Co., Ltd
- Director, P Garden Co., Ltd
- Director, P Landscape Co., Ltd
- Director, Plimboonluck Co., Ltd
- Director, Pornmit Co., Ltd
- Director, Progress Watch Company Limited
- Managing Director, Wanwarin and Associate Co., Ltd

#### Past positions include:

- Partner/Managing Director, The Boston Consulting Group

## PROFILE OF DIRECTORS AND KEY MANAGEMENT



**Mr. Nguyen Tien Vy**

*Independent member of Board of Directors  
Member of Audit Committee*

**Year of birth:** 1955

**Nationality:** Vietnamese

**Date of first appointment:** July 21, 2018

### Academic and Professional Qualifications

- Master of Laws

### Work Experiences

#### Current positions include:

- Lawyer, Hanoi Bar Association
- Vice Chairman, Vietnam Beer - Alcohol - Beverage Association

#### Past positions include:

- Chairman, Vietnam Association for Responsible Drinking (VARD)
- Advisor of the Board of Directors, Vietnam Electrical Equipment Corporation
- Director, Vietnam Electrical Equipment Corporation
- Member, Board of Enterprise Renovation and Development, Ministry of Industry and Ministry of Industry and Trade
- Director, Legal Department, Ministry of Industry
- Chief of Office, Ministry of Industry
- Chief of Office, Ministry of Industry and Trade
- Director, The Planning Department of Ministry of Industry and Trade



**Ms. Tran Kim Nga**

*Member of Board of Directors*

**Year of birth:** 1961

**Nationality:** Vietnamese

**Date of first appointment:** May 09, 2018

**Date of last re-election:** July 21, 2018

### Academic and Professional Qualifications

- Bachelor of Foreign Language
- Bachelor of Business Administrative - Commerce

### Work Experiences

#### Current positions include:

- Director/Legal Representative, B-S Mart Co., Ltd
- Member of the Members' Council/Corporate Development Director, MM Mega Market Vietnam Co., Ltd
- Director, SAS-CTAMAD
- Director, Victory Link Co., Ltd
- General Director/Legal Representative, Vietnam Beverage Company Limited
- General Director/Legal Representative, Vietnam F&B Alliance Investment Joint Stock Company
- Chief Representative, BJC Resident Representative Office in Ho Chi Minh City
- General Director/Legal Representative, TBC Ball Beverage Can Vietnam Company Limited

#### Past positions include:

- Business Development Manager, BJC Resident in Hanoi



**Mr. Michael Chye Hin Fah**

*Member of Board of Directors  
Member of Audit Committee*

**Year of birth:** 1959

**Nationality:** Singaporean

**Date of first appointment:** July 21, 2018

### Academic and Professional Qualifications

- Bachelor of Business Studies with First Class Honors in Accounting and Finance, Massey University, New Zealand
- Master of Business Studies with Distinction in Accounting and Finance, Massey University, New Zealand
- Fellow of the Institute of Singapore Chartered Accountants
- Associate Member of the Institute of Chartered Secretaries and Administrators
- Member of the Singapore Institute of Directors
- Associate Member of Chartered Secretaries Institute of Singapore

### Work Experiences

#### Current positions include:

- Non-Executive Director, Vietnam Dairy Products Joint Stock Company
- Director, Alliance Asia Investment Private Limited
- Director, Alliance Strategic Investments Pte Ltd
- Director, Beer Chang International Limited
- Director, BeerCo Limited
- Director, BevCo Limited (Hong Kong)
- Director, BevCo Limited

- Director, CAC Co., Ltd
- Non-Executive Director, DECCO 235
- Alternate Director, Fraser and Neave, Limited
- Director, Havi Food Distribution (Thailand) Co., Ltd
- Director, Havi Logistics (Thailand) Limited
- Non-Executive Director, Heritas Capital Management Pte Ltd
- Non-Executive Director, IMC Pan Asia Alliance Corporation
- Director, InterBev (Singapore) Limited
- Director/Group Chief Financial Officer, International Beverage Holdings Limited
- Director, International Beverage Holdings (Singapore) Pte Limited
- Director, International Beverage Holdings (UK) Limited
- Director, International Beverage Trading (Hong Kong) Limited
- Director, International Beverage Trading Limited
- Director, InterF&B Pte Ltd
- Director, Inver House Distillers Limited
- Non-Executive Director, Marketing Magic Pte Ltd
- Director, Myanmar Distillery Company Limited
- Director, Myanmar Supply Chain and Marketing Services Company Limited
- Non-Executive Director, Prudence Holdings Limited
- Director, So Water Company Limited
- Executive Director, Super Brands Company Pte Ltd
- Director/Legal representative, Vietnam Beverage Company Limited
- Director, Wellwater Limited
- Executive Vice President, Finance and Accounting Group/Deputy Group CFO/Chief Finance Officer - International Business, Thai Beverage Public Company Limited
- Legal representative/Chairman of Board of Management, Vietnam F&B Alliance Investment Joint Stock Company

#### Past positions include:

- Director, Sermsuk Beverage Co., Ltd
- Director, Sermsuk Holdings Co., Ltd
- Director, Sermsuk Public Company Limited
- Director, Wrangyer Beverage (2008) Company Limited

## PROFILE OF DIRECTORS AND KEY MANAGEMENT



**Mr. Luong Thanh Hai**

Member of Board of Directors

**Mr. Nguyen Tien Dung**

Member of Board of Directors

**Mr. Neo Gim Siong Bennett**

General Director

**Mr. Teo Hong Keng**

Deputy General Director in charge of Accounting, Finance and other support functions

**Year of birth:** 1964

**Nationality:** Vietnamese

**Date of first appointment:** July 21, 2018

### Academic and Professional Qualifications

- PhD of Economics

### Work Experiences

#### Past positions include:

- Deputy General Director, Sai Gon Beer Trading Company Limited
- Managing Director, Sai Gon Beer Trading Company Limited
- Director, Saigon Beer Center Trading Joint Stock Company
- Head of Sales and Distribution Department, Sai Gon Beer Trading Company Limited
- Head of Sales Department, Saigon Beer – Alcohol – Beverage Corporation

**Year of birth:** 1973

**Nationality:** Vietnamese

**Date of first appointment:** July 21, 2018

### Academic and Professional Qualifications

- Bachelor of Finance – Credit
- Certificate of Chief Accountant Training

### Work Experiences

#### Current positions include:

- Chairman, Sai Gon Beer Trading Company Limited
- Chairman, Saigon - Nghetinh Beer Joint Stock Company
- Chairman, Saigon - Songlam Beer Joint Stock Company
- Chairman, Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company

#### Past positions include:

- Chief Accountant, Saigon Beer – Alcohol – Beverage Corporation
- Director, Binh Tay Liquor Joint Stock Company

**Year of birth:** 1969

**Nationality:** Singaporean

**Date of appointment:** August 01, 2018

### Academic and Professional Qualifications

- Bachelor of Engineering in Mechanical and Production, Nanyang Technological University, Singapore
- Insead Business School (Fountainbleu - France) - Heineken International Senior Management Course
- SEM Singapore Executive Program, Tsinghua University, Beijing, China

### Work Experiences

#### Current positions include:

- Chairman, Chuong Duong Beverages Joint Stock Company
- Chairman, Saigon Beer Company Limited
- Vice Chairman, Me Linh Point Limited
- Chairman, Saigon Song Hau Beer Trading Joint Stock Company
- Board Member, National Kidney Foundation (Singapore)

#### Past positions include:

- CEO - Food, Fraser and Neave Limited
- CEO, YCH Group
- CEO - Marine, EMAS Offshore Services Pte Ltd
- Regional Director, Asia Pacific Breweries Ltd (Singapore)
- General Director, ExxonMobil Unique (Vietnam) Co Ltd

**Year of birth:** 1972

**Nationality:** Singaporean

**Date of appointment:** May 09, 2018

### Academic and Professional Qualifications

- Bachelor of Accountancy Degree, Nanyang Technological University, Singapore
- Insead Business School (Fountainbleu - France) - Heineken International Senior Management Course 2015
- Member of Institute of Singapore Chartered Accountants (ISCA)

### Work Experiences

#### Current positions include:

- Chairman, Sai Gon - Quang Ngai Beer Joint Stock Company
- Chairman, Saigon Beer Group Company Limited
- Director, Sai Gon - Kien Giang Beer Joint Stock Company

#### Past positions include:

- Finance Director (base in Kuala Lumpur), Heineken Malaysia Sdn Bhd
- Finance Director (base in Singapore), Asia Pacific Breweries (Singapore) Pte Ltd
- Head of Finance (base in Phnom Phenh), Cambodia Brewery Limited

## PROFILE OF DIRECTORS AND KEY MANAGEMENT



**Mr. Ng Kuan Ngee Melvyn**

*Deputy General Director in charge of Sales*

**Mr. Lam Du An**

*Deputy General Director in charge of Technology - Production*

**Mr. Hoang Dao Hiep**

*Deputy General Director in charge of Marketing*

**Mr. Tran Nguyen Trung**

*Chief Accountant*

**Year of birth:** 1969

**Nationality:** Singaporean

**Date of appointment:** May 09, 2018

#### Academic and Professional Qualifications

- Bachelor of Business in Marketing, Monash University, Australia

#### Work Experiences

##### Current positions include:

- Chairman, Saigon Beer Center Trading Joint Stock Company
- Chairman, Sai Gon Beer Tay Nguyen Trading Joint Stock Company
- Chairman, Sai Gon Beer Northeast Trading Joint Stock Company
- Chairman, Sai Gon - Ha Tinh Beer One Member Company Limited

##### Past positions include:

- Area Business Director Asia, Warsteiner International KG (Singapore)
- General Manager, Heineken Asia Pacific Brewery (Guangzhou)
- Commercial Director, Hainan Asia Pacific Brewery
- Marketing Manager, Riche Monde (Moet-Hennessy) Pte Ltd

**Year of birth:** 1967

**Nationality:** Vietnamese

**Date of appointment:** October 12, 2017

#### Academic and Professional Qualifications

- Mechanical Engineer, University of Technology

#### Work Experiences

##### Current positions include:

- Director, Saigon Beer - Nguyen Chi Thanh Brewery
- Chairman, Sai Gon - Ha Noi Beer Corporation
- Chairman, Sa Be Co Mechanical Co., Ltd
- Chairman, Sai Gon - Mien Trung Beer Joint Stock Company
- Director, Sai Gon - Vinh Long Beer Joint Stock Company

##### Past positions include:

- Director, Sai Gon - Vinh Long Beer Joint Stock Company

**Year of birth:** 1973

**Nationality:** Vietnamese

**Date of appointment:** October 01, 2018

#### Academic and Professional Qualifications

- Bachelor of Arts in Exterior and Interior Design, Hanoi University of Industrial Fine Art
- Certificate of Peak Performance Organization (PPO) of Saatchi & Saatchi Worldwide
- Certificate of Accelerated Leadership Development Program (ALDP) of Carlsberg Group

#### Work Experiences

##### Current positions include:

- Chairman, Sai Gon Beer Eastern Trading Joint Stock Company

##### Past positions include:

- Managing Director, Saatchi & Saatchi Vietnam
- Managing Director, MSL Group Vietnam
- Marketing Director, Lao Brewery (LBC)
- Marketing Director, Carlsberg Indochina

**Year of birth:** 1967

**Nationality:** Vietnamese

**Date of appointment:** September 01, 2018

#### Academic and Professional Qualifications

- Bachelor of Economics

#### Work Experiences

##### Current positions include:

- Chairman, Saigon Soc Trang Beer One Member Limited Company
- Director, Saigon - Baclieu Beer Joint Stock Company
- Director, Sai Gon - Quang Ngai Beer Joint Stock Company
- Director, Saigon Beer Western Joint Stock Company
- Chief Accountant, Saigon Beer Company Limited
- Chief Accountant, Saigon Beer Group Company Limited
- Member of Board of Supervisors, Saigon Beer Center Trading Joint Stock Company

##### Past positions include:

- Deputy Chief Accountant, Saigon Beer - Alcohol - Beverage Corporation
- Head of Board of Supervisors, Saigon Beer Center Trading Joint Stock Company
- Head of Board of Supervisors, Sai Gon - Kien Giang Beer Joint Stock Company
- Head of Board of Supervisors, Sai Gon - Quang Ngai Beer Joint Stock Company

## PROFILE OF DIRECTORS AND KEY MANAGEMENT



**Mr. Nguyen Hoang Giang**

*General Director - Saigon Beer Trading Company Limited (SATRACO)*

**Year of birth:** 1966

**Nationality:** Vietnamese

**Date of appointment:** August 06, 2018

### Academic and Professional Qualifications

- Navigation Engineer, University of Vietnam Maritime, Hai Phong, Vietnam
- Program on Investment Appraisal (Distinction), In-service Training College and Harvard Institute for Int'l Development, Ho Chi Minh City, Vietnam
- Course on Shipping and Port Management (Excellent Certificate), Shipping Transport College/Int'l Maritime Transport Academy Rotterdam Holland
- Customer service and operation practice, P&O Nedlloyd Singapore Office
- Refresher course of Shipping and Port Management, Vietnam Maritime/Int'l Maritime Transport Academy
- Document and revenue system, P&O Nedlloyd Singapore Office
- Course on Finance operation and customer service, P&O Nedlloyd Singapore Office
- Soft skills training on negotiation, project management and leadership

- Project management - IKEA ASEA training
- IKEA Supply chain training
- Leadership - IKEA global training
- Inventory management - IKEA global training
- Art of Sales, Dale Carnegie
- Leadership skill, Dale Carnegie

### Work Experiences

#### Current positions include:

- Chairman, Sai Gon Beer Bac Trung Bo Trading Joint Stock Company
- Chairman, Bia Saigon Mien Trung Trading Joint Stock Company

#### Past positions include:

- CEO, Vinafco Joint Stock Company
- Regional Logistic Manager of South East Asia Area, IKEA Trading South East Asia Area
- National Manager Customer Service and Operations, Toll Vietnam Limited



# DEVELOPMENT ORIENTATION

SABECO HAS CONTINUED TO BOOST BUSINESS ACTIVITIES TOWARDS EFFECTIVE AND SUSTAINABLE DEVELOPMENT TO AFFIRM MARKET LEADERSHIP POSITION.



## Key focus:



### SALES

Focus on maintaining domestic position, boost the export and move into new markets.

Diversify distribution channels, improve the capacity and operational efficiency of the distribution system.



### BRAND

Review brand positioning.

Develop brand architecture.

Conduct brand health measurement.



### EXPENSES

Simplify organizational structure.

Strict control of expenses.

Shared services across the system and consider the joint purchasing cooperation with companies within the Corporation.



### MANAGEMENT ACTIVITIES

Internationalize management activities by applying the management model under the international practice, in which the Board of Directors plays a strategic role and the Board of Management is responsible for operation and management.

Establish sub-committees to serve the Board of Directors.



### PRODUCTION

Ensure and improve product quality.

Increase the efficiency of breweries.

Increase production management capacity and rationalize production and consumption areas.



### SUPPLY CHAIN

Rationalize warehousing and transportation.

Optimize route planning.

Improve delivery service levels.



### PERSONNEL

Build employee engagement, increase the effectiveness of the employees and turn human resource into a core competitive element.

Develop open and transparent communication.

Develop policies to manage and evaluate the effectiveness of work.

Strengthen employee's performance through annual training programs.

Implement pay-for-performance salary structure.



### IT

Increase the application of information technology – SABECO 4.0 in SABECO's activities.

## ANALYSIS OF MAIN OPERATIONAL RISKS



### MATERIAL RISKS



**IN 2018, RAW MATERIAL COSTS INCREASED COMPARED TO 2017.**

#### Main reason:

Malt and houblon are agricultural products directly affected by the weather and the crop. Particularly, the hot dry weather in Europe in Quarter 3 of 2017 affected the quantity of houblon while Australian malt crop yields decreased by 39% compared to the previous crop.

Aluminum prices increased due to China's policy of suspending production plants that pollute the environment, resulting in a significant reduction in aluminum production. In addition, the suspension of polluting factories forced customers to buy raw materials from the countries other than China, which increased the prices.

The main raw materials account for a large proportion in the structure of product prices and depend on the supply of foreign markets. Due to the increase in USD exchange rate, the production costs have increased.

To limit the negative impacts of fluctuating material prices, SABECO has actively sought solutions to reduce material costs such as:

- Coordinate with companies in the system to conduct the joint procurement and prioritize to buy the maximum number from common suppliers between SABECO and companies in the system to achieve good prices, ensure the quality stability and minimize the risk of errors in the production and business process that incur costs.
- Test and put into use new packaging which would help save cost and protect environment.
- Diversify suppliers and find additional supply sources from other regions to reduce costs and minimize risks.



### MARKET RISKS

**THE MOST INFLUENTIAL FACTOR ON MARKET RISK IS THE COMPETITION OF WELL BRANDED AND FINANCIALLY POWERFUL OF OVERSEA COMPETITORS WITH INTERNATIONAL EXPERIENCES.**

Competitors have continued to invest heavily in marketing and sales to increase market share in SABECO's main markets. The mainstream beer segment which is the strength of SABECO face fierce competition from high-end players.

In addition, the current consumption trend has many changes: The trend is to consume more premium beer products for the past years because of the increasing average income while SABECO is still lacking competitive products in the high-end segment; High-income young people tend to consume foreign beer; Consumers are increasingly concerned about health so they tend to consume more non-alcohol and good-for-health beverage products. These may lead to a change in competitive dynamics in the beer market. Despite being in the leading position in Vietnam market, SABECO has prepared plans for this market risk by improving product quality, promoting R&D to diversify products and further increase the strength of Bia Saigon brand in order to meet increased competition.



### EXCHANGE RATE RISKS



The main raw materials accounting for a large proportion of the product cost structure depend on the supply of foreign markets while the products are consumed mainly in the domestic market. Therefore, when the exchange rate fluctuates, it would directly affect the cost of imported beer raw materials and SABECO's profits. The increase in exports in recent years has contributed to a part of foreign currency supply to import raw materials. With positive macroeconomic prospects and a policy of stabilizing the domestic currency exchange rate (expected to fluctuate at the threshold of 1% per year) maintained by the State Bank, the risk of exchange rates for SABECO today has been lessened.



### POLICY RISKS

Due to the main products which are beer, alcohol and non-alcohol beverages, SABECO is under direct impact of the government policies and regulations:

- Special sales tax rate on alcohol and beer: Pursuant to the Law on special sales tax in 2014, the special sales tax rate on alcohol products over 25 degrees and beer is 65% since early 2018.
- The draft law on preventing harmful effects of alcohol and beer is under review by the National Assembly. If this law is passed, it will create a certain impact on the business result of SABECO.



---

# OPERATING REPORT

---

# REPORT OF THE BOARD OF DIRECTORS

## ASSESSMENT OF 2018 PERFORMANCE

### OVERVIEW



**2018 WAS A TRANSITION YEAR WITH OPPORTUNITIES AND CHALLENGES FOR BOTH THE VIETNAM BEER INDUSTRY AND SABECO.**

- Vietnam Economic growth in 2018 reached 7.08% - the highest rate in 11 years that - has facilitated the growth of business.
- Vietnam economy is growing fast with increasing GDP, increasing per capita income, increasing urbanization and high proportion of young population. These drive the demand of consumption and support future growth of the Vietnam beer industry.
- Vietnam ranks first (1<sup>st</sup>) in Southeast Asia, and third (3<sup>rd</sup>) in Asia after China and Japan in terms of annual beer consumption. This position shows the attractiveness of the market with a population of over 96 million, attracting the participation of many leading beer firms in the world.
- With the purpose of gaining value for consumers, SABECO has constantly enhanced technology and the ability of control to ensure the quality of product. At the same time, SABECO has been investing in marketing activities to promote its image and brand value as a part of a long-term sustainable development strategy.
- The 5% increase in special sales tax rate from 60% to 65% in 2018 has put considerable pressure on SABECO's profit target amid fierce competition. Foreign brewers with their strong financial resources, have been spending more on capacity expansion and advertising and marketing to access the market and consumers as well as capture market share.

- In addition, the fact that prices of raw materials had increased sharply due to seasonal effects and bad weather led to the continued decline in industry's profit margin. Some ingredients for beer production in Vietnam which will increase in 2019 are Malt and Rice.
- The alcohol, non-alcohol and beverages business have encountered many difficulties in distribution. Inappropriate investment in warehousing and machinery had an impact on the result of overall business.

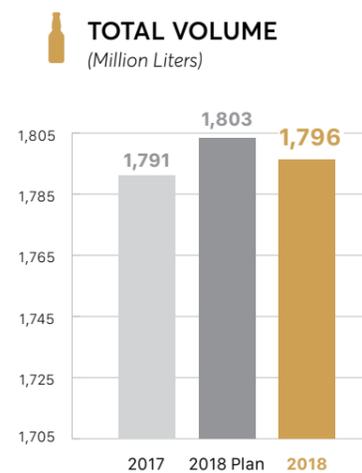


### BUSINESS PERFORMANCE IN 2018

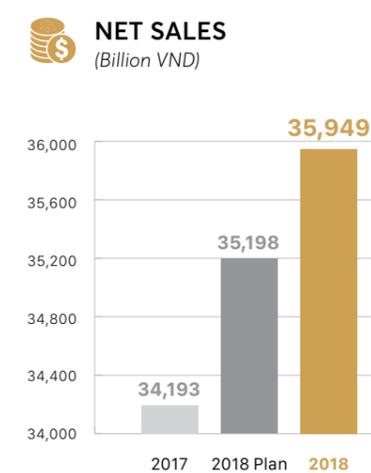
Vietnam Beverage Company Limited acquired 53.59% of SABECO's share in late 2017 and joined the Board of Directors and the Management team and from the second quarter of 2018 also set the plan to improve company's management and operation and enhance competitiveness.

The Corporation's financial performance was better than plan/budget despite the increase in special sales tax and raw materials prices. Volume was flat because of destocking at distributor level, to manage unhealthy inventory levels and to ensure beer freshness.

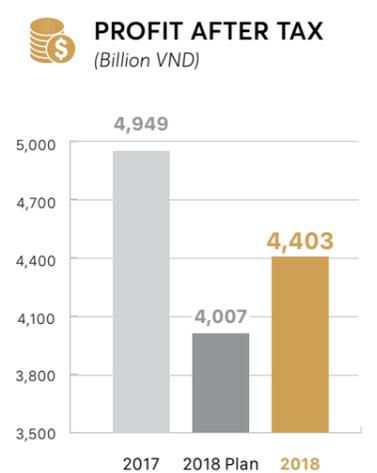
The key results of 2018 are:



**-0.4%**  
compared to 2018 plan



**+2.1%**  
compared to 2018 plan



**+9.9%**  
compared to 2018 plan

# REPORT OF THE BOARD OF DIRECTORS

## THE BOARD OF DIRECTORS' ACTIVITIES IN 2018



In 2018, SABECO's Board of Directors held seventeen (17) meetings to facilitate the implementation of company strategic plans and to supervise the business activities of SABECO and its group companies. Apart from regular Board of Directors meetings, the Board also approved circular resolutions for urgent business matters.

In response to SABECO's expanding operating scale, business activities have to be adjusted regularly to adapt to complex market conditions and changes in the economic environment. Therefore, Board of Directors members have been working with the highest sense of responsibility, developing their leadership capacity to pursue SABECO's sustainable development for the interests of shareholders.

The approved resolutions are delegated to the Management for implementation in line with business plan.

Summary of Board of Directors's supervising activities is outlined below:

### ORGANIZATIONAL STRUCTURE

- Set up Audit Committee to replace Board of Supervisors as approved by shareholders at 2018 Annual General Meeting (AGM).
- Setting up of Internal Audit function in progress.

### SALES AND MARKETING ACTIVITIES

- Invested in marketing activities and branding campaign to strengthen the image of the Corporation and brands, in line with long-term strategic plans particularly in positioning of each of the brands (eg. Sponsorship of AFF Suzuki cup).
- Reviewed product portfolio and tracked market share.

- Satisfied customer's requirements and needs in each market segment.
- Monitored and guided the sales support programs to increase effectiveness and ensure consistency throughout the system for achievement of targeted sales volume.
- Focused on key distributors and distribution channels to meet market demand, taking into consideration the pricing strategies and market competitiveness.
- Developed a strategy to grow sales through stimulating sales to consumers (such as Launch of Under The Cap ("UTC") Promotions for Saigon Special Beer).

### PRODUCTION AND SUPPLY CHAIN ACTIVITIES

- Maintained highest standard for product quality by improving procurement process of raw materials and production process.
- Ensured production resources are operating at optimum capacity and efficiency.
- Closely monitored price movement of raw materials and ensure timely purchasing of production materials to ensure production costs are optimized.
- Enhanced efficiency and capabilities for supply chain within SABECO system.
- Properly performed quality management, machinery and equipment management, improved training for workers to ensure quality and food safety.
- Managed experimental and beer analysis activities at testing laboratories of the Company's system, developed documentation, maintained and improved the laboratory management system ISO 17025:2005.
- Invested in R&D activities and applied innovative technologies to diversify product portfolio, improve product quality and reduced manufacturing costs. The brewery's operational procedures always ensure the health, environment and sustainable development.
- Restructured warehouse, developed transportation roadmap and gradually optimized transport activities, centralized the operation of long-range transport; diversified methods of transportation and ensured adequate supply during peak occasions.

### INVESTMENT ACTIVITIES

- Ensured compliance with law on bidding during implementation of capital investment projects.
- Invested in projects for expansion of production capacity in order to meet business needs.

### HUMAN CAPITAL ACTIVITIES

- Reviewed and developed the Corporation's structure to streamline organization and increase effectiveness of business management and operation by reviewing the functions and duties of various sections of the corporation, subsidiaries and standardizing of job descriptions to properly evaluate the staff capacity.
- Strengthened the management structure by combining international management experience, understanding of local and network, high expertise.

# REPORT OF THE BOARD OF DIRECTORS

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES' ACTIVITIES

- As at December 31, 2018, SABECO has 25 subsidiaries with over 51% of ownership and 19 associates and joint ventures.
- With the growth in sales volume in 2018, most of SABECO's subsidiaries and associates in main business activities (beer manufacturing and trading) and supporting industries (packaging, transportation, mechanical) had recorded positive results in comparison to 2017, thereby increased the effectiveness of SABECO's capital investment.

## 2019 OUTLOOK



**2018 MARKED A MILESTONE IN THE TRANSITION AND INTEGRATION PHASE OF SABECO. THE APPOINTMENT OF NEW MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM, COUPLED WITH THE HERITAGE OF SAIGON BEER BRAND, WOULD LEAD THE CORPORATION TO THE NEXT PHASE OF TRANSFORMATION AND DEVELOPMENT.**

The lifting of foreign ownership limit in SABECO from 49% to 100% would help to enhance the attractiveness of SABECO's shares as well as easily attract more foreign capital from overseas.

Thus, 2019 is a pivotal year for the Corporation to continue generating business momentum and pursuing targeted performance. To achieve the proposed 2019 business plan, the Board of Directors would provide directives in the following areas:

- Implement resolutions of the General Meeting of Shareholders including achieving 2019 business plan.
- Focus on improving business productivity and efficiencies.
- Focus resources on branding and marketing activities, including building brand position, production and distribution strategies matching the trend of consumption, in parallel with completing distribution network restructuring and effectively supporting channel and product segment control.
- Restructure SABECO organization to integrate human resource management; apply the key performance indicator (KPI) system.
- Maintain market share in rural, expand urban market and promote export market.
- Focus on major reforms to increase investment and operational efficiency, reduce operating costs, aimed at increasing productivity.
- Promote research and development initiatives to improve product quality and develop new product offerings.
- Commit to achieving sustainable development for the community and environment through implementing social responsibility activities, community support and environmental protection programs.
- Enhance capabilities and efficiency of supply chain throughout SABECO system.
- Improve corporate governance by applying high governance standards to efficiently leverage SABECO's internal values and strengths, build strong relations and trust among shareholders and investors.



## REPORT OF THE AUDIT COMMITTEE

**PURSUANT TO SABECO'S ANNUAL GENERAL MEETING 2018 DATED JULY 21, 2018, THE ORGANIZATION OF SABECO APPROVED THAT THE PREVIOUS BOARD OF SUPERVISORS WOULD BE REPLACED BY THE AUDIT COMMITTEE.**

Under the new structure, the Board of Directors established the Audit Committee on October 30, 2018 and appointed Directors as members of the Audit Committee. The Audit Committee under the Board of Directors of SABECO comprises three Directors as follows:

<b>Mr. Pramoad Phornprapha</b> - Independent member of the BOD	<b>Mr. Nguyen Tien Vy</b> - Independent member of the BOD	<b>Mr. Michael Chye Hin Fah</b> - Independent member of the BOD
<b>CHAIRMAN</b>	<b>MEMBER</b>	<b>MEMBER</b>

In general, the Audit Committee would meet at least once a quarter or more if circumstances require. In the fiscal year ended December 31, 2018, the Audit Committee held two meetings attended by all three members.

After each meeting and at the end of the financial year, the Audit Committee would consolidate and report its activities to the Board of Directors which can be summarized as follows:

### REVIEW OF FINANCIAL STATEMENTS

The Audit Committee would review quarterly, semi-annual and annual financial statements before they were submitted by the Board of Management to the Board of Directors, by the Board of Directors to shareholders at the Annual General Meeting, or for public release as required by the law, and assessed whether they were fairly, completely and timely presented in accordance with current accounting regulations, accounting standards and legal requirements. For 2018, the review results showed that:

- Quarterly and annual financial statements were prepared and disclosed in accordance with current accounting standards and regulations.
- During the year, there were no changes in accounting policies, accounting standards or tax policies that have a material impact on the disclosed financial position and financial statements.
- During the year, the Corporation received the Notification of the tax authority requesting provisional payments in relation to the late payment penalty and late interest on special sales tax (SST) for the period from 2007 to 2015 and, on December 28, 2018, the Corporation received

Decisions from the Ho Chi Minh City Tax Department regarding the enforcement and implementation of the tax administrative decisions by seizing the Corporation's cash from the Corporation's bank account. In this regard, the Corporation's position has always been clear and consistent that the Corporation did not violate regulations on the declaration, calculation and payment of special sales tax and has always complied with the written guidance of the authorities. Subsequently, on January 02, 2019, the Corporation received decisions from the Ho Chi Minh City Tax Department to suspend the above decisions on the enforcement. The Corporation has sent the official letters to the relevant authorities to resolve these matters.

### OVERSIGHT OF COMPLIANCE AND FRAUD PREVENTION

The Audit Committee would supervise the effectiveness of internal controls to prevent fraud and ensure compliance with the law, charter and regulations. Initially, the Audit Committee would focus on the efficiency of internal audit and risk management systems.



**It was expected that the Internal Audit function would officially operate by second quarter of 2019. The roles and responsibilities of the Internal Audit function include the following:**

- Provide an annual assessment on the adequacy and effectiveness of the organization's corporate governance, risk management and internal control processes in all areas of SABECO's operations.
- Report significant issues related to corporate governance, risk management and internal controls in SABECO's operation and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of departmental resources.
- Develop a flexible annual audit plan using an appropriate risk-based methodology and submit that plan to the Audit Committee for review and approval.
- Implement the annual audit plan, as approved, including any special tasks or projects requested by the Management and the Audit Committee.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Audit Committee and the Board of Management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist the investigation of significant suspected fraudulent activities within the organization and notify the Management and the Audit Committee of the results.
- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

### OVERSIGHT OF INDEPENDENT AUDITING

For the fiscal year 2019, the Audit Committee will review and submit the proposal for selection of an independent auditing firm to the Board of Directors to propose to Annual General Meeting for approval.

### SETTING UP OF INTERNAL AUDIT FUNCTION UNDER THE AUDIT COMMITTEE

For 2018 – 2019, the Audit Committee also has supervised the setting up of the Internal Audit function.

The Internal Audit function operates under and subject to the Audit Committee's independent supervision through the approval of the annual audit plan and review of the Internal Audit Charter and internal audit methodology.

Under the direction of the Board of Directors, the Audit Committee had worked with the Board of Management to implement steps to select the "Internal Audit Co-sourcing service provider" and establish an Internal Audit function.

# REPORT OF THE BOARD OF MANAGEMENT

## ANALYSIS AND ASSESSMENT OF 2018 BUSINESS PERFORMANCE



**WHILE MANY BEER MARKETS IN THE WORLD HAVE BEEN MOVING SIDWAY OR GROWING NEGATIVELY, VIETNAM BEER MARKET HAS MAINTAINED A GROWTH RATE OF OVER 5%.**

Vietnam beer market has been a vibrant and attractive market attracting the entry of many new domestic and foreign beer brands. However, the beer industry has also had fierce competition because the players have been continually investing heavily in marketing and sales activities to dominate the market.

At the end of 2017, SABECO had a big change in shareholder structure, in which, Vietnam Beverage Co., Ltd. became a major shareholder of SABECO. Therefore, 2018 was the year of transformation development process for SABECO. The business efficiency and result of 2018 have had great importance to create momentum and positive spirit for SABECO employees to continue to implement the objectives in the following years.

### Key finance indicators:

No.	TARGET	UNIT	ACTUAL 2017	PLAN 2018	ACTUAL 2018	COMPARISON			
						ACTUAL 2018/ACTUAL 2017		ACTUAL 2018/PLAN 2018	
						+/-	%	+/-	%
<b>1</b>	<b>Consumption volume</b>								
	<b>All kinds of Beer</b>		1,791	1,803	1,796	5	0.3%	(7)	-0.4%
	Saigon Beer		1,732	1,743	1,738	5	0.3%	(6)	-0.3%
	Liquor	Million liters	0.9	0.9	0.7	(0.2)	-24.5%	(0.3)	-28.9%
	Alcohol		2.4	1.9	1.3	(1.0)	-43.5%	(0.5)	-28.2%
	Beverage		29	30	23	(6)	-20.1%	(6)	-21.1%
<b>2</b>	<b>Total revenue</b>	Billion VND	35,218	36,093	37,016	1,798	5.1%	922	2.6%
<b>3</b>	<b>Profit before tax</b>	Billion VND	6,077	4,878	5,390	(687)	-11.3%	513	10.5%
<b>4</b>	<b>Profit after tax</b>	Billion VND	4,949	4,007	4,403	(546)	-11.0%	395	9.9%
<b>5</b>	<b>Profit after tax/ Charter capital</b>	%	77%	62%	69%				
<b>6</b>	<b>Dividend rate</b>	%	35%	35%	35%				



### BEVERAGES

In 2018, consumption of all kinds of beverage (mainly carbonated beverage) decreased by 20.1% over the same period and only reached 78.9% of the plan, due to competitive pressure from the "giant" companies. With strong financial potential, these companies have frequently launched competitive strategies of price reduction and product promotion. In addition, changes in consumer tastes towards non-carbonated beverage products and nutritional products have also affected the consumption volume of key product - Sa Xi.

TOTAL REVENUE

37,016

billion VND

+5.1% over the  
same period

CONSUMPTION VOLUME

1,796

million liters

+0.3% over the  
same period

INCLUDING

1,738

million liters of Saigon beer

+0.3% over the  
same period**LIQUOR AND ALCOHOL**

Along with beverage, liquor and alcohol products also decreased compared to last year. However, they have accounted for small proportion of SABECO's total revenue and volume. Currently, SABECO has been having orientation and plan to develop liquor and alcohol products in the future.

**BEER**

*Consumption volume in 2018 reached 1,796 million liters of all kinds of beer, an increase of 0.3% compared to 2017.*

**Volume and revenue**

Consumption volume in 2018 reached 1,796 million liters of all kinds of beer, an increase of 0.3% compared to 2017. Total revenue (excluded special sales tax) reached VND 37,016 billion, an increase of 5.1% over the same period due to the increase of consumption volume and product price to offset the increase of 5% in special sales tax and the increase of raw materials costs.

- **Consumer demand and purchasing power:** Beer currently accounted for 93% of alcoholic beverage consumption in Vietnam. Population structure has still been golden population period and the large number of potential consumers have remained in the long term. Those factors have led to the growth of beer demand in the market.
- **Export:** Apart from domestic market, SABECO saw the growth of export volume, reaching 33 million liters, making up 1.8% of total sales volume.

**REPORT OF THE BOARD OF MANAGEMENT****Gross profit**

In 2018, gross profit of beer segment decreased slightly from 28.8% to 26% due to the increase of raw materials costs and special sales tax expenses. In general, the consolidated gross profit rate in 2018 reached 22.5% compared to 25.9% last year due to the decline of alcohol and non-alcohol segment.

**OPERATING EXPENSES**

3,644

billion VND

-3.0% over the  
same period**Operating expenses**

In 2018, SABECO's total selling and general administrative expenses were VND 3,644 billion, accounting for nearly 10% of net revenue. However, these expenses decreased by 3% over the same period. Selling expenses were recorded at VND 2,731 billion (mainly expenses of marketing, promotion and salaries for sales staff), a decrease by VND 80 billion over the same period while general administrative expenses decreased by VND 23 billion. SABECO is in the process of restructuring to reduce costs and increase productivity.

**PROFIT AFTER TAX**

4,403

billion VND

+9.9% compared to  
the plan**Profit after tax**

2018 profit after tax was VND 4,403 billion, a decrease by 11% over the same period but an increase by 9.9% compared to the plan, mainly due to higher cost of goods sold while financial profit in 2018 increased by VND 24 billion, equivalent to 4%.

# REPORT OF THE BOARD OF MANAGEMENT

## 2018 FINANCIAL POSITION

### Financial indicators

FINANCIAL INDICATORS	UNIT	2017	2018
<b>Growth index</b>			
Total revenue		11.2%	5.1%
Net revenue		12.2%	5.1%
Gross profit		8.6%	-8.8%
Profit after tax	%	9.5%	-11.0%
Total assets		14.7%	1.6%
Owner's equity		17.3%	11.7%
<b>Performance index</b>			
Gross margin		25.9%	22.5%
EBIT margin		17.9%	15.1%
ROA (Return on Assets)	%	24.0%	19.8%
ROE (Return on Equity)		37.0%	28.8%
<b>Operational capacity</b>			
Days of receivables		4	2
Days of inventory	Day	30	25
Days of payables		29	27
Total asset turnover		1.66	1.62
Fixed asset turnover	Time	6.52	7.51
<b>Solvency</b>			
Cash ratio		1.46	2.03
Current ratio	Time	1.85	2.48
Quick ratio		1.58	2.17
<b>Capital structure</b>			
Total liabilities/Equity		0.54	0.45
Total liabilities/Total assets		0.35	0.31
Total assets/Equity	Time	1.54	1.45
Capacity of loan interest		145.31	153.94

## ASSETS

As at December 31, 2018, total assets were recorded at VND 22,367 billion, increased by 1.6% over the same period, mainly due to the increase of cash flow from business activities.

Current assets increased nearly VND 1,004 billion (including cash and bank deposits). Long-term assets decreased by VND 651 billion, of which the value of tangible fixed assets decreased by VND 430 billion, mainly due to the depreciation and insignificant capital expenditure (CAPEX) when production activities at breweries have been in a stable phase without any major investment.

The return on assets (ROA) decreased from 24% to 19.8% in 2018, mainly due to the reduction in 2018 profit after tax. The ratio of return on equity (ROE) was 28.8%, lower than 37% of 2017.

Besides, the consistent sales policy, the flexibility and initiative in coordinating production and consumption activities significantly improved days of receivable and days of inventory significantly improve compared to 2017, respectively by 2 days and 25 days.

### TOTAL ASSETS

# 22,367

— billion VND

### TOTAL LIABILITIES

# 6,255

— billion VND



## LIABILITIES

As at December 31, 2018, total liabilities was VND 6,255 billion, a decrease of VND 1,338 billion compared to 2017. The major cause was the reduction of short-term liabilities, of which tax and other payables to State Budget decreased VND 109 billion, and other short-term payables decreased by VND 1,551 billion, which resulted from the 2018 dividend payment of 35%.

Total liabilities on equity decreased from 0.54 to 0.45 times while the payment indicator increased from 1.85 to 2.48 times. These indicators have demonstrated safe financial position of SABECO as well as capital mobilization potential to expand production and business in the future.

# REPORT OF THE BOARD OF MANAGEMENT

## MARKETING AND SALES

<ul style="list-style-type: none"> <li>Invest in building the equity of brands.</li> </ul>	<ul style="list-style-type: none"> <li>Launch innovative marketing campaigns that excite consumers.</li> </ul>
<ul style="list-style-type: none"> <li>Develop the distribution network of beers in all provinces.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure beer freshness at the outlets for consumers.</li> </ul>

## PROJECT INVESTMENT ACTIVITIES

In 2018, SABECO has continued to implement investment projects and construction maintenance as follows:

- Invest in construction and renovation of the equipment of fermentation workshops at Sai Gon Beer - Nguyen Chi Thanh Brewery, which is expected to complete in September 2019.
- Invest in beer filtration system in membrane filtration technology at Saigon Beer - Nguyen Chi Thanh Brewery, which is expected to complete in June 2019.
- Renovate wastewater treatment system to treat phosphorus and color at Saigon Beer - Cu Chi Brewery, which is expected to complete in December 2019.
- Conduct construction maintenance of some items at Saigon Beer - Nguyen Chi Thanh Brewery and Saigon Beer - Cu Chi Brewery at the cost of over VND 1 billion.



## HUMAN CAPITAL AND CHANGES IN ORGANIZATIONAL STRUCTURE, POLICY AND MANAGEMENT

### HUMAN CAPITAL

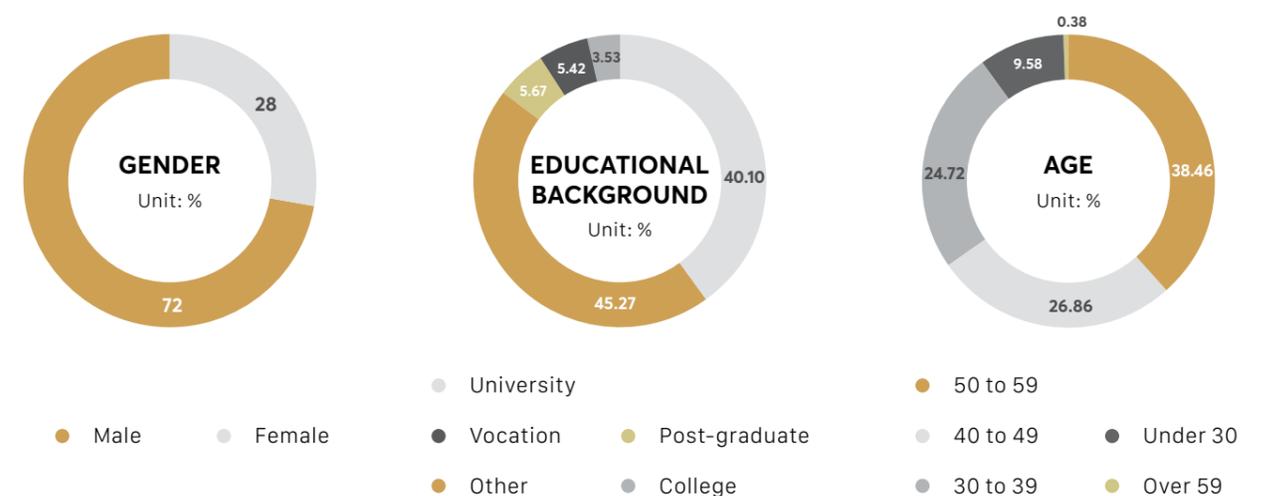
List of the Board of Management in 2018

No.	FULL NAME	POSITION	PERIOD
1	Mr. Neo Gim Siong Bennett	General Director	01/08/2018 to present
		Deputy General Director	09/05/2018 to 31/07/2018
2	Mr. Teo Hong Keng	Deputy General Director	09/05/2018 to present
3	Mr. Ng Kuan Ngee Melvyn	Deputy General Director	09/05/2018 to present
4	Mr. Lam Du An	Deputy General Director	12/10/2017 to present
5	Mr. Hoang Dao Hiep	Deputy General Director	01/10/2018 to present
6	Mr. Tran Nguyen Trung	Chief Accountant	01/09/2018 to present
7	Mr. Nguyen Thanh Nam	General Director	12/06/2017 to 31/07/2018
8	Mr. Nguyen Minh An	Deputy General Director	03/2015 to 11/06/2018
9	Mr. Nguyen Tien Dung	Chief Accountant	2008 to 31/08/2018

Total number of employees (under Audited Consolidated Financial Statements) is 7,877, in which 807 employees are under the Corporation.

**TOTAL NUMBER OF EMPLOYEES**  
**7,877**  
employees

### Employee structure at the Corporation



# REPORT OF THE BOARD OF MANAGEMENT

## CHANGE IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICY

- Change SABECO's management model: the Board of Supervisors was replaced by Audit Committee under the Board of Directors.
- Establish new departments on the basis of re-establishing and separating from specialized departments in accordance with the production and business operation requirements.
- Close the representative office in Hanoi.

## INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES



In 2018, SABECO established 2 companies with 100% directly contributed capital of SABECO, which are Saigon Beer Company Limited and Saigon Beer Group Company Limited, with their main business of trading of beer, alcohol and non-alcohol beverages.

Saigon - Phu Ly Beer Joint Stock Company was no longer an associate of SABECO due to the merger of Saigon - Phu Ly Beer Joint Stock Company, Saigon - Ninh Thuan Beer Joint Stock Company and Saigon Beer - Binh Tay Joint Stock Company.

In 2018, SABECO's subsidiaries, associates and joint ventures operating in the main business (beer

production and trading) and related business (packaging, transportation, mechanics) have generally achieved positive business results, thereby contributing to SABECO's overall performance. The 2018 profit of associates and joint ventures reached VND 355 billion.

With the policy of improving business efficiency, using the investment capital in the main activities, SABECO has been actively implementing divestments in non-industry investments and non-performing investments. At the end of 2018, SABECO continued to recover VND 25.6 billion of contributed capital in Vietnam Investment Fund. Other financial investments non-related to main business have been in the evaluation and planning phase.

## 2019 OUTLOOK

### MACROECONOMY AND BEER MARKET 2019

#### MACROECONOMY

In 2019, the government has continued to maintain monetary and fiscal policies towards flexibility and tightness to stabilize the economic environment. It is expected to have GDP growth rate at 6.6% - 6.8% and CPI at approximately 4%.

In parallel, the government will focus on controlling product quality, strive to balance the sustainable trade, strongly improve the investment environment, synchronously develop the infrastructure system, manage interest rates, apply flexible exchange rates in line with market developments, promote business development, attract selective foreign investment, especially focus on dealing with losses and boost divestments and equitization of state-owned enterprises.

#### BEER MARKET

In the context that the market has had fierce competition, foreign beer companies have expanded their production activities and increased brand promotion and support sales to increase market share, which will lead to great pressure on SABECO in maintaining market share and profits.

### 2019 OUTLOOK

#### TECHNOLOGY, PRODUCTION AND QUALITY

- Speed up and complete investment in quality monitoring equipment according to SABECO and international regulations.
- Improve the quality stability of beer and bring the most delicious beer to consumers.
- Control quality of products from breweries - transportation - warehousing - consumers.



#### Investment project

- Implement investment in beer filtration system in membrane filtration technology at Saigon Beer - Nguyen Chi Thanh Brewery.
- Support and transfer technology of the project of Saigon Beer - Lam Dong Brewery.
- Continue to implement previous projects from 2018.
- Implement new projects in accordance with the investment plan in 2019 approved by the Board of Directors.

# REPORT OF THE BOARD OF MANAGEMENT

## RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

- Deploy the trial production of a new beer product to compete with the biggest competitors in the market.
- Improve the quality of finished beer.
- Improve the quality of packaging.
- Complete the investment in automation software to control materials and manage production technology processes in each brewery.



## MARKETING AND SALES

### Domestic market:

- Conduct brand positioning for all product portfolio and identify clear segment for each product.
- Launch distinctive, relevant and motivating marketing programs.
- Increase market share positions in key cities.
- Increase penetration into all channels.
- Strengthen the operation at prioritized channels.
- Optimize the distribution system.

### International market:

- Boost Saigon Beer export to promote and enhance the reputation.
- Continue to increase the sales volume in key markets and develop new markets.

## HUMAN CAPITAL

Continue to restructure to manage the overall human capital practices.

Complete and apply the new salary structure.

Complete the plan of employee performance evaluation.

## FINANCE



- **Cash flow management:** issue goods in stock policy and management policy of packaging and goods in transit to maximize the utilization of financial resources of SABECO and other companies within the group and effectively use the existing financial resources at SABECO and other member companies.
- **Management of selling expenses:** build sales policies for each region and ensure the balance of reasonable costs for regional companies.
- Continue to closely review and monitor the expenses incurred in the production and business process, restructure expenses portfolio and adjust expected costs to match with the actual production and business situation of the breweries SATRACO and regional trading companies.



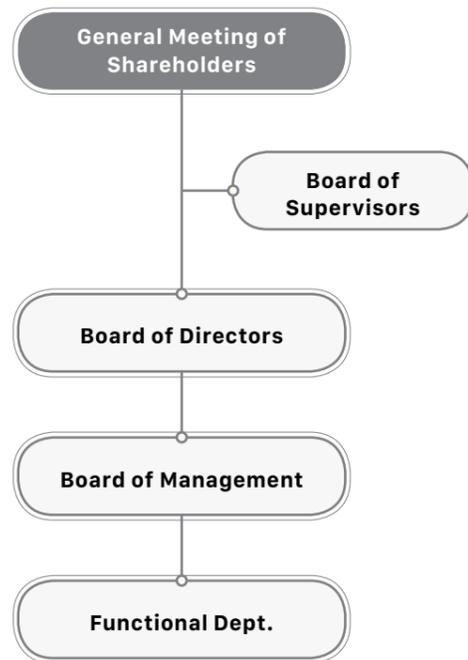

---

# CORPORATE GOVERNANCE

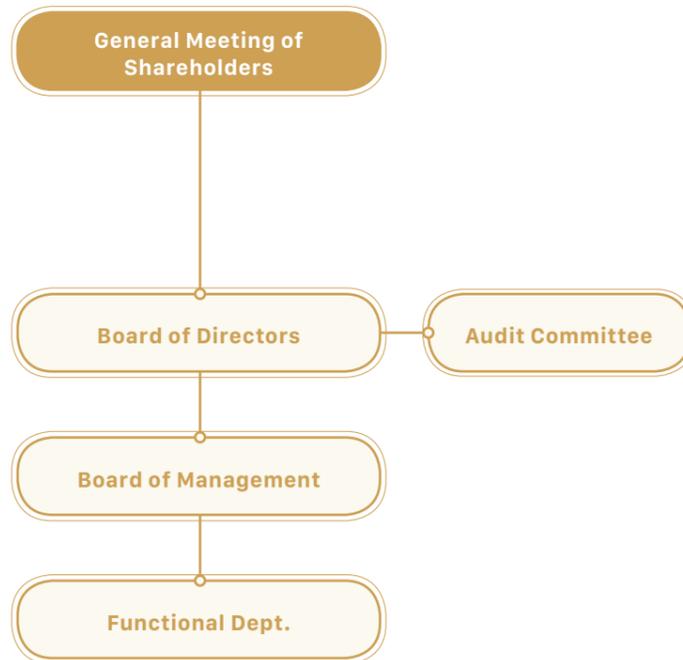
---

# CORPORATE GOVERNANCE MODEL

• Until July 21, 2018:



• After July 21, 2018:



## GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest authority of SABECO, fulfilling the functions, rights and obligations stipulated in SABECO's Charter and relevant laws. The General Meeting of Shareholders meets at least once a year and decides on issues under its authority in accordance with the law and SABECO's Charter.



## BOARD OF DIRECTORS

The Board of Directors, elected by the General Meeting of Shareholders, is the highest governing entity of SABECO and responsible for overseeing the General Director, the Board of Management and other managerial positions. The Board of Directors has the right to act on behalf of the Corporation to decide and execute the rights and obligations not under the authority of the General Meeting of Shareholders as stipulated in SABECO's Charter and relevant laws. The number of members of the Board of Directors as stipulated in the Charter is seven (7) members.



## BOARD OF SUPERVISORS

The Board of Supervisors, elected by and under the General Meeting of Shareholders, operates independently from the Board of Directors and the Board of Management. The Board of Supervisors controls all management activities and is accountable to the General Meeting of Shareholders in performing assigned tasks.



## BOARD OF MANAGEMENT

The Board of Management, appointed by the Board of Directors, is responsible to the Board of Directors for implementing the resolutions issued by the General Meeting of Shareholders and the Board of Directors and deciding on issues related to daily production and business activities.

The General Director is appointed by the Board of Directors with a term of five (5) years. The Deputy General Directors assist the General Director in each specific area and are responsible to the General Director for the assigned tasks as well as actively handling the tasks authorized by the General Director under SABECO's Charter and relevant laws.



## FUNCTIONAL DEPARTMENTS

Functional departments directly perform tasks under their functions and the direction of the General Director and Deputy General Directors.



## AUDIT COMMITTEE

The Audit Committee is responsible for reviewing key issues and judgments of Financial Statements to ensure that the Financial Statements, internal control systems and internal audits comply with SABECO's Charter and relevant laws as well as review the appointment of an external auditor for the Corporation and its subsidiaries.

# REPORT OF CORPORATE GOVERNANCE

## STRUCTURE AND ACTIVITIES OF THE BOARD OF DIRECTORS

### STRUCTURE OF THE BOARD OF DIRECTORS

No.	FULL NAME	POSITION	PERIOD
1	Mr. Koh Poh Tiong	Chairman	23/04/2018 to present
2	Mr. Nguyen Tien Vy	Independent member	21/07/2018 to present
3	Mr. Pramoad Phornprapha	Independent member	21/07/2018 to present
4	Mr. Michael Chye Hin Fah	Member	21/07/2018 to present
5	Ms. Tran Kim Nga	Member	09/05/2018 to present
6	Mr. Nguyen Tien Dung	Member	21/07/2018 to present
7	Mr. Luong Thanh Hai	Member	21/07/2018 to present
8	Mr. Vo Thanh Ha	Chairman	10/2015 to 23/04/2018
9	Mr. Tan Tiang Hing, Malcolm	Independent member	23/04/2018 to 21/07/2018
10	Mr. Sunyaluck Chaikajornwat	Independent member	23/04/2018 to 21/07/2018
11	Mr. Bui Ngoc Hanh	Member	2008 to 21/07/2018
12	Mr. Nguyen Thanh Nam	Member	16/02/2017 to 21/07/2018
13	Mr. Nguyen Bich Dat	Member	05/2013 to 21/07/2018

### ACTIVITIES OF THE BOARD OF DIRECTORS

17 meetings of the Board of Directors were held in 2018.

FULL NAME	POSITION	DATE OF APPOINTMENT	DATE OF CESSATION	ATTENDANCES	PERCENTAGE	REASON FOR ABSENCE
Mr. Koh Poh Tiong	Chairman	23/04/2018		10/10	100%	
Mr. Nguyen Tien Vy	Independent member	21/07/2018		4/4	100%	
Mr. Pramoad Phornprapha	Independent member	21/07/2018		4/4	100%	
Mr. Michael Chye Hin Fah	Member	21/07/2018		4/4	100%	
Ms. Tran Kim Nga	Member	09/05/2018		8/8	100%	
Mr. Nguyen Tien Dung	Member	21/07/2018		4/4	100%	
Mr. Luong Thanh Hai	Member	21/07/2018		3/4	75%	Business trip

FULL NAME	POSITION	DATE OF APPOINTMENT	DATE OF CESSATION	ATTENDANCES	PERCENTAGE	REASON FOR ABSENCE
Mr. Vo Thanh Ha	Chairman	10/2015	23/04/2018	7/7	100%	
Mr. Tan Tiang Hing, Malcolm	Independent member	23/04/2018	21/07/2018	5/6	83%	Business trip
Mr. Sunyaluck Chaikajornwat	Independent member	23/04/2018	21/07/2018	6/6	100%	
Mr. Bui Ngoc Hanh	Member	05/2013	21/07/2018	13/13	100%	
Mr. Nguyen Thanh Nam	Member	16/02/2017	21/07/2018	12/13	92%	Health reason
Mr. Nguyen Bich Dat	Member	05/2013	21/07/2018	13/13	100%	

In 2018, the Board of Directors issued 137 resolutions.

## STRUCTURE AND ACTIVITIES OF THE AUDIT COMMITTEE

### STRUCTURE OF THE AUDIT COMMITTEE

Pursuant to Resolution No. 87/2018/NQ-ĐHĐCĐ dated July 21, 2018, SABECO's General Meeting of Shareholders approved the structure of managerial organization of SABECO. Subsequently, the Audit Committee was established to replace the Board of Supervisors.

On October 30, 2018, the Board of Directors of SABECO approved the Resolution No. 111/2018/NQ-HĐQT regarding the appointment of members of the SABECO's Audit Committee. The members of Audit Committee are as follows:

<b>Mr. Pramoad Phornprapha</b> - Independent member of the BOD	<b>Mr. Nguyen Tien Vy</b> - Independent member of the BOD	<b>Mr. Michael Chye Hin Fah</b> - Member of the BOD
<b>CHAIRMAN</b>	<b>MEMBER</b>	<b>MEMBER</b>

### ACTIVITIES OF THE AUDIT COMMITTEE

2 meetings of the Audit Committee were held in 2018.

FULL NAME	POSITION	ATTENDANCES	PERCENTAGE
Mr. Pramoad Phornprapha	Chairman	2/2	100%
Mr. Nguyen Tien Vy	Member	2/2	100%
Mr. Michael Chye Hin Fah	Member	2/2	100%

At the meetings, the Audit Committee endorsed Term of Reference of Audit Committee and scheduled for Audit Committee meeting for 2019.

# REPORT OF CORPORATE GOVERNANCE

## STRUCTURE AND ACTIVITIES OF THE BOARD OF SUPERVISORS

### STRUCTURE OF THE BOARD OF SUPERVISORS (UNTIL 20/07/2018)

FULL NAME	POSITION	PERIOD
Mr. Nguyen Van Minh	Head	16/02/2017 to 20/07/2018
Mr. Ly Minh Hoang	Member	08/08/2017 to 20/07/2018

### ACTIVITIES OF THE BOARD OF SUPERVISORS

2 meetings of the Board of Supervisors were held in 2018.

FULL NAME	POSITION	ATTENDANCES	PERCENTAGE	REASON FOR ABSENCE
Mr. Nguyen Van Minh	Head	2/2	100%	
Mr. Ly Minh Hoang	Member	2/2	100%	

- Supervision activities of Board of Supervisors to the Board of Directors and the Board of Management and shareholders:** Carry out the report of the Board of Supervisors to the Annual General Meeting of Shareholders 2018; study reports, resolutions, decision notices, opinions lifts of the Board of Directors; attend meetings of the Board of Directors, monthly meetings of the Board of Management, response to the inquire about the performance of the units, attend some of the General Meeting of Shareholders of the subsidiaries, associated companies, joint ventures; meet customers and shareholders to perform the supervisory function of the Board of Supervisors; regularly review and comment on the lawfulness, order and procedures of the issuance of resolutions of the Board of Directors and decisions of the Board of Management, to ensure the correctness and the interests of SABECO shareholders.

Directors at the Board of Directors meetings; inspect and supervise the operation of the organization and collect information, verify information, as well as analyze the situation and give comments to individuals and units.

- Recommendations to improve the effectiveness of the management of the company:** Comment at the Board of Directors meetings, comment on the hiring of consultants to evaluate the governance model and the issuance of the operating regulation of the Board of Supervisors; comment on the idea of building cost management by brand, by region; comment on activities of the Board of Directors that should focus on strategic planning, direction and supervision of the Board of Directors in accordance with the strategy and direction of the Board.
- Selection of auditor:** Select the external auditor in 2018 to report to the Board of Directors and General Meeting of Shareholder. KPMG Vietnam Company Limited is the external auditor for 2018 Financial Statements.

- Coordination among the Board of Supervisors, the Board of Directors, the Board of Management and other managers:** Draft report of the Board of Supervisors to be agreed by the Board of Directors, comment in the Board of Directors meetings or opinion lifts if deemed necessary; provide necessary opinions to the Board of

## SPECIFIC TRANSACTIONS AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

### Salary, bonuses, remuneration and benefits

Salary, bonuses and remuneration of the Board of Directors, Board of Management and Board of Supervisors shall be made in accordance with SABECO's Charter and relevant laws and approved by the SABECO General Meeting of Shareholders.

FULL NAME	POSITION	SALARY	REMUNERATION	BONUS	TOTAL
<b>BOARD OF DIRECTORS</b>					
Mr. Koh Poh Tiong <sup>(1)(*)</sup>	Chairman	-	-	-	-
Mr. Nguyen Tien Vy <sup>(2)</sup>	Independent member	-	100%	-	100%
Mr. Pramoad Phornprapha <sup>(2)</sup>	Independent member	-	100%	-	100%
Mr. Michael Chye Hin Fah <sup>(2)</sup>	Member	-	100%	-	100%
Ms. Tran Kim Nga <sup>(3)(2)</sup>	Member	-	100%	-	100%
Mr. Nguyen Tien Dung <sup>(2)(4)</sup>	Member	89.93%	-	10.07%	100%
Mr. Luong Thanh Hai <sup>(2)</sup>	Member	72.00%	20.26%	7.74%	100%
Mr. Vo Thanh Ha <sup>(5)</sup>	Chairman	100%	-	-	100%
Mr. Tan Tiang Hing, Malcolm <sup>(6)</sup>	Independent member	-	100%	-	100%
Mr. Sunyaluck Chaikajornwat <sup>(6)</sup>	Independent member	-	100%	-	100%
Mr. Bui Ngoc Hanh <sup>(6)</sup>	Member	89.93%	-	10.07%	100%
Mr. Nguyen Thanh Nam <sup>(6)(7)</sup>	Member, General Director	75.52%	15.81%	8.67%	100%
Mr. Nguyen Bich Dat <sup>(6)</sup>	Member	-	100%	-	100%
<b>BOARD OF SUPERVISORS</b>					
Mr. Nguyen Van Minh <sup>(6)</sup>	Head	89.93%	-	10.07%	100%
Mr. Ly Minh Hoang <sup>(6)</sup>	Member	-	100%	-	100%
<b>BOARD OF MANAGEMENT</b>					
Mr. Neo Gim Siong Bennett <sup>(8)</sup>	General Director	89.93%	-	10.07%	100%
Mr. Teo Hong Keng <sup>(9)</sup>	Deputy General Director	89.93%	-	10.07%	100%
Mr. Ng Kuan Ngee Melvyn <sup>(10)</sup>	Deputy General Director	89.93%	-	10.07%	100%

## REPORT OF CORPORATE GOVERNANCE

FULL NAME	POSITION	SALARY	REMUNERATION	BONUS	TOTAL
Mr. Lam Du An	Deputy General Director	89.93%	-	10.07%	100%
Mr. Hoang Dao Hiep <sup>(11)</sup>	Deputy General Director	100%	-	-	100%
Mr. Tran Nguyen Trung <sup>(12)</sup>	Chief Accountant	89.93%	-	10.07%	100%
Mr. Nguyen Minh An <sup>(13)</sup>	Deputy General Director	89.93%	-	10.07%	100%

### Note:

**(\*)** Mr. Koh Poh Tiong - Chairman of the Board of Directors waived the payment of remuneration.

**(1)** The person was appointed as Chairman of Board of Directors from 23/04/2018.

**(2)** The person was appointed as member of Board of Directors from 21/07/2018.

**(3)** The person was appointed as temporary member of Board of Directors from 09/05/2018.

**(4)** The person ceased to be Chief Accountant from 31/08/2018.

**(5)** The person ceased to be member of Board of Directors from 23/04/2018.

**(6)** The person ceased to be member of Board of Directors/ Member of Board of Supervisors from 21/07/2018.

**(7)** The person ceased to be General Director from 31/07/2018.

**(8)** Mr. Neo Gim Siong Bennett was appointed as Deputy General Director from 09/05/2018 and General Director from 01/08/2018.

**(9)** The person was appointed as Deputy General Director from 09/05/2018.

**(10)** The person was appointed as Deputy General Director from 09/05/2018.

**(11)** The person was appointed as Deputy General Director from 01/10/2018.

**(12)** The person was appointed as Chief Accountant from 01/09/2018.

**(13)** The person ceased to be Deputy General Director from 11/06/2018.

## COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

SABECO has complied with the regulations on corporate governance and other relevant regulations applicable to listed public companies, specifically:

- Amend the regulations of the Corporation in accordance with the changes in regulations such as Enterprise Law 2014, Decree No. 71/2017/ND-CP dated 06/06/2017 on guiding on corporate governance applicable to public companies: At the 2<sup>nd</sup> Extraordinary General Meeting of Shareholders in 2017, SABECO submitted to the General Meeting of Shareholders for approval of a new Charter in accordance with the Enterprises Law No. 68/2014/QH13 and Regulations on Corporate governance to improve the compliance with legal regulations on corporate governance. Following that, at 2018 Annual General Meeting of Shareholders, SABECO continued to amend the Charter to be in accordance with the changes related to the management and business lines of the Corporation.
- In 2018, SABECO conducted a review and research to amend and issue new policies, regulations and internal procedures, to manage and control the operational activities and increase business efficiency.
- Apart from complying with the legal provisions, SABECO has been proactive in further improving the efficiency of management, approaching international management standards, focusing on ensuring rights of shareholders and related parties through information disclosure and transparency.
- Information related to operational activities and performance of SABECO has been disclosed in accordance with the laws to ensure the transparency for shareholders and investors.

## RISK MANAGEMENT

### PURPOSE OF RISK MANAGEMENT



To set up control measures to effectively manage potential opportunities as well as prevent and minimize such risks to the lowest level through the identification, analysis and assessment of risks. Specifically:

- Develop standards to help implement the plans in a consistent and controllable manner.
- Assist in decision-making, planning and prioritizing jobs based on a thorough and close understanding of business operations, business environment, opportunities and challenges.
- Contribute to effective allocation and utilization of SABECO's resources.
- Minimize errors in all aspects and activities.
- Protect and enhance assets as well as image and brands.
- Optimize productivity and take advantage of opportunities to develop performance.

# RISK MANAGEMENT

## ASSESSMENT OF RISK MANAGEMENT

### SABECO RISK MANAGEMENT SYSTEM

#### Organization method:

The implementation of SABECO's risk management is carried out through:

- Develop a functional management structure to carry out the works based on the expertise and enhance the coordination and cross-check to minimize risks when making decisions and performing the works.
- Set up a system of internal regulations and rules to serve as a basis and standard to carry out activities. Internal regulations and rules have been always revised and updated to suit internal external changes of the system.
- Improve the performance of executer through processes, guidelines and training programs under the annual plan.
- Apply the technology into activities to enhance work efficiency and improve productivity.
- Organize internal evaluation and control programs to review the compliance and effectiveness of the system.
- Apply the application of ISO 9000, ISO 14000, ISO 22000, ISO 17025 and ISO 50000 management standards (Quality – Food Safety – Environmental Management System). The application is deployed synchronously at all units in SABECO system.
- Apply drill programs such as PPF drill, drill of solving environmental incidents, and drill of recovering products to improve the availability in forecasting risks and responding to emergency situations.

#### Risk identification and analysis method:

Currently, the risk identification and analysis have not been established methodically and comprehensively. Risks are identified through methods:

- Risks are predicted through the system of periodic reporting data and the support of information tools such as accounting software. However, in some cases, the Internal control division has not received enough information to have specific views or overview of the system.
- Risks are predicted through analytical activities of Quality - Food Safety - Environment Management System of SABECO. These risks are systematic but in a narrow scope due to the limitation of the scope of the current Quality - Food Safety - Environment Management System. In 2018, SABECO participated in evaluating the Quality - Food Safety - Environment Management System of all breweries.
- Risks are identified and predicted through specific assessments. In 2018, an overall assessment of the warehouse system was conducted in 10 regional companies and some major marketing programs when required.

#### Participation in the process of risk management and control:

Currently, the participation in the risk control process of relevant units of the Corporation is assigned based on their functions and tasks and approval for the implementation. All units are involved in the process with different roles, which can be divided into 3 groups as follows:

- **Execution role:** Units/individuals directly perform the works and control risks related to the work to ensure the expected result.
- **Inspection role:** Units/individuals with the function of inspection and control objectively perform the inspection and control to ensure that the works are carried out as planned.
- **Coordination and planning role:** Units/individuals are assigned to coordinate and participate in the decision-making/implementation based on the specific functions.

### COMMON RISKS

*Factors involved in the risk control process of the system: Human, Technology and System of regulations and procedures.*



The storage of risk-related information have not been centralized in one unit but mainly stored in the units related to the risks under their functions. There are specific risks as follows:

- **Market risk:** Brand positioning, cannibalization and risk of losing market share.
- **Production risks:** Defective products, equipment breakdown, labor accident, wrong production plan, food safety incidents and environmental incidents.
- **Management data risks:** The management data is not prompt and accurate.
- **Financial risks (interest rates, exchange rates, liquidity):** slow account receivables collection, high costs and interpretation of tax regulations.
- **Internal management through policy risks:** Internal management through synchronized system policy and line-based industry unity have not been completed, resulting in many risks in sales activities, cost and cash flow management, transportation and warehousing.
- **Legal and compliance risks:** Contract disputes; violation of legal requirements on corporate governance (information disclosure, related parties transaction, appointment of related persons), lack of compliance in performing the works leading to violations, copyright and trademark disputes, violation of conformity announcement and violation of regulations on advertising and promotion.
- **Other risks:** imbalance of production – consumption by region, work stagnation due to lack of coordination and poor performance.

The above only lists some typical risks in the system. All units in SABECO system shall be involved in risk management to identify specific risks.

# RISK MANAGEMENT

## OVERALL ASSESSMENT OF RISK MANAGEMENT IN 2018

- Risk management has not been fully aware at manager level. Manager levels should be trained and improved the sense of responsibility of the risk management.

- The full assessment has only been done for production and trade activities.

- The proper measures shall be applied for those who commit wrong acts in the process of participating in activities, leading to consequences or risks causing consequences.

- Information technology has not been applied in a number of areas to improve work efficiency and control implementation.

- Information to identify risks has not been allowed to be accessed to monitor regularly and overall.

- Risks identification has yet to implemented in a comprehensive and systematic way.



## MEASURES TO PREVENT AND MINIMIZE RISKS

*Risk management should be considered as one of the top priorities to further improve risk management in the following years. SABECO has been implementing measures to prevent and minimize risks as follows:*

### MAJOR SOLUTIONS

#### Principles:

- Risk management should be implemented seamlessly and consistently in the entire system.
- The management is the person who directs and appoints the personnel for risk management in each field.
- Risk control measures should be established on the principles of prevention and linked to the value chain.
- The risk information system should be established seamlessly through the application of information technology and efficient business process.

#### Major solutions:

- Focus on risk management awareness training for managers, especially the unit heads.
- Appoint personnel in charge of risk management and assessment, inspection and supervision of risk management work in the entire system.
- Finalize the system of internal management documents, including risk management policies, inform and train relevant people for implementation.
- Apply technology in management such as management reporting system, sales data, warehouse management and transportation management for the entire system.
- Develop a comprehensive risk management system with regular and periodic assessment plans, establish information management system and grant access right to review operation information to detect and prevent risks that may occur, which would be a basis for:
  - Organize the planning of risk identification and analysis system.
  - Develop standards and unify risk assessment methods.
  - Organize the risk identification; analyze, evaluate, classify and develop a risk matrix to provide appropriate management measures.
  - Establish and implement risk control measures.
  - Establish plans and organize the internal evaluation and control programs.

# RISK MANAGEMENT



## ACTION FOR 2019



- Audit Committee and Internal Audit function will focus on internal audit and risk management.



- Apply, convert and re-certify Quality - Food Safety - Environment Management System in integrated way based on risk analysis of SABECO.



- Conduct training of legal and internal regulations.



- Organize the periodic assessments.



- Amend and complete internal rules and regulations.

# INVESTOR RELATIONS

## INVESTOR RELATIONS

### STOCK INFORMATION

NGÀY GIAO DỊCH ĐẦU TIÊN CƠ PHIẾU CỦA TÔNG CÔNG TY CỔ PHẦN BIA - RƯỢU - NƯỚC GIẢI KHÁT SÀI GÒN MÃ CHỨNG KHOÁN: SAB			
MUA		BÁN	
Giá mua cao nhất	132	Giá bán thấp nhất	130
Khối lượng	3.816.440	Giá mua	132
	10	Giá bán	131,8
	450	Khối lượng	
KHỐI LƯỢNG KHỚP (TCP)	10	GIÁ HIỆN TẠI	132
		THAY ĐỔI	22%
		% THAY ĐỔI	20%
VN INDEX: 660,77▲ 0,56 (0,08%)		06/12/2016 09:15:00 AM	

SABECO was approved to be listed from November 25, 2016 on Ho Chi Minh City Stock Exchange under Decision No. 470/QĐ-SGDHCM dated November 25, 2016.

- Type of stock **Common share**
- Stock code **SAB**
- Par value **10,000 VND/share**
- Total shares **641,281,186 shares**
- Trading start day **December 06, 2016**

### STOCK TRANSACTION INFORMATION

#### STOCK PRICE FLUCTUATIONS 2018

(Unit: Thousand VND)



## INVESTOR RELATIONS

### SHAREHOLDER STRUCTURE (AS AT 27/11/2018)

No.	SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP RATE (%)	NUMBER OF SHAREHOLDERS
	<b>Majority shareholder</b>	<b>574,519,134</b>	<b>89.5893%</b>	<b>2</b>
1	Ministry of Industry and Trade	230,876,547	36.0024%	1
	Vietnam Beverage Company Limited (*)	343,642,587	53.5869%	1
	<b>Other shareholders</b>	<b>66,762,052</b>	<b>10.4107%</b>	<b>1,785</b>
	<b>Domestic</b>	<b>3,976,572</b>	<b>0.6201%</b>	<b>1,300</b>
	+ Individual	1,313,712	0.2049%	1,271
2	+ Organization	2,661,060	0.4150%	29
	<b>Foreign</b>	<b>62,785,480</b>	<b>9.7906%</b>	<b>485</b>
	+ Individual	255,210	0.0398%	377
	+ Organization	62,530,270	9.7508%	108

**Note:** (\*) On January 09, 2019, Vietnam Beverage Company Limited announced that Vietnam Beverage was a company which own over 51% of chartered capital held by foreign investors.

### SHARE TRANSACTION OF INTERNAL PERSONS AND RELATED PERSONS OF INTERNAL PERSONS

No.	FULL NAME	RELATIONSHIP WITH INTERNAL PERSON	OWNERSHIP AT THE BEGINNING OF THE PERIOD		OWNERSHIP AT THE END OF THE PERIOD		REASON
			NUMBER OF SHARE	%	NUMBER OF SHARE	%	
1	Mr. Nguyen Van Loc	Related person of the internal person	0	0%	3,000	0.0005%	Buy
2	Mr. Nguyen Van Loc	Related person of the internal person	3,000	0.0005%	0	0%	Sell

### SHARE OWNERSHIP OF INTERNAL PERSONS

No.	FULL NAME	POSITION	NUMBER OF SHARES OWNED	%
1	Mr. Koh Poh Tiong	Chairman	-	0.0000%
2	Mr. Nguyen Tien Vy	Independent member of BOD	-	0.0000%
3	Mr. Pramoad Phornprapha	Independent member of BOD	-	0.0000%
4	Mr. Michael Chye Hin Fah	Member of BOD	-	0.0000%
5	Ms. Tran Kim Nga	Member of BOD	-	0.0000%
6	Mr. Nguyen Tien Dung	Member of BOD	100	0.0000%
7	Mr. Luong Thanh Hai	Member of BOD	-	0.0000%
8	Mr. Neo Gim Siong Bennett	General Director	-	0.0000%
9	Mr. Teo Hong Keng	Deputy General Director/ Authorized person to disclose information	-	0.0000%
10	Mr. Ng Kuan Ngee Melvyn	Deputy General Director	-	0.0000%
11	Mr. Lam Du An	Deputy General Director	-	0.0000%
12	Mr. Hoang Dao Hiep	Deputy General Director	-	0.0000%
13	Mr. Tran Nguyen Trung	Chief Accountant	1,700	0.0003%
14	Mr. Trinh Van Thao	Specialist of Internal Audit Department	-	0.0000%

### CHANGE IN CHARTER CAPITAL

None.

### TRANSACTION OF TREASURY SHARES

**Number of treasury shares:** 0 share.

**Transaction of treasury shares in 2018:** None

# INVESTOR RELATIONS

## DIVIDEND

YEAR	DIVIDEND RATIO	VALUE PER SHARE	TOTAL DIVIDEND PAYABLE (UNIT: BILLION VND)
2018	35%	3,500 VND	2,245
2017	35%	3,500 VND	2,245
2016	30%	3,000 VND	1,924
2015	30%	3,000 VND	1,924
2014	25%	3,000 VND	1,603
2013	23%	2,500 VND	1,475
2012	22%	2,200 VND	1,410
2011	20%	2,000 VND	1,282

## 2018 EVENT CALENDAR

DATE	EVENT
23/04/2018	2018 Extraordinary General Meeting of Shareholders.
27/04/2018	Disclosure of Quarter 1/2018 Financial Statements.
21/07/2018	2018 Annual General Meeting of Shareholders.
30/07/2018	Disclosure of Quarter 2/2018 Financial Statements.
30/07/2018	Disclosure Half year Corporate Governance Report.
13/08/2018	Disclosure of 2018 Interim Financial Statement.
30/10/2018	Disclosure of Quarter 3/2018 Financial Statements.
30/10/2018	First payment of 2018 dividend in cash.
12/12/2018	Second payment of 2018 dividend in cash.
28/12/2018	Extraordinary General Meeting of Shareholders in the form of collecting written opinions of shareholders.
25/01/2019	Disclosure of Quarter 4 Financial Statements.
30/01/2019	Disclosure of 2018 Corporate Governance Report.
28/03/2019	Disclosure of 2018 Audited Financial Statement.

## ACTIVITIES OF INVESTOR RELATIONS DEPARTMENT

*Investor Relations Department (IR) was established at the end of 2016, the day after SABECO was successfully listed on Ho Chi Minh City Stock Exchange.*

### Tasks of Investor Relations Department:

- Increase the connectivity and build long-term sustainable relationships with shareholders and investors.
- Behave professionally and in a friendly manner in communicating with the investor community.
- Provide accurate and reliable information on business activities.
- Ensure fair, consistent, unbiased treatment between shareholders and investors.

### Activities in 2018



- Coordinate to organize SABECO's General Meetings of Shareholders including 1 Annual General Meeting of Shareholders, 1 Extraordinary General Meeting of Shareholders and 1 Written opinion of shareholders.
- Improve the investor relations information on SABECO website to ensure professionalism and efficiency for ease of access for shareholders and investors.
- Responsible for publication of 2017 Annual Report, ensuring the content and format conform to advanced practices on the preparation and presentation of the Annual Report to provide information to shareholders, investors and authorities (HOSE, SSC).
- Increase connectivity, interactions and update of information through meetings with local and foreign shareholders and investors.
- Participate in Vietnam Corporate Day event organized by HOSE and DAIWA in Singapore in August 2018.
- Communicate quarterly business performance and update important information to shareholders and investors.

---

# SUSTAINABLE DEVELOPMENT REPORT

---



# INTRODUCTION OF SUSTAINABLE DEVELOPMENT REPORT

## INTRODUCTION

The Sustainable Development Report is a document disclosing information about impacts and outcomes related to social responsibility according to development orientation of SABECO. Through this report, SABECO would like to express its transparency in announcing the content related to sustainable development, strengthen the trust of stakeholders and affirm its leading position.

## OBJECTIVES

The report confirms the inter-relationship between SABECO's sustainable development objectives and its stakeholders, thus providing innovative strategies and measures to enhance its value and stakeholders through indicators measured and evaluated annually.

## METHOD OF COMPOSING

The report is in reference to Global Reporting Initiative (GRI) and the Guideline of Information Disclosure on Environment and Society of the State Securities Commission and International Finance Corporation (IFC) and focuses on key areas including: Economics (business efficiency), People (human resources, community and society) and Environment.

### Determination of report content is based on following principles:



To determine the content of the report, SABECO has considered the activities, impacts of the Corporation and the interests and expectations of the stakeholders in relation to the current operation and sustainable development strategy of SABECO. Accordingly, SABECO has identified the key issues to implement the review and improvement.

## SCOPE OF THE REPORT

The Sustainable Development Report is presented independently in SABECO's Annual Report. This report includes the results and achievements of SABECO in the sustainable development strategy from January 01, 2018 to December 31, 2018 as well as mentioning the orientation and objectives of SABECO in the next periods. The report covers the entire operations of SABECO and its subsidiaries and associates.

## RELIABILITY OF THE REPORT

SABECO has consulted and applied national and international standards of presentation and information disclosure in the report. Some eligible third parties guaranteed the reliability and accuracy of the information and data:

- Information in 2018 Financial Statement audited by KPMG Company Limited.
- Certificates in relation to the quality management, food hygiene and safety evaluated and granted by the top assessment organizations.

## CONTACT INFORMATION

SABECO is putting efforts to meet the expectations of its stakeholders on information demand and transparency. Therefore, we are looking forward to receiving your feedback. All information and comments related to Sustainable Development Report please contact:

### Investor Relations Department

- Tel: (+84) 28 3829 4081 (Ext: 504)
- Email: [ir@sabeco.com.vn](mailto:ir@sabeco.com.vn)
- Address: 5<sup>th</sup> Floor, Vincom Center, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City.



# INDICATORS OF SUSTAINABLE DEVELOPMENT

## FINANCIAL INDICATORS

### CONSUMPTION VOLUME

 **1,796** Million liters

### DIVIDEND

 **35%**

### NET SALES

 **35,949** Billion VND

### TOTAL ASSETS

 **22,367** Billion VND

### PROFIT BEFORE TAX

 **5,390** Billion VND

### TOTAL EQUITY

 **16,112** Billion VND

### PROFIT AFTER TAX

 **4,403** Billion VND

### TOTAL PRODUCTION CAPACITY

 **2.0** Billion liters of beer/year

## NON-FINANCIAL INDICATORS

### HUMAN CAPITAL

#### NUMBER OF EMPLOYEES (31/12/2018)

**7,877**  
employees

### COMMUNITY

#### TOTAL BUDGET FOR SOCIAL ACTIVITIES IN 2018

**24.3**  
billion VND

### 2018 AWARDS

- **Top "Vietnam's 50 Best Performing Companies"** honored by Nhip Cau Dau Tu Magazine in tandem with Thien Viet Securities.
- **Top "The Billion Dollar Companies"** honored by Nhip Cau Dau Tu Magazine in tandem with Thien Viet Securities.
- Rank 4<sup>th</sup> of **"Top 40 most valuable Vietnamese brands in 2018"** rated by Forbes Vietnam.

### ENVIRONMENT

23/25 Saigon Beer factories are certified to ISO 9001: 2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 22000:2005 (Food Safety Management System), and HACCP (Hazard Analysis and Critical Control Points in production process). 2 remaining breweries have been setting up ISO system.

Certificate of **"Environmentally Friendly Products"** granted by Vietnam Environmental Industry Association.

# MODEL AND MANAGEMENT OF SUSTAINABLE DEVELOPMENT

### VISION

*Develop SABECO to become the leading beverage group in Vietnam, having firm foothold in regional and international markets.*

### OBJECTIVE

Create and increase value in a sustainable way for shareholders and stakeholders.

### GUARANTEE FACTORS

Strong brand, financial capacity, quality human resource and effective corporate governance.



### ECONOMICS

Manage the business effectively, increase competitive advantages and contribute to the overall economic development.



### PEOPLE

Invest in human capital, community and society.



### ENVIRONMENT

Develop green, clean, energy-saving production systems, use environmentally friendly energy sources, protect and improve the environment.

# MODEL AND MANAGEMENT OF SUSTAINABLE DEVELOPMENT

To contribute to sustainable development of Vietnam, corporate social responsibility of SABECO would be carried out according to 4C strategy:



## SUSTAINABLE DEVELOPMENT MANAGEMENT



# STAKEHOLDERS ENGAGEMENT



SABECO ACKNOWLEDGES THAT THE SUPPORT AND TRUST OF STAKEHOLDERS IS ONE OF THE KEY FACTORS OF SABECO'S SUCCESS.

Therefore, activities connecting and meeting the needs and expectations of stakeholders are always upheld by SABECO. These activities will be a solid foundation for pursuing and maintaining the sustainable development of SABECO.

## CUSTOMERS

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Quality and safety products</b>	<ul style="list-style-type: none"> <li>Constantly research and apply advanced science and technology to improve quality.</li> <li>Strictly comply with regulations and standards on products.</li> </ul>	<ul style="list-style-type: none"> <li>SABECO's products are always appreciated for taste and design in domestic and international markets.</li> </ul>
<b>Diversified products which are suitable for the interests and needs of many groups of customers</b>	<ul style="list-style-type: none"> <li>Focus on scientific research programs to launch new products to market.</li> </ul>	<ul style="list-style-type: none"> <li>Products are diversified in taste, design, segment and price to meet different tastes of consumers.</li> </ul>

SHAREHOLDERS/INVESTORS

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Information transparency</b>	<ul style="list-style-type: none"> <li>Comply with the regulation of information disclosure.</li> <li>Ensure accounting records and report that reflect accurate transactions and actual situations of SABECO.</li> </ul>	<ul style="list-style-type: none"> <li>Information is disclosed in timely, complete and transparent manner.</li> </ul>
<b>Benefits of shareholders and investors</b>	<ul style="list-style-type: none"> <li>Maintain stable dividends.</li> <li>Promote fairness among shareholders and investors.</li> </ul>	<ul style="list-style-type: none"> <li>Dividend of 2018 was maintained at the level of 35%.</li> <li>The foreign ownership percentage was maximized to provide more opportunities for foreign investors.</li> </ul>
<b>Management performance and value of the Corporation</b>	<ul style="list-style-type: none"> <li>Continue to restructure and improve management structure.</li> <li>Improve operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee has been established to increase transparency for the Corporation.</li> <li>Consider as one of the "Vietnam's 50 Best Performing Companies" and "Top 40 Most Valuable Vietnamese Brand".</li> <li>Consider as one of the enterprises with the largest capitalization value in Vietnam stock market.</li> </ul>

SUPPLIERS/PARTNERS

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Long-term partnership, fairness and openness in cooperation</b>	<ul style="list-style-type: none"> <li>Consult Legal and Internal Control Department about the terms of all contracts and agreements.</li> <li>Fully implement commitments with partners.</li> <li>Select suppliers according to qualified profile, experience and reputation.</li> <li>Do not disclose suppliers' confidential information to third parties.</li> <li>Resolve conflicts in the spirit of goodwill and respect.</li> </ul>	<ul style="list-style-type: none"> <li>Consider as a reliable partner of many suppliers in the market.</li> <li>Close and mutually beneficial relationship has been maintained and developed.</li> <li>A stable source of quality products has been ensured.</li> </ul>

AUTHORITIES

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Compliance with the law</b>	<ul style="list-style-type: none"> <li>Comply with laws and regulation related to the operation of SABECO.</li> <li>Regularly update relevant legal documents.</li> </ul>	<ul style="list-style-type: none"> <li>Consider as one of the enterprises having the biggest contribution to the State budget.</li> <li>The reputation and brand value have been maintained.</li> </ul>
<b>Supporting State policies and calls</b>	<ul style="list-style-type: none"> <li>Actively participate in programs and activities launched by authorities.</li> <li>Support to improve local economy.</li> </ul>	<ul style="list-style-type: none"> <li>Stable jobs for local people have been provided.</li> <li>Consider as one of the enterprises contributing frequently to activities of the government.</li> </ul>

EMPLOYEES

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Stable jobs, remuneration and welfare policy, training and promotion opportunities</b>	<ul style="list-style-type: none"> <li>Develop clear and fair remuneration regulations.</li> <li>Issue specific regulations on recruitment, evaluation and promotion.</li> <li>Apply competitive welfare and benefits policies.</li> <li>Organize courses to gain professional knowledge and improve professional skills for employees.</li> <li>Communist Party and Labor Union regularly meet and exchange information and views about aspirations of employees.</li> </ul>	<ul style="list-style-type: none"> <li>Employees are supported in developing their career paths.</li> <li>Performance evaluation of employees is based on deliverables and competencies to ensure the fairness amongst employees.</li> </ul>
<b>Working environment</b>	<ul style="list-style-type: none"> <li>Ensure a professional, safe and clean working environment.</li> <li>Organize Town Hall for the Board of Management to share development orientations and gather employees' opinions.</li> <li>Organize team building, arts and sports for all employees.</li> <li>Support for the participation of employees in community and social projects.</li> </ul>	<ul style="list-style-type: none"> <li>Health check-up of employees is organized periodically.</li> <li>Occupational accidents are minimized.</li> <li>Employee's satisfaction level increased.</li> </ul>

## PRESS

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Information of activities of the Corporation</b>	<ul style="list-style-type: none"> <li>Issue and implement the regulation on speech and information provided to the press.</li> <li>Establish Corporate Communications Department.</li> </ul>	<ul style="list-style-type: none"> <li>News about SABECO are updated and reflect the truth.</li> <li>Internal and external channels are developed.</li> </ul>

## COMMUNITY

MAIN CONCERN	SABECO'S ACTIONS	RESULT IN 2018
<b>Contribution of the Corporation to society</b>	<ul style="list-style-type: none"> <li>Contribute to activities to help poor and disadvantaged families and people affected by natural disasters.</li> <li>Support and accompany the development of community.</li> <li>Build local infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding employees are awarded air tickets to go home for Tet 2019.</li> <li>Reputation is improved in local community.</li> <li>Total budget for society activities in 2018 was VND 24.3 billion</li> </ul>
<b>Environmental Protection</b>	<ul style="list-style-type: none"> <li>Comply with regulations on environmental protection.</li> <li>Strictly manage and save materials and energy.</li> <li>Improve and apply advanced production technology.</li> <li>Use green and environmentally friendly fuel sources.</li> <li>Invest in waste and wastewater treatment systems.</li> <li>Raise environmental protection awareness among all employees.</li> </ul>	<ul style="list-style-type: none"> <li>The energy consumption is essentially decreased.</li> <li>The emission reduction is well-achieved.</li> </ul>

## STAKEHOLDERS ENGAGEMENT

STAKEHOLDERS	APPROACH METHOD
<b>Customers</b>	<ul style="list-style-type: none"> <li>Organize customer conferences.</li> <li>Update news on social networks and website.</li> <li>Survey and evaluate customer satisfaction.</li> </ul>
<b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>Receive and answer inquiries via email.</li> <li>Meet and interact directly at meetings of the General Meeting of Shareholders.</li> <li>Get written opinion of shareholders.</li> <li>Attend investors' meetings and forums.</li> </ul>
<b>Suppliers/Partners</b>	<ul style="list-style-type: none"> <li>Review and monitor supply process.</li> <li>Organize conferences with suppliers and partners, especially key suppliers.</li> </ul>
<b>Authorities</b>	<ul style="list-style-type: none"> <li>Participate in conferences and forums of State agencies.</li> <li>Send official letter to ask guidance of authorities if necessary.</li> <li>Participate in activities of Vietnam Beverage Association (VBA).</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Update notice and regulation communication on notice boards and electronic email.</li> <li>Organize annual training programs and conferences.</li> <li>Meet and discuss directly with the Board of Management, Communist Party and Labor Union.</li> </ul>
<b>Press</b>	<ul style="list-style-type: none"> <li>Prepare and issue press releases.</li> <li>Update news on social networks and website.</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Coordinate with local authorities.</li> <li>Organize and participate in events in many provinces.</li> </ul>

# KEY ISSUES OF SUSTAINABLE DEVELOPMENT

## RESPONSIBILITY FOR ENVIRONMENT

### MANAGEMENT OF RAW MATERIALS



THE BREWERIES WITHIN SABECO SYSTEM IN 2018, HAVE WELL MANAGED OF THE MATERIALS USED IN THE PRODUCTION PROCESS. MOST OF THE WASTE INDICATORS IN THE USE OF MATERIALS IN 2018 DECREASED COMPARED TO 2017.

#### MANAGEMENT OF RAW MATERIALS USED IN PRODUCTION PROCESS

Raw materials for beer production:



MALT	RICE
-0.22%	-0.34%
HOUBLON JELLY	HOUBLON TABLET
-5.22%	-1.51%

Efficiency of brew house, fermentation and filling in 2018 was higher than that of 2017.

BREW HOUSE EFFICIENCY  
**+0.25%**

Packaging:



BOTTLED BEER LABEL WASTAGE
-25%
CARTON WASTAGE
-17%

FERMENTATION EFFICIENCY  
**+0.13%**

FILLING EFFICIENCY  
**+0.1%**

#### Management of waste generated in the production process:

- **Damaged glass bottles, cans, cartons and plastic crates:** sold to recycling facilities.
- **CO2 gas:** collected through the treatment system and turned into pure CO2 reused for production.
- **Spent grain:** collected in the tank in order to sell to animal feed facilities.
- **Waste yeast:** collected and processed (dried yeast) for sale to buyers or animal feed facilities.
- **Dust:** collected by a dust collection system and bagged in order not to discharge into the environment.
- **Filter aid powder and normal non-recyclable waste:** collected and transported to processing plant by hired functional unit.

#### MANAGEMENT OF HAZARDOUS WASTE

All breweries have been performing well on the management of hazardous waste by storage facilities, identifying and classifying each kind of waste, having a register of hazardous waste and source owners, signing contracts with entities having the function of transporting and treating hazardous wastes and fully reporting the management of hazardous wastes every six months.



# KEY ISSUES OF SUSTAINABLE DEVELOPMENT

## ENERGY CONSUMPTION



*Saving energy in the production process is one of main objectives of SABECO. In 2018, energy consumption was well-controlled which decreased compared to 2017, particularly the consumption of electricity decreased by 1% - 4% while the consumption of steam decreased by 2% - 6%.*

Currently, in SABECO system, there are several breweries that perform energy audit and have an energy management system meeting ISO 50001:2011 standards. In addition, new projects from 2013 have been required to have a cascade cooling system to reduce electricity consumption while other breweries invested before 2013 are implementing upgrades and in-depth investment in cascade cooling system.

### The main works has been done to save energy:

- Install a system to recover steam evaporated at the wort kettle.
- Increase efficiency (area) of heat exchange at wort cooling system.
- Use the cascade cooling system which increases coefficient of performance (COP) and reduces compressor capacity to help decrease power consumption.
- Use BIOMASS boiler using materials from plants (rice husk, sawdust, cashew nut shell, leaves) to limit the use of incinerators with fossil fuels (DO oil, FO, coal).
- Maintain boilers and use anti-scale agents to increase boiler efficiency.
- Install heat recovery equipment from exhaust fumes to heat the water supplied to the boiler.
- Insulate equipment, pipes with a temperature of over 45°C to reduce the heat loss and environmental heating.
- Replace and install the steam valves, standard condensate traps to prevent leakage of steam to save the amount of steam losses on the pipe.
- Use LEDs and natural lighting with transparent or lighted roofs on the side of the brewery in production areas.
- Design parallel lighting of the production areas and walkways which could be able to turn off the even, odd lights if necessary.
- Assign people to switch on and switch off lights in production areas, night lights for corridors and walkways on time.
- Organize seminars on energy saving for breweries of SABECO's system.

## WATER CONSUMPTION



*Water consumption in 2018 also achieved a positive signal when water consumption decreased by 2% - 6%.*

### The main works have been done to save water:

- Recover sparging water at the brew house which help save about 2,000 m<sup>3</sup>/year.
- Recover hot water pasteurized pipes (before transferring cold wort) to the tank used for CIP (Cleaning in place) systems which help save about 10,000 m<sup>3</sup>/year.
- Reuse wastewater to use for cleaning breweries and watering plants.
- Apply advanced equipment cleaning program with less water consumption.
- Use heat pump to limit water discharge at the pasteurizer.
- Recover all condensate to return to the boiler.

## COMPLIANCE WITH THE LAW ON ENVIRONMENTAL PROTECTION

### ENVIRONMENTAL MANAGEMENT SYSTEM

The breweries have been granted the certificate of environmental management system ISO 14001:2005, had the specialized department on environment and compiled regulations on environmental protection.

SABECO has issued a set of environmental documents including procedures and guidelines on controlling and operation in relation to the environment and required the compliance of all entities. Every 6 months assessment at all breweries in the system has also been carried out to ensure compliance. Every year, SABECO has a notice to request the entities to comply with procedures of environmental management and report the implementation.

## KEY ISSUES OF SUSTAINABLE DEVELOPMENT



*THE BREWERIES HAVE HAD A WASTEWATER TREATMENT SYSTEM WHICH MEET THE NATIONAL QUALITY STANDARDS QCVN 40:2011 (TYPE A OR TYPE B) BEFORE DISCHARGING INTO THE ENVIRONMENT OR THE WASTEWATER COLLECTION SYSTEM OF THE INDUSTRIAL AREA.*

### INVESTMENT IN WASTE WATER AND WASTE TREATMENT SYSTEMS

The periodical monitoring of wastewater environment of all units has been complied with frequency of the approved environmental impact assessment report.

In addition, the breweries are equipped with spent grain silo, waste packing warehouse, garbage bins with caps and waste storage before treatment.

For hazardous waste, there are contracts with units having the function of transporting and treatment.

### ENHANCING EMPLOYEES' AWARENESS ON ENVIRONMENTAL PROTECTION, LABOR, FOOD SAFETY AND HYGIENE

All employees of the breweries in production system and the office have been trained on occupational safety and knowledge on food hygiene and safety under the law. Every year, the Corporation organizes health and occupational diseases examinations for employees. Besides, the Youth Union and the Trade Union at the breweries usually launch a program to plant trees and save the environment.

## RESPONSIBILITY FOR PRODUCTS

### MANAGEMENT OF RAW MATERIALS

*SABECO HAS ISSUED TECHNICAL REQUIREMENTS FOR ALL RAW MATERIALS. PARTICULARLY, RAW MATERIALS THAT AFFECT PRODUCT QUALITY AND FOOD HYGIENE AND SAFETY SUCH AS BARLEY MALT, HOPS, YEAST AND CANS ARE PURCHASED DIRECTLY FROM SUPPLIERS, CONTROLLED THE RAW MATERIALS QUALITY AND RE-DISTRIBUTED TO BREWERIES. OTHER INGREDIENTS, WHICH DO NOT AFFECT BEER QUALITY AND FOOD SAFETY AND HYGIENE, ARE PURCHASED DIRECTLY BY BREWERIES BASED ON THE LIST OF SUPPLIERS, BRANDS AND TECHNICAL REQUIREMENTS APPROVED BY SABECO.*

Technical requirements of raw materials have also been issued based on Vietnamese applicable laws, regulations, standards, international practices and reference information from specialized organizations in the world beer industry such as EBC (European Brewery Convention), Mebak (Mitteleuropäische Brautechnische Analysenkommision), ASBC (American Society of Brewing Chemists) and DIN (Deutsches Institut für Normung e.V.)



Specialized laboratories have been set up with a range of modern equipment to fully analyze the parameters of raw materials for the past 3 years. All ingredients are subject to "Qualified" certification by Quality Control Department before being put into use. This "Qualified" certification is based on: the right supplier, the right country of production (according to the approved list) and indicators of technical requirements, food safety and environmental protection.

In addition, SABECO has conducted related risk management in its supply chain, which has periodically reviewed suppliers at the manufacturing site to ensure compliance with the process agreed among the parties.

## KEY ISSUES OF SUSTAINABLE DEVELOPMENT

### MANAGEMENT OF TECHNIQUE AND TECHNOLOGY

**IDENTIFYING TECHNOLOGIES AND TECHNIQUES AS THE FOUNDATION OF THE COMPETITIVE AND DEVELOPMENT STRATEGY, THE BREWERIES ARE EQUIPPED WITH MODERN MACHINERY AND EQUIPMENT, IMPORTED FROM THE INDUSTRY LEADERS IN EUROPE SUCH AS KRONES AG AND KHS WHICH ARE INTEGRATED INTO HIGHLY AUTOMATED PRODUCTION MANAGEMENT SYSTEMS TO REDUCE ENERGY CONSUMPTION.**

SABECO have been constantly improving and applying modern technology and equipment in production processes. Since 2017, the breweries have been equipped with devices checking leaking bottles, codes and labels. Researching and investment have been made in beer filtration system in membrane technology which help reduce the discharge of waste solid to the environment, as well as the CO<sub>2</sub> stripping system.

The Corporation has issued and applied a closed and highly automated production process managed by a team of experienced technical engineers and Brew Masters to ensure product quality.

A number of technical staffs were sent to attend Brew Master courses in the United States and Germany. SABECO also invited many reputable organizations and experts to provide technical and operational training for managerial positions to improve their skills. From 2012 to 2018, SABECO has trained 51 Brew Masters throughout the system. In addition, technicians have been sent to attend advanced training courses on yeast propagation, physiochemical and microbiology analysis, beer tasting analysis, maintenance and management systems according to ISO International Standards.



### MANAGEMENT OF QUALITY



SABECO has applied a set of standards and regulations for all breweries related to entire production process from raw materials to finished products to meet the standards in accordance with Vietnamese laws and SABECO standards.

19/25 breweries have been accredited with ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories) and the remaining breweries are being accredited. Currently, SABECO is trying to do relevant works so that all SABECO breweries can achieve the ISO 50001:2011 (Energy Management System Certification) by 2019 - 2020.

### IMPROVEMENT OF PRODUCTION CAPACITY TO MEET CONSUMER DEMAND

In 2018, SABECO expanded production capacity of Saigon Beer – Dak Lak Brewery as well as bringing Saigon Beer – Ben Tre Brewery into production in Quarter 2/2018. In addition, SABECO is constructing and commissioning Saigon Beer – Lam Dong Brewery, expected to begin operation in Quarter 2/2019, which would contribute to timely supply of products to the market.



### RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

**SABECO HAS FOCUSED ON SCIENTIFIC AND TECHNOLOGICAL RESEARCH PROGRAMS TO LAUNCH NEW PRODUCTS AND HAS FURTHER IMPROVED THE QUALITY OF PRODUCT PACKAGING.**

SABECO has continued to improve the quality of current products, research and develop new line of products to meet the diverse needs of customers, maintain market share of SABECO, boost revenues and profits, increase contributions to state budgets and generate more jobs for local workers.

# KEY ISSUES OF SUSTAINABLE DEVELOPMENT

## RESPONSIBILITY FOR EMPLOYEES



### REGULATIONS RELATED TO EMPLOYEES

In order to create employee's engagement and enhance the sense of responsibility in the implementation of rights and obligations arising on the basis of labor laws, SABECO signed and issued the Collective Labor Agreement on October 18, 2018.

Democratic Regulation and Workplace Dialogue Regulation have continued to be applied to enhance the exchange of information and understanding between the two sides with the aim of improving the quality of work and building employee engagement.

### OCCUPATIONAL SAFETY AND OCCUPATIONAL HEALTH

With the aim of ensuring occupational safety and occupational health of all employees as well as improving working environment, SABECO has implemented numbers of policies and programs including:



Organize annual health checks.



Check and detect occupational diseases.



Measure working environment.



Equip personal protective equipment.



Pay labor accident insurance, occupational diseases and compulsory health insurance in accordance with the law.



Organize training course of labor safety and hygiene, fire prevention and fighting according to applicable laws.

## RECRUITMENT POLICY

Recruitment work is organized in accordance with objectives and requirements of the business development strategy of the Corporation and annual plan.

### RECRUITMENT PRINCIPLES

Public announcement to ensure fairness and equal opportunity for all candidates and compliance with the Corporation's regulations and recruitment process.

### RECRUITMENT METHODS

Admission test and direct interview with Human Capital team and line managers.

### RECRUITMENT INFORMATION

Post on SABECO's website, media and other online channels.

## REMUNERATION PRACTICE

SABECO places high importance in creating a performance-based culture. SABECO aims to cultivate and drive the desired culture to people through a performance-based compensation system. SABECO management team works closely with a professional consulting firm to establish remuneration structure and practices that will be increasingly aligned with the market, competitive with local and international enterprises in Vietnam FMCG markets, as well as promote performance-based culture.

## TRAINING POLICY

Every year, training courses are organized to develop capacity of all levels of employees corresponding to their core competencies such as awareness, creativity, high specialization, versatility and teamwork. Training methods are carried out in the form of external training (domestic and foreign) and internal training (training in accordance with regulations and topics with specific characteristics of the Corporation).



## TAKING CARE OF EMPLOYEES' LIVES

Apart from the welfare regimes for employees in accordance with the provisions of the law such as ensuring employees are paid for social insurance and health insurance as prescribed, employees are covered by 24-hour accident insurance. SABECO has also constantly improved the welfare regime for employees to ensure the productivity, and conducted programs to balance work and life such as discussion, giving beer and gifts to employees on their birthday, holiday and Tet.

SABECO has also taken care of the relatives of the employees through activities of giving gifts to their children on the occasion of International Children's Day, Mid-Autumn and Year-end. Every year, SABECO organizes summer camp activities for children of the workers in Thanh Da – Ho Chi Minh City.

# KEY ISSUES OF SUSTAINABLE DEVELOPMENT

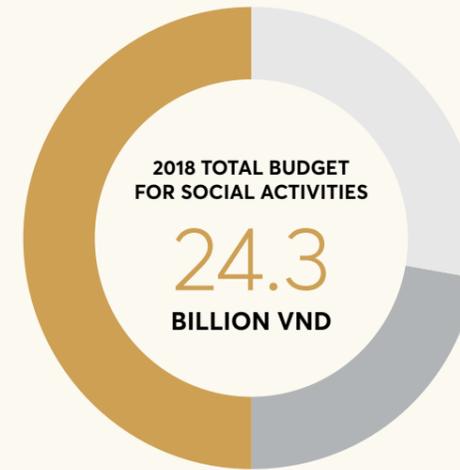
## RESPONSIBILITY FOR COMMUNITY



Funding to build a rural traffic bridge in Quang Binh province.



Caring for Vietnamese Heroic Mother.



### SABECO IS WELL AWARE OF ITS RESPONSIBILITY TO COMMUNITY AND DEVELOPMENT OF SOCIETY.

SABECO is well aware of its responsibility to the community and the development of society. In 2018, SABECO worked closely with the People's Committees of the provinces, Trade Union and Youth Union to organize and participate in community-oriented programs. Besides maintaining SABECO's good reputation in the community, these activities also make employees proud to be a part of SABECO.



### "Coming Home For Tet 2019" Program

With the program "Coming Home For Tet 2019", SABECO has rewarded the outstanding workers who have contributed to the overall success of the country to inspire and spread a strong message of success to the community.

"Coming Home For Tet 2019" have resulted in 1,000 stories of success sharing the joy of reunion on Tet. As the national beer of Vietnam, SABECO is honored to be able to celebrate the success of all Vietnamese, to inspire and encourage more strive towards excellence.

The program has promoted Vietnamese culture value: the reunion on the traditional Tet holiday.





---

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

---

## CORPORATE INFORMATION

### Enterprise Registration Certificate No.

**0300583659**

**29 February 2012**

The Company's enterprise registration certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0300583659 dated 07 August 2018. The enterprise registration certification and its updates were issued by Ho Chi Minh City Planning and Investment Department.

### Board of Directors

<b>Mr. Koh Poh Tiong</b>	Chairman (from 23/04/2018)
<b>Mr. Vo Thanh Ha</b>	Chairman (until 22/04/2018)
<b>Mr. Nguyen Tien Vy</b>	Member (from 21/07/2018)
<b>Mr. Pramoad Phornprapha</b>	Member (from 21/07/2018)
<b>Mr. Michael Chye Hin Fah</b>	Member (from 21/07/2018)
<b>Ms. Tran Kim Nga</b>	Member (from 09/05/2018)
<b>Mr. Nguyen Tien Dung</b>	Member (from 21/07/2018)
<b>Mr. Luong Thanh Hai</b>	Member (from 21/07/2018)
<b>Mr. Tan Tiang Hing, Malcolm</b>	Member (from 23/04/2018 to 20/07/2018)
<b>Mr. Sunyaluck Chaikajornwat</b>	Member (from 23/04/2018 to 20/07/2018)
<b>Mr. Bui Ngoc Hanh</b>	Member (until 20/07/2018)
<b>Mr. Nguyen Thanh Nam</b>	Member (until 20/07/2018)
<b>Mr. Nguyen Bich Dat</b>	Member (until 20/07/2018)

### Board of Management

<b>Mr. Neo Gim Siong Bennett</b>	General Director (from 01/08/2018)
<b>Mr. Nguyen Thanh Nam</b>	General Director (until 30/07/2018)
<b>Mr. Lam Du An</b>	Deputy General Director Sai Gon – Nguyen Chi Thanh Factory's Director
<b>Mr. Teo Hong Keng</b>	Deputy General Director (from 09/05/2018)
<b>Mr. Hoang Dao Hiep</b>	Deputy General Director (from 01/10/2018)
<b>Mr. Neo Gim Siong Bennett</b>	Deputy General Director (from 09/05/2018 to 31/07/2018)
<b>Mr. Ng Kuan Ngee Melvyn</b>	Deputy General Director (from 09/05/2018)
<b>Mr. Nguyen Minh An</b>	Deputy General Director (until 20/06/2018)

### Board of Supervisors

<b>Mr. Nguyen Van Minh</b>	Head of the Board (until 20/07/2018)
<b>Mr. Ly Minh Hoang</b>	Member (until 20/07/2018)

According to Decision No. 87/2018/NQ-DHDCD dated 21 July 2018, the shareholders approved to change the Company's management structure, in which Board of Supervisors structure was replaced by Audit Committee structure.

## CORPORATE INFORMATION

### Audit Committee

<b>Mr. Pramoad Phornprapha</b>	Chairman (from 30/10/2018)
<b>Mr. Nguyen Tien Vy</b>	Member (from 30/10/2018)
<b>Mr. Michael Chye Hin Fah</b>	Member (from 30/10/2018)

### Legal representative

<b>Mr. Koh Poh Tiong</b>	Chairman (from 23/04/2018)
<b>Mr. Vo Thanh Ha</b>	Chairman (until 22/04/2018)
<b>Mr. Neo Gim Siong Bennett</b>	General Director (from 01/08/2018)
<b>Mr. Nguyen Thanh Nam</b>	General Director (until 30/07/2018)

### Registered Office

No. 187, Nguyen Chi Thanh Street, Ward 12, District 5,  
Ho Chi Minh City, Vietnam

### Auditor

KPMG Limited Vietnam

## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon Beer – Alcohol – Beverage Corporation (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively “the Group”) for the year ended 31 December 2018.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Company’s Board of Management:

- (a) The consolidated financial statements set out on pages 128 to 193 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) At the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management,



**NEO GIM SIONG BENNETT**  
General Director

Ho Chi Minh City, 18 March 2019.

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders Saigon Beer – Alcohol – Beverage Corporation

We have audited the accompanying consolidated financial statements of Saigon Beer – Alcohol – Beverage Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 18 March 2019, as set out on pages 128 to 193.

### Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon Beer – Alcohol – Beverage Corporation and its subsidiaries as at 31 December 2018 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another firm of auditors whose reports dated 02 April 2018 expressed an unqualified opinion on those consolidated financial statements.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00346-19-4



### Ha Vu Dinh

Practicing Auditor Registration  
Certificate No. 0414-2018-007-1

Deputy General Director

Ho Chi Minh City, 18 March 2019.

### Nguyen Thanh Nghi

Practicing Auditor Registration  
Certificate No. 0304-2018-007-1

**CONSOLIDATED BALANCE SHEET  
AS AT 31/12/2018****FORM B 01 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)*

Unit: VND

	CODE	NOTE	31/12/2018	01/01/2018
<b>ASSETS</b>				
<b>Current assets (100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>14,690,168,205,219</b>	<b>13,686,327,476,651</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>4,467,391,585,137</b>	<b>4,268,598,818,042</b>
Cash	111		1,595,188,808,377	1,631,824,576,797
Cash equivalents	112		2,872,202,776,760	2,636,774,241,245
<b>Short-term financial investments</b>	<b>120</b>		<b>7,544,188,420,764</b>	<b>6,558,801,231,269</b>
Held-to-maturity investments	123	6(a)	7,544,188,420,764	6,558,801,231,269
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>765,630,597,003</b>	<b>715,326,353,415</b>
Accounts receivable from customers	131	7	244,119,166,060	171,320,969,298
Prepayments to suppliers	132		74,757,986,951	108,549,780,497
Other short-term receivables	136	8(a)	473,750,492,186	468,739,410,975
Allowance for doubtful short-term debts	137	9(a)	(55,871,302,744)	(53,455,692,637)
Shortage of assets awaiting resolution	139	10	28,874,254,550	20,171,885,282
<b>Inventories</b>	<b>140</b>	<b>11(a)</b>	<b>1,813,754,190,894</b>	<b>2,003,535,067,335</b>
Inventories	141		2,034,063,807,573	2,116,546,352,025
Allowance for inventories	149		(220,309,616,679)	(113,011,284,690)
<b>Other current assets</b>	<b>150</b>		<b>99,203,411,421</b>	<b>140,066,006,590</b>
Short-term prepaid expenses	151	12(a)	86,456,727,461	24,912,851,252
Deductible value added tax	152		7,564,621,909	112,192,286,560
Taxes receivable from State Treasury	153	19(b)	5,182,062,051	2,960,868,778

The accompanying notes are an integral part of these consolidated financial statements

	CODE	NOTE	31/12/2018	01/01/2018
<b>Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>7,676,574,586,994</b>	<b>8,327,361,633,259</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,860,731,012</b>	<b>20,093,775,062</b>
Accounts receivable from customers – long-term	211		6,077,549,878	4,761,134,371
Loans receivable – long-term	215		4,000,000,000	4,000,000,000
Other long-term receivables	216	8(b)	35,180,710,917	49,118,570,411
Allowance for doubtful long-term debts	219	9(b)	(39,397,529,783)	(37,785,929,720)
<b>Fixed assets</b>	<b>220</b>		<b>4,567,091,079,194</b>	<b>5,008,100,480,672</b>
<b>Tangible fixed assets</b>	<b>221</b>	<b>13</b>	<b>3,614,850,885,054</b>	<b>4,044,747,362,200</b>
Cost	222		9,497,449,925,191	9,343,836,360,323
Accumulated depreciation	223		(5,882,599,040,137)	(5,299,088,998,123)
<b>Intangible fixed assets</b>	<b>227</b>	<b>14</b>	<b>952,240,194,140</b>	<b>963,353,118,472</b>
Cost	228		1,091,397,605,211	1,088,315,805,211
Accumulated depreciation	229		(139,157,411,071)	(124,962,686,739)
<b>Investment properties</b>	<b>230</b>	<b>15</b>	<b>54,567,837,235</b>	<b>67,657,774,573</b>
Cost	231		71,444,026,942	83,725,457,765
Accumulated depreciation	232		(16,876,189,707)	(16,067,683,192)
<b>Long-term work in progress</b>	<b>240</b>		<b>144,377,898,065</b>	<b>111,505,655,106</b>
Construction in progress	242	16	144,377,898,065	111,505,655,106
<b>Long-term financial investments</b>	<b>250</b>		<b>2,119,042,308,110</b>	<b>2,152,327,824,131</b>
Investments in associates, jointly controlled entities	252	6(c)	1,800,203,395,934	1,747,121,088,747
Equity investments in other entities	253	6(c)	688,510,888,053	736,652,914,597
Allowance for diminution in the value of long-term financial investments	254	6(c)	(390,540,855,782)	(352,315,059,118)
Held-to-maturity investments	255	6(c)	20,868,879,905	20,868,879,905
<b>Other long-term assets</b>	<b>260</b>		<b>785,634,733,378</b>	<b>967,676,123,715</b>
Long-term prepaid expenses	261	12(b)	551,794,760,319	816,991,436,755
Deferred tax assets	262	17	184,533,845,767	136,822,415,511
Long-term tools, supplies and spare parts	263	11(b)	49,306,127,292	13,862,271,449
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>22,366,742,792,213</b>	<b>22,013,689,109,910</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET  
AS AT 31/12/2018 (CONTINUED)****FORM B 01 – DN/HN**(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Unit: VND

	CODE	NOTE	31/12/2018	01/01/2018
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>6,254,837,224,044</b>	<b>7,593,162,674,962</b>
<b>Current liabilities</b>	<b>310</b>		<b>5,925,696,932,383</b>	<b>7,401,584,603,555</b>
Accounts payable to suppliers	311	18	2,027,262,167,712	2,020,399,662,484
Advances from customers	312		110,463,408,413	89,250,848,970
Taxes payable to State Treasury	313	19(a)	1,100,614,318,513	1,209,757,064,447
Payables to employees	314		308,694,031,650	222,226,205,331
Accrued expenses	315	20	473,169,060,350	196,525,953,248
Unearned revenue – short-term	318		1,739,369,694	606,060,605
Other payables – short-term	319	21(a)	1,079,538,511,465	2,630,180,684,051
Short-term borrowings	320	22(a)	594,242,788,680	722,903,981,780
Provisions – short-term	321	23(a)	7,668,228,740	12,991,411,679
Bonus and welfare fund	322	24	222,305,047,166	296,742,730,960
<b>Long-term liabilities</b>	<b>330</b>		<b>329,140,291,661</b>	<b>191,578,071,407</b>
Long-term advances from customers	332		22,183,449	22,183,449
Other payables – long-term	337	21(b)	53,149,616,000	53,632,516,000
Long-term borrowings	338	22(b)	14,618,022,047	1,941,629,834
Deferred tax liabilities	341	17	31,483,891,699	17,217,198,238
Provisions – long-term	342	23(b)	145,868,448,336	64,493,890,463
Science and technology development fund	343		83,998,130,130	54,270,653,423

	CODE	NOTE	31/12/2018	01/01/2018
<b>EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>16,111,905,568,169</b>	<b>14,420,526,434,948</b>
<b>Owners' equity</b>	<b>410</b>	<b>25</b>	<b>16,111,868,168,169</b>	<b>14,420,526,434,948</b>
Share capital	411	26	6,412,811,860,000	6,412,811,860,000
Ordinary shares with voting rights	411a		6,412,811,860,000	6,412,811,860,000
Other capital	414		3,208,666,226	3,208,666,226
Foreign exchange differences	417		21,099,487,654	19,113,771,975
Investment and development fund	418	27	1,130,147,220,442	1,118,963,482,640
Other equity funds	420		5,327,112,664	5,327,112,664
Retained profits	421		7,473,777,581,426	5,823,903,898,574
Retained profits brought forward	421a		5,787,247,290,578	2,946,086,838,409
Retained profit for the current year	421b		1,686,530,290,848	2,877,817,060,165
Non-controlling interest	429		1,065,496,239,757	1,037,160,242,869
<b>Non-business expenditure fund and other funds</b>	<b>430</b>		<b>37,400,000</b>	<b>37,400,000</b>
Non-business expenditure fund	431		37,400,000	37,400,000
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>22,366,742,792,213</b>	<b>22,013,689,109,910</b>

Prepared by


**Hoang Thanh Van**  
Accountant

Approved by


**Tran Nguyen Trung**  
Chief Accountant

**Teo Hong Keng**  
Deputy General Director**Neo Gim Siong Bennett**  
General Director

18 March 2019

The accompanying notes are an integral part of these consolidated financial statements

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF INCOME**  
**THE YEAR ENDED 31/12/2018****FORM B 02 – DN/HN**(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Unit: VND

	CODE	NOTE	2018	2017
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>30</b>	<b>36,043,018,331,946</b>	<b>34,438,171,048,592</b>
<b>Revenue deductions</b>	<b>02</b>	<b>30</b>	<b>94,465,769,999</b>	<b>244,780,494,353</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>30</b>	<b>35,948,552,561,947</b>	<b>34,193,390,554,239</b>
<b>Cost of sales</b>	<b>11</b>	<b>31</b>	<b>27,864,413,389,551</b>	<b>25,327,872,489,662</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>8,084,139,172,396</b>	<b>8,865,518,064,577</b>
Financial income	21	32	630,350,383,424	506,107,630,554
Financial expenses	22	33	74,634,952,869	(25,805,674,678)
<i>In which: Interest expense</i>	23		35,244,808,353	42,111,534,689
Share of profits in associates, jointly controlled entities	24	6(c)	354,965,023,940	411,873,934,391
Selling expenses	25	34	2,731,090,859,491	2,811,111,874,500
General and administration expenses	26	35	912,705,312,866	935,974,797,536
<b>Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>5,351,023,454,534</b>	<b>6,062,218,632,164</b>
Other income	31		81,737,853,570	106,139,463,217
Other expenses	32		42,321,666,598	91,266,440,247
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>39,416,186,972</b>	<b>14,873,022,970</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>5,390,439,641,506</b>	<b>6,077,091,655,134</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>37</b>	<b>1,021,134,431,877</b>	<b>1,140,540,458,945</b>
<b>Income tax benefit – deferred</b>	<b>52</b>	<b>37</b>	<b>(33,444,736,795)</b>	<b>(12,048,055,675)</b>
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>4,402,749,946,424</b>	<b>4,948,599,251,864</b>

	CODE	NOTE	2018	2017
<b>Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)</b>	<b>60</b>		<b>4,402,749,946,424</b>	<b>4,948,599,251,864</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		4,177,432,235,379	4,711,485,204,581
Non-controlling interest	62		225,317,711,045	237,114,047,283
<b>Earnings per share</b>				
Basic earnings per share	70	38	6,190	6,915

18 March 2019

Prepared by:

Approved by:


**Hoang Thanh Van**  
Accountant

**Tran Nguyen Trung**  
Chief Accountant

**Teo Hong Keng**  
Deputy General Director**Neo Gim Siong Bennett**  
General Director

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31/12/2018  
(INDIRECT METHOD)**

**FORM B 03 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Unit: VND

	CODE	NOTE	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Accounting profit before tax</b>	<b>01</b>		<b>5,390,439,641,506</b>	<b>6,077,091,655,134</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		634,592,696,360	625,353,451,649
Allowances and provisions	03		241,180,788,466	81,974,112,122
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		(71,937,562)	105,642,811
Profits from investing activities	05		(628,666,671,052)	(508,813,877,974)
Shared profits in associates, jointly controlled entities	05		(354,965,023,940)	(411,873,934,391)
Interest expense	06		35,244,808,353	42,111,534,689
Other adjustments	07		29,737,976,707	-
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>5,347,492,278,838</b>	<b>5,905,948,584,040</b>
Change in receivables	09		119,830,562,870	187,690,969,602
Change in inventories	10		36,215,461,662	50,519,655,998
Change in payables and other liabilities	11		324,263,923,251	(329,359,651,676)
Change in prepaid expenses	12		203,652,800,227	(17,853,632,868)
			<b>6,031,455,026,848</b>	<b>5,796,945,925,096</b>
Interest paid	14		(35,956,684,154)	(44,424,319,099)
Corporate income tax paid	15		(1,140,987,498,904)	(294,736,168,316)
Other payments for operating activities	17		(339,724,962,299)	(389,966,128,772)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>4,514,785,881,491</b>	<b>5,067,819,308,909</b>

The accompanying notes are an integral part of these consolidated financial statements

	CODE	NOTE	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(290,439,347,849)	(151,157,759,584)
Proceeds from disposals of fixed assets	22		2,009,409,588	14,863,280,117
Placement of term deposits at banks	23		(10,860,587,189,495)	(7,278,046,709,349)
Collection of term deposits at banks	24		9,875,200,000,000	3,893,566,652,296
Payments for investments in other entities	25		-	(43,880,715,400)
Proceeds from withdrawal of investments in other entities	26		28,339,826,544	66,048,265,300
Receipts of interests and dividends	27		934,229,165,303	678,088,897,966
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(311,248,135,909)</b>	<b>(2,820,518,088,654)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued or capital contributed by owners	31		-	67,207,854,357
Proceeds from borrowings	33		3,255,664,065,073	3,541,517,218,824
Payments to settle loan principals	34		(3,371,648,865,960)	(4,023,393,560,638)
Payments of dividends	36		(3,888,748,971,778)	(1,008,864,945,050)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(4,004,733,772,665)</b>	<b>(1,423,533,432,507)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>198,803,972,917</b>	<b>823,767,787,748</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>4,268,598,818,042</b>	<b>3,444,825,444,503</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(11,205,822)</b>	<b>5,585,791</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>5</b>	<b>4,467,391,585,137</b>	<b>4,268,598,818,042</b>

Prepared by

Approved by

18 March 2019



**Hoang Thanh Van**  
Accountant



**Tran Nguyen Trung**  
Chief Accountant



**Teo Hong Keng**  
Deputy General Director



**Neo Gim Siong Bennett**  
General Director

The accompanying notes are an integral part of these consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018

FORM B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC  
dated 22 /12/2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

### 1. REPORTING ENTITY

#### A. OWNERSHIP STRUCTURE

Saigon Beer - Alcohol - Beverage Corporation ("the Company") was established as a State-Owned General Corporation under Decision No. 74/2003/QD-BCN dated 06 May 2003 of the Ministry of Industry (now the Ministry of Industry and Trade) by restructuring Saigon Beer Company and merging it with Binh Tay Liquor Company, Chuong Duong Beverages Company and Phu Tho Glass Company into the Company. On 11 May 2004, the Ministry of Industry issued Decision No. 37/2004/QD-BCN to restructure the Company into a parent - subsidiary structure. The Company's operation was licenced in accordance with Business Registration Certificate No. 4106000286 issued by the Department of Planning and Investment of Ho Chi Minh City on 01 September 2006.

The Company was equitised as per Decision No. 1862/QD-TTg dated 28 December 2007 of the Prime Minister and was approved under Joint Stock Business Registration Certificate No. 4103010027 dated 17 April 2008 by the Department of Planning and Investment of Ho Chi Minh City. As at that date, the newly established joint stock company assumed control over all assets and liabilities from the former State-Owned General Corporation.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange with trading code SAB in accordance with Decision No. 470/QO-SGDHCM dated 25 November 2016 issued by the Ho Chi Minh City Stock Exchange.

The consolidated financial statements of the Company for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

#### B. PRINCIPAL ACTIVITIES

The principal activities of the Group are to produce and sell beer, alcohol, beverages and related products including material and packaging materials; to provide warehousing, logistics and transportation services; to manufacture mechanical equipment, structural steel construction, and mechanical equipment installation services; and to construct and provide real estates services.

#### C. NORMAL OPERATING CYCLE

The normal operating cycle of the Group is generally within 12 months.

#### D. GROUP STRUCTURE

As at 31 December 2018, the Group had 25 subsidiaries and 19 associates, jointly controlled entities (01/01/2018: 23 subsidiaries and 21 associates, jointly controlled entities) as follows:

No	COMPANY NAME	PRINCIPAL ACTIVITIES	31/12/2018		01/01/2018	
			% OF EQUITY INTEREST	% OF VOTING RIGHTS	% OF EQUITY INTEREST	% OF VOTING RIGHTS
<b>I SUBSIDIARIES</b>						
1	Saigon Beer Western Joint Stock Company	Producing and trading beer.	51%	51%	51%	51%
2	Chuong Duong Beverages Joint Stock Company	Producing and trading beverage, canned food and accessories.	62.06%	62.06%	62.06%	62.06%
3	Sai Gon - Quang Ngai Beer Joint Stock Company	Producing and trading beer.	66.56%	66.56%	66.56%	66.56%
4	Binh Tay Liquor Joint Stock Company	Producing and trading alcohol.	93.32%	93.47%	93.32%	93.47%
5	Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Producing and trading beer and soft drinks.	55.90%	56.24%	55.90%	56.24%
6	Saigon - Nghetinh Beer Joint Stock Company	Producing and trading beer, alcohol and beverage.	54.73%	54.73%	54.73%	54.73%
7	Saigon - Songlam Beer Joint Stock Company	Producing and trading beer and beverage; import and export related materials.	68.78%	68.78%	68.78%	68.78%
8	Sai Gon - Ha Noi Beer Corporation	Producing and trading beer and beverage; import and export related materials.	52.11%	52.11%	52.11%	52.11%
9	Sai Gon Beer Trading Company Limited	Trading beer, alcohol and beverage.	100%	100%	100%	100%
10	Northern Sai Gon Beer Trading Joint Stock Company	Trading beer, alcohol and beverage; provision transportation and warehousing services.	94.72%	94.72%	94.72%	94.72%
11	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverage; provision transportation and warehousing services.	95.07%	95.07%	94.92%	94.92%
12	Saigon Beer Center Trading Joint Stock Company	Wholesale of beer, alcohol drinks; wholesale of non-alcohol drinks, wholesale of other chemicals, alcohol; trading packaging; providing cargo transportation by car.	94.41%	94.41%	94.21%	94.21%
13	Bia Saigon Mien Trung Trading Joint Stock Company	Trading beer, alcohol and beverage; provision warehousing and cargo transportation by car services.	91.24%	91.24%	91.24%	91.24%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

### FORM B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

No	COMPANY NAME	PRINCIPAL ACTIVITIES	31/12/2018		01/01/2018	
			% OF EQUITY INTEREST	% OF VOTING RIGHTS	% OF EQUITY INTEREST	% OF VOTING RIGHTS
14	Sai Gon Beer Tay Nguyen Trading Joint Stock Company	Trading beer, alcohol and beverage; provision warehousing and transportation services.	90%	90%	90%	90%
15	Saigon Beer Nam Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverage; provision warehousing and cargo transportation services.	90.14%	90.14%	90.14%	90.14%
16	Sai Gon Beer Eastern Trading Joint Stock Company	Trading beer, alcohol and beverage; provision cargo transportation by road and waterway services.	90.68%	90.68%	90.68%	90.68%
17	Saigon Song Tien Beer Trading Joint Stock Company	Trading beer, alcohol and beverage; provision warehousing cargo transportation by road services.	90%	90%	90%	90%
18	Saigon Song Hau Beer Trading Joint Stock Company	Trading beer, alcohol and beverage; provision cargo transportation by road and waterway services.	90%	90%	90%	90%
19	Sa Be Co Mechanical Co.,Ltd	Manufacturing equipment used in food manufacturing, install and maintain machinery system and equipment.	100%	100%	100%	100%
20	Saigon Soc Trang Beer One Member Limited Company	Producing and trading beer, yeasty malt, mineral water, bottled purified water.	51%	100%	51%	100%
21	Sai Gon Beer Northeast Trading Joint Stock Company	Trading beer, alcohol and beverage; provision warehousing and cargo transportation services.	90.45%	90.45%	90.45%	90.45%
22	Sai Gon – Ha Tinh Beer One Member Company Limited	Producing and trading beer, yeasty malt, mineral water, bottled purified water.	100%	100%	100%	100%
23	Sai Gon Beer Packaging Joint Stock Company	Producing and trading tin lid rings and metal packaging, packaging for food and beverage industry.	76.81%	76.81%	76.81%	76.81%
24	Saigon Beer Company Limited	Wholesale of beer, alcohol and beverage.	100%	100%	-	-
25	Saigon Beer Group Company Limited	Wholesale of beer, alcohol and beverage.	100%	100%	-	-

No	COMPANY NAME	PRINCIPAL ACTIVITIES	31/12/2018		01/01/2018	
			% OF EQUITY INTEREST	% OF VOTING RIGHTS	% OF EQUITY INTEREST	% OF VOTING RIGHTS
<b>II JOINTLY CONTROLLED ENTITIES</b>						
1	Me Linh Point Limited (*)	Providing office building leasing and management services.	35%	25%	35%	25%
2	Crown Beverage Cans Saigon Limited	Manufacturing aluminium cans.	30.04%	30.04%	30.04%	30.04%
3	Malaya – Vietnam Glass Limited	Manufacturing glass products.	30%	30%	30%	30%
4	San Miguel Yamamura Phu Tho Packaging Company Limited	Manufacturing and trading metal packaging.	35%	35%	35%	35%
5	Vietnam Spirits And Wine Ltd	Producing and trading alcohol and alcohol-related products.	45%	45%	45%	45%
<b>III ASSOCIATES</b>						
6	Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	Providing consulting construction and designing services.	28.57%	28.57%	28.57%	28.57%
7	Truong Sa Food – Food Business Joint Stock Company	Producing agricultural products and foods.	38.62%	38.98%	38.62%	38.98%
8	Saigon – Phutho Beer Joint Stock Company	Producing beer, alcohol and beverage.	30.84%	33.85%	30.84%	33.85%
9	Sai Gon – Phu Ly Beer Joint Stock Company (**)	Producing beer, mineral water; provision hotel and transportation services.	-	-	29.76%	29.76%
10	Sai Gon – Mien Trung Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts.	32.40%	32.41%	32.40%	32.41%
11	Tan Thanh Investment Trading Company Limited	Construction and real estates.	29%	29%	29%	29%
12	Mechanical And Industrial Construction Joint Stock Company	Manufacturing, installing machinery, bridges and roads and industrial construction products.	26%	26%	26%	26%
13	Sai Gon – Vinh Long Beer Joint Stock Company	Producing beer, alcohol and beverage.	20%	20%	20%	20%
14	Sai Gon – Kien Giang Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts.	20%	20%	20%	20%
15	Sai Gon – Khanh Hoa Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts.	26%	26%	26%	26%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)*

No	COMPANY NAME	PRINCIPAL ACTIVITIES	31/12/2018		01/01/2018	
			% OF EQUITY INTEREST	% OF VOTING RIGHTS	% OF EQUITY INTEREST	% OF VOTING RIGHTS
16	Saigon - Bentre Beer Joint Stock Company	Producing beer, alcohol and beverage	20%	20%	20%	20%
17	Saigon Binh Tay Beer Group Joint Stock Company (**)	Producing, processing and trading food, beverage, beer and alcohol drinks	21.80%	22.18%	21.43%	22.17%
18	Saigon Tay Do Beer - Beverage Joint Stock Company	Producing and trading beer, alcohol, beverage, soya milk and fruit juice	27.62%	34.92%	27.62%	34.92%
19	Saigon - Baclieu Beer Joint Stock Company	Producing beer, alcohol and beverage	10.2%	20%	10.2%	20%
20	Saigon - Lamdong Beer Joint Stock Company	Producing beer, alcohol and beverage	20%	20%	20%	20%

(\*) The ownership of the Group in the joint venture with Me Linh Point Limited was stated in the joint venture agreement dated 24 November 1994 between Chuong Duong Beverages Joint Stock Company ("Chuong Duong"), a subsidiary of the Company, and the counter party Centrepoint Properties Ltd., a company established in Singapore. At the equitisation of Chuong Duong in 2014, the ownership of this joint venture agreement was transferred from Chuong Duong to the Company following the approval of the Ministry of Industry (now is the Ministry of Industry and Trade). According to the joint venture agreement, profit is allocated to each party in the joint venture follows a schedule stated in this agreement. In the year ended 31 December 2018, the ratio are 35% and 65% (year ended 31 December 2017: 35% and 65%) for the Group and the counter party, respectively.

(\*\*) According to Resolution of Annual General Meeting of Sai Gon Binh Tay Beer Joint Stock Company ("Sai Gon Binh Tay") on 15 April 2017, Sai Gon Binh Tay issued its shares to the public to swap and merge Sai Gon - Ninh Thuan Beer Joint Stock Company and Sai Gon - Phu Ly Beer Joint Stock Company into Sai Gon Binh Tay. The swap and merge was completed successfully on 9 July 2018. As a result, the Group no longer has investment in Sai Gon - Ninh Thuan Beer Joint Stock Company and Sai Gon - Phu Ly Beer Joint Stock Company since 09 July 2018 and the percentage of voting right and equity interest of the Group in Sai Gon Binh Tay changed from 22.17% to 22.18% and from 21.43% to 21.80%, respectively. On 14 August 2018, Sai Gon Binh Tay also changed the name from "Sai Gon Binh Tay Beer Joint Stock Company" to "Saigon Binh Tay Beer Group Joint Stock Company".

As at 31 December 2018, the Group had 7,877 employees (01/01/2018: 8,395 employees).

## 2. BASIS OF PREPARATION

### A. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### B. BASIS OF MEASUREMENT

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

### C. ANNUAL ACCOUNTING PERIOD

The annual accounting period of the Group is from 01 January to 31 December.

### D. ACCOUNTING AND PRESENTATION CURRENCY

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purpose.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

### A. BASIS OF CONSOLIDATION

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### (iii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### (iv) Transactions eliminated on consolidation

Intra-group transactions, balances, and any unrealised income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

## B. FOREIGN CURRENCY

### (i) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the buying and selling exchange rates, respectively at the end of the annual accounting period quoted by the commercial bank where the Group most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

### (ii) Translation of financial statements of associate from the accounting currency to the presentation currency

The assets and liabilities of associate which denominated in currency other than VND are translated to VND at exchange rates at the end of the annual accounting period. The income and expenses of this associate are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of financial statements of associate which denominated in currency other than VND are recognised in the balance sheet under the caption "Foreign exchange differences" in equity.

## C. CASH AND CASH EQUIVALENTS

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## D. INVESTMENTS

### (i) Held-to-maturity investments

Held-to-maturity investments are those that the Group's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks, bonds and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

### (ii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

## E. ACCOUNTS RECEIVABLE

Trade and other receivables are stated at cost less allowance for doubtful debts.

## F. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

**G. TANGIBLE FIXED ASSETS**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT	OTHERS
5 – 45 YEARS	5 – 30 YEARS	3 – 10 YEARS	3 – 15 YEARS	2 – 20 YEARS

**H. INTANGIBLE FIXED ASSETS**

**(i) Land use rights**

Land use rights comprise:

- Those granted by the State for which land use payments are collected;
- Those acquired in a legitimate transfer; and
- Rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights with indefinite term are stated at cost and not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of land use rights comprises the purchase price and any direct attributable costs incurred in conjunction with securing the land use rights. Land use rights with definite term are amortised on a straight-line basis over the term of the land use rights ranging from 40 years to 49 years.

**(ii) Software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 years.

**I. INVESTMENT PROPERTIES**

**(i) Investment property held to earn rental**

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

LAND USE RIGHTS	BUILDINGS AND STRUCTURES
3 – 46 YEARS	5 – 50 YEARS

**(ii) Investment property held for capital appreciation**

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

**J. CONSTRUCTION IN PROGRESS**

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)

### K. LONG-TERM PREPAID EXPENSES

#### (i) Rental expenses

Rental expense includes prepaid warehouse rental fee and initially is stated at costs. Rental expense is amortised on a straight-line basis over 2 to 3 years.

#### (ii) Returnable packaging

Returnable packaging includes bottles and crates being used in the Group's production and business activities and is initially stated at costs. Returnable packaging are amortised on a straight-line basis over 2 to 3 years.

#### (iii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over 2 to 3 years.

#### (iv) Renovation expenses

Renovation expenses of fixed assets represents the expense for repairing and replacing machinery, equipment and other fixed assets but not qualified for capitalisation into cost of fixed assets. Renovation expenses are recognised at cost and amortised on a straight-line basis over 2 to 3 years.

### L. TRADE AND OTHER PAYABLES

Trade and other payables are stated at their cost.

### M. PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee

severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

### N. SHARE CAPITAL

#### Ordinary shares

Ordinary shares are stated at par value. Excess of cash received from share issuance over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

### O. TAXATION

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)*

### P. REVENUE AND OTHER INCOME

#### (i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

#### (ii) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

#### (iii) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

#### (iv) Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

#### (v) Dividend income

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

### Q. OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

### R. BORROWING COSTS

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

### S. EARNINGS PER SHARE

The Group presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) by the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive shares, regulations on presentation of diluted earnings per share are not applied.

### T. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

### U. RELATED PARTIES

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

FORM B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### 4. SEGMENT REPORTING

#### A. BUSINESS SEGMENTS

The Group's business segments are distinguished based on the principal activities as follows:

- Sales of beer products
- Sales of raw materials; and
- Other activities include sales of alcohol, beverages and other products.

During the year, other business activities accounted for an insignificant proportion of total revenue and operating results of the Group and the Group's assets and liabilities as at reporting dates were mainly related to beer manufacturing activities. Accordingly, the financial information presented in the balance sheet as at 31 December 2018 and 01 January 2018 are related to the Group's sales of beer activities. Note 30 and Note 31 disclosed breakdown of revenue and cost of sales per each category of products, which provided sufficient information as to performance of each segment as identified above.

#### B. GEOGRAPHICAL SEGMENTS

The Group's geographical segments are distinguished based on the locations of customers as follows:

Unit: VND

	GEOGRAPHICAL SEGMENTS		
	LOCAL	EXPORT	TOTAL
<b>2018</b>			
Revenue	35,360,893,401,425	587,659,160,522	35,948,552,561,947
Cost of sales	(27,387,499,862,489)	(476,913,527,062)	(27,864,413,389,551)
	<b>7,973,393,538,936</b>	<b>110,745,633,460</b>	<b>8,084,139,172,396</b>
<b>2017</b>			
Revenue	33,634,836,924,083	558,553,630,156	34,193,390,554,239
Cost of sales	(24,846,676,327,151)	(481,196,162,511)	(25,327,872,489,662)
	<b>8,788,160,596,932</b>	<b>77,357,467,645</b>	<b>8,865,518,064,577</b>

The Group's assets were located in Vietnam.

### 5. CASH AND CASH EQUIVALENTS

Unit: VND

	31/12/2018	01/01/2018
Cash on hand	3,813,388,314	5,390,868,148
Cash in banks	1,591,375,420,063	1,626,433,708,649
Cash equivalents (*)	2,872,202,776,760	2,636,774,241,245
	<b>4,467,391,585,137</b>	<b>4,268,598,818,042</b>

(\*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transactions dates and earned interest rates from 5.1% to 5.5% per annum (01/01/2018: 5.5% per annum).

### 6. INVESTMENTS

#### A. HELD-TO-MATURITY INVESTMENTS – SHORT-TERM

Held-to-maturity investments – short-term represented term deposits at banks with original terms to maturity of more than 3 months but less than 12 months from their transaction dates and earned interest rates from 5.3% to 7.2% per annum (01/01/2018: from 5.1% to 7.2% per annum).

#### B. HELD-TO-MATURITY INVESTMENTS – LONG-TERM

Held-to-maturity investments – long-term represented the Group's investments into bonds of Shipbuilding Industry Corporation. The allowance was fully made for this investment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

**C. EQUITY INVESTMENTS IN OTHER ENTITIES**

	31/12/2018			01/01/2018		
	EQUITY ACCOUNTED/ COST	ALLOWANCE	CARRYING AMOUNT	EQUITY ACCOUNTED/ COST	ALLOWANCE	CARRYING AMOUNT
Investments in associates, jointly controlled entities (i)	1,800,203,395,934	(24,135,767,100)	1,776,067,628,834	1,747,121,088,747	(19,988,792,554)	1,727,132,296,193
Equity investments in other entities (ii)	688,510,888,053	(366,405,088,682)	322,105,799,371	736,652,914,597	(332,326,266,564)	404,326,648,033
	<b>2,488,714,283,987</b>	<b>(390,540,855,782)</b>	<b>2,098,173,428,205</b>	<b>2,483,774,003,344</b>	<b>(352,315,059,118)</b>	<b>2,131,458,944,226</b>

**Unit: VND**

**(i) Investments in associates, jointly controlled entities**

COMPANY NAME	31/12/2018			01/01/2018		
	EQUITY ACCOUNTED	FAIR VALUE	ALLOWANCE	EQUITY ACCOUNTED	FAIR VALUE	ALLOWANCE
Truong Sa Food – Food Business Joint Stock Company	5,899,777,115	(*)	-	4,597,654,606	(*)	-
Sai Gon – Phu Ly Beer Joint Stock Company	-	(*)	-	134,708,832,052	(*)	-
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	329,653,546	(*)	-	329,653,546	(*)	-
Saigon – Phutho Beer Joint Stock Company	76,506,756,665	(*)	-	81,363,598,253	(*)	-
Mechanical And Industrial Construction Joint Stock Company	10,727,077,141	(*)	-	12,641,612,636	(*)	-
Saigon Tay Do Beer – Beverage Joint Stock Company	103,121,828,391	(*)	-	111,504,428,891	(*)	-

**Unit: VND**

COMPANY NAME	31/12/2018			01/01/2018		
	EQUITY ACCOUNTED	FAIR VALUE	ALLOWANCE	EQUITY ACCOUNTED	FAIR VALUE	ALLOWANCE
Me Linh Point Limited	123,970,386,177	(*)	-	119,215,074,210	(*)	-
Crown Beverage Cans Saigon Limited	287,070,899,745	(*)	-	302,127,077,404	(*)	-
Malaya – Vietnam Glass Limited	216,067,689,657	(*)	-	169,368,729,376	(*)	-
San Miguel Yamamura Phu Tho Packaging Company Limited	61,605,169,453	(*)	-	55,532,678,119	(*)	-
Vietnam Spirits And Wine Ltd	24,135,767,100	(*)	(24,135,767,100)	19,988,792,554	(*)	(19,988,792,554)
Saigon Binh Tay Beer Group Joint Stock Company	473,240,164,300	(*)	-	326,779,406,443	(*)	-
Sai Gon – Mien Trung Beer Joint Stock Company	151,198,862,177	(*)	-	150,263,429,620	(*)	-
Tan Thanh Investment Trading Company Limited	69,888,052,736	(*)	-	69,681,606,168	(*)	-
Saigon – Bacieu Beer Joint Stock Company	39,177,284,776	(*)	-	39,376,471,352	(*)	-
Sai Gon – Vinh Long Beer Joint Stock Company	45,161,525,814	(*)	-	45,712,379,489	(*)	-
Sai Gon – Kien Giang Beer Joint Stock Company	31,194,049,992	(*)	-	27,867,627,428	(*)	-
Sai Gon – Khanh Hoa Beer Joint Stock Company	42,000,603,692	(*)	-	36,062,036,600	(*)	-
Saigon – Bentre Beer Joint Stock Company	18,907,847,457	(*)	-	20,000,000,000	(*)	-
Saigon – Lamdong Beer Joint Stock Company	20,000,000,000	(*)	-	20,000,000,000	(*)	-
	<b>1,800,203,395,934</b>		<b>(24,135,767,100)</b>	<b>1,747,121,088,747</b>		<b>(19,988,792,554)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Movements of investment in associates, jointly controlled entities during the year were as follows:

	2018	2017
		<b>Unit: VND</b>
Opening balance	1,747,121,088,747	1,602,030,153,562
Share of profits during the year	354,965,023,940	411,873,934,391
Dividends received during the year	(331,646,622,511)	(268,890,171,102)
Foreign exchange differences	1,985,715,679	2,107,171,896
Increase from change in equity interest	19,800,000,000	-
Gain from change in equity interest	7,801,887,574	-
Other adjustments	176,302,505	-
<b>CLOSING BALANCE</b>	<b>1,800,203,395,934</b>	<b>1,747,121,088,747</b>

**(ii) Equity investments in other entities**

COMPANY NAME	31/12/2018			01/01/2018		
	COST	FAIR VALUE	ALLOWANCE	COST	FAIR VALUE	ALLOWANCE
Orient Commercial Joint Stock Bank	216,579,320,000	181,443,866,133	(35,135,453,867)	216,579,320,000	172,985,865,600	(34,944,167,400)
Dong A Commercial Joint Stock Bank	136,265,460,000	-	(136,265,460,000)	136,265,460,000	(*)	(136,265,460,000)
Sabeco - Song Lam Packaging Joint Stock Company	50,000,000,000	(*)	-	50,000,000,000	(*)	-
PVI Holdings	51,475,140,000	15,730,653,600	(35,744,486,400)	51,475,140,000	15,584,999,400	(35,890,140,600)

**COMPANY NAME**

COMPANY NAME	31/12/2018			01/01/2018		
	COST	FAIR VALUE	ALLOWANCE	COST	FAIR VALUE	ALLOWANCE
Underground Space Investment and Development Joint Stock Company	23,085,000,000	(*)	(23,085,000,000)	23,085,000,000	(*)	(23,085,000,000)
Phuong Dong Petroleum Tourism Joint Stock Company	30,700,950,000	8,232,000,000	(22,468,950,000)	30,700,950,000	5,880,000,000	(24,820,950,000)
Saigon Securities Investment Fund A2	51,107,720,722	(*)	(35,757,720,722)	51,107,720,722	(*)	(35,757,720,722)
Saigon Beer Transportation Joint Stock Company	26,588,267,394	(*)	-	26,588,267,394	(*)	-
Vietnam - Binh Tay Alcohol Joint Stock Company	300,000,000	(*)	(300,000,000)	300,000,000	(*)	-
Nha Trang Trading and Tourism Joint Stock Company	1,161,147,000	(*)	-	1,161,147,000	(*)	-
Vietnam Investment Fund	7,275,187,937	(*)	(7,275,187,937)	35,617,214,481	(*)	-
Dai Viet Securities Incorporation	45,000,000,000	(*)	(39,600,000,000)	45,000,000,000	(*)	(11,407,259,277)
Sabeco HP Investment Company Limited	24,426,586,800	(*)	(24,426,586,800)	24,426,586,800	(*)	(24,426,586,800)
Sai Gon - Ninh Thuan Beer Joint Stock Company	-	(*)	-	19,800,000,000	(*)	-
Sai Gon - Dong Nai Beer Joint Stock Company	3,954,000,000	(*)	(3,954,000,000)	3,954,000,000	(*)	(3,872,396,382)
Dong Ha Tourism Joint Stock Company	5,600,000,000	(*)	(1,542,596,156)	5,600,000,000	(*)	(1,514,648,583)
DIC Services and Trading Joint Stock Company	14,992,108,200	(*)	(849,646,800)	14,992,108,200	(*)	(341,936,800)
	<b>688,510,888,053</b>		<b>(366,405,088,682)</b>	<b>736,652,914,597</b>		<b>(332,326,266,564)</b>

(\*) At the reporting date, the Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these investments may differ from their carrying amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### (iii) Allowance for diminution in the value of long-term financial investments

Movements in allowance for diminution in the value of long-term financial investments during the year were as follows:

	Unit: VND	
	2018	2017
Opening balance	352,315,059,118	426,640,604,979
Allowance made during the year	40,423,450,864	80,194,888,491
Transfer from allowance for doubtful debt	300,000,000	-
Allowance reversed during the year	(2,497,654,200)	(154,520,434,352)
<b>CLOSING BALANCE</b>	<b>390,540,855,782</b>	<b>352,315,059,118</b>

## 7. ACCOUNTS RECEIVABLE FROM CUSTOMERS

### A. ACCOUNTS RECEIVABLE FROM CUSTOMERS DETAILED BY SIGNIFICANT CUSTOMERS

	Unit: VND	
	31/12/2018	01/01/2018
Sai Gon - Kien Giang Beer Joint Stock Company	63,349,221,846	12,046,298,380
Saigon Binh Tay Beer Group Joint Stock Company	26,202,728,309	7,915,048,569
Other customers	154,567,215,905	151,359,622,349
	<b>244,119,166,060</b>	<b>171,320,969,298</b>

### B. ACCOUNTS RECEIVABLE FROM CUSTOMERS WHO ARE RELATED PARTIES

Unit: VND

	31/12/2018	01/01/2018
<b>ASSOCIATES, JOINTLY CONTROLLED ENTITIES</b>		
Sai Gon - Kien Giang Beer Joint Stock Company	63,349,221,846	12,046,298,380
Saigon Binh Tay Beer Group Joint Stock Company	26,202,728,309	7,915,048,569
Saigon - Bentre Beer Joint Stock Company	22,467,798,416	-
Sai Gon - Khanh Hoa Beer Joint Stock Company	14,862,841,933	3,653,742,102
Saigon Tay Do Beer - Beverage Joint Stock Company	12,553,413,185	3,831,030,858
Sai Gon - Mien Trung Beer Joint Stock Company	11,937,316,293	3,933,250,925
Saigon - Phutho Beer Joint Stock Company	7,688,953,934	5,648,817,406
Sai Gon - Vinh Long Beer Joint Stock Company	7,503,558,108	4,450,827,166
Saigon - Baclieu Beer Joint Stock Company	1,295,023,699	617,388,182
San Miguel Yamamura Phu Tho Packaging Company Limited	162,439,200	185,116,800
Malaya - Vietnam Glass Limited	19,875,240	108,220,200
Truong Sa Food - Food Business Joint Stock Company	-	2,319,240,000
<b>OTHER RELATED PARTIES</b>		
Saigon Beer Transportation Joint Stock Company	17,949,417	17,949,417

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

**8. OTHER RECEIVABLES**

**A. OTHER SHORT-TERM RECEIVABLES**

	Unit: VND	
	31/12/2018	01/01/2018
Receivables due to difference between fair value of capital contribution in kind and agreed capital contribution in an associate	277,230,733,543	277,230,733,543
Interest income receivables	150,223,096,267	148,414,651,047
Dividend receivables	19,345,526,000	4,184,381,836
Other receivables	26,951,136,376	38,909,644,549
	<b>473,750,492,186</b>	<b>468,739,410,975</b>

**Other short-term receivables from related parties**

Unit: VND

	31/12/2018	01/01/2018
<b>ASSOCIATES</b>		
Tan Thanh Investment Trading Company Limited	277,230,733,543	277,230,733,543
Sai Gon - Mien Trung Beer Joint Stock Company	19,587,812,354	895,009,632
Sai Gon - Vinh Long Beer Joint Stock Company	1,194,336,210	1,159,209,383
Saigon - Baclieu Beer Joint Stock Company	814,325,684	3,025,172,453
Saigon - Bentre Beer Joint Stock Company	99,712,159	-
Saigon - Phutho Beer Joint Stock Company	84,907,293	-
Sai Gon - Khanh Hoa Beer Joint Stock Company	83,916,000	612,242,386
Sai Gon - Kien Giang Beer Joint Stock Company	-	591,912,781
<b>OTHER RELATED PARTIES</b>		
Saigon Beer Transportation Joint Stock Company	10,856,754	210,669,811

**B. OTHER LONG-TERM RECEIVABLES**

Unit: VND

	31/12/2018	01/01/2018
Long-term deposits	27,151,945,917	41,089,805,411
Others	8,028,765,000	8,028,765,000
	<b>35,180,710,917</b>	<b>49,118,570,411</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)FORM B 09 – DN/HN  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

## 9. ALLOWANCE FOR DOUBTFUL DEBTS

## A. SHORT-TERM

Unit: VND

	31/12/2018				01/01/2018			
	OVERDUE DAYS	COST	ALLOWANCE	RECOVERABLE AMOUNT	OVERDUE DAYS	COST	ALLOWANCE	RECOVERABLE AMOUNT
Shortage of assets awaiting resolution	Over 2 years	28,870,497,614	(28,764,828,130)	105,669,484	Over 1 year	20,171,885,282	(20,171,885,282)	-
Other short-term receivables	Over 2 years	18,809,536,221	(18,809,525,221)	11,000	Over 1 year	23,466,107,168	(23,466,107,168)	-
Accounts receivable from customers	Over 2 years	2,248,779,557	(1,967,999,780)	280,779,777	Over 1 year	9,676,177,624	(9,676,177,624)	-
Prepayments to suppliers	Over 2 years	6,328,949,613	(6,328,949,613)	-	Over 1 year	141,522,563	(141,522,563)	-
		<b>56,257,763,005</b>	<b>(55,871,302,744)</b>	<b>386,460,261</b>		<b>53,455,692,637</b>	<b>(53,455,692,637)</b>	<b>-</b>

## B. LONG-TERM

Unit: VND

	31/12/2018				01/01/2018			
	OVERDUE DAYS	COST	ALLOWANCE	RECOVERABLE AMOUNT	OVERDUE DAYS	COST	ALLOWANCE	RECOVERABLE AMOUNT
Held-to-maturity investments – long-term	Over 2 years	20,868,879,905	(20,868,879,905)	-	Over 1 year	20,868,879,905	(20,868,879,905)	-
Accounts receivable from customers – long-term	Over 2 years	6,077,549,878	(6,077,549,878)	-	Over 1 year	4,917,049,815	(4,917,049,815)	-
Loans receivable – long-term	Over 2 years	4,000,000,000	(4,000,000,000)	-	Over 1 year	4,000,000,000	(4,000,000,000)	-
Other long-term receivables	Over 2 years	8,451,100,000	(8,451,100,000)	-	Over 1 year	49,118,570,411	(8,000,000,000)	41,118,570,411
		<b>39,397,529,783</b>	<b>(39,397,529,783)</b>	<b>-</b>		<b>78,904,500,131</b>	<b>(37,785,929,720)</b>	<b>41,118,570,411</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Movements in allowance for doubtful debts – short-term and long-term during the year were as follows:

Unit: VND

	2018	2017
Opening balance	91,241,622,357	88,187,185,951
Allowance made during the year	5,078,736,508	3,054,436,406
Allowance reversed during the year	(751,526,338)	-
Transfer to allowance for diminution in the value of long-term financial investments	(300,000,000)	-
<b>CLOSING BALANCE</b>	<b>95,268,832,527</b>	<b>91,241,622,357</b>

### 10. SHORTAGE OF ASSETS AWAITING RESOLUTION

Unit: VND

	31/12/2018	01/01/2018
Personal income tax	8,409,516,549	6,830,212,392
Inventories	3,352,447,961	4,356,534,586
Other assets	17,112,290,040	8,985,138,304
	<b>28,874,254,550</b>	<b>20,171,885,282</b>

### 11. INVENTORIES

#### A. INVENTORIES

Unit: VND

	31/12/2018		01/01/2018	
	COST	ALLOWANCE	COST	ALLOWANCE
Goods in transit	102,764,346,138	-	133,269,869,755	-
Raw materials	517,645,998,858	(46,917,742,252)	445,447,823,503	(33,106,801,005)
Tools and supplies	203,077,547,298	(130,651,227,235)	110,139,126,470	(52,660,898,286)
Work in progress	207,713,866,901	(2,615,718,757)	195,379,665,874	-
Finished goods	1,002,862,048,378	(40,124,928,435)	1,228,465,858,552	(27,243,585,399)
Goods on consignment	-	-	3,844,007,871	-
	<b>2,034,063,807,573</b>	<b>(220,309,616,679)</b>	<b>2,116,546,352,025</b>	<b>(113,011,284,690)</b>

Included in inventories as at 31 December 2018 was VND220,310 million (01/01/2018: VND113,011 million) of obsolete, slow-moving inventories that are difficult to sell.

Movements in allowance for inventories during the year were as follows:

Unit: VND

	2018	2017
Opening balance	113,011,284,690	36,683,779,422
Allowance made during the year	148,418,415,265	77,473,899,509
Allowance reversed during the year	(23,354,818,220)	(1,146,394,241)
Allowance utilised during the year	(17,765,265,056)	-
<b>CLOSING BALANCE</b>	<b>220,309,616,679</b>	<b>113,011,284,690</b>

#### B. LONG-TERM TOOLS, SUPPLIES AND SPARE PARTS

Unit: VND

	31/12/2018		01/01/2018	
	COST	ALLOWANCE	COST	ALLOWANCE
Long-term tools, supplies and spare parts	62,602,347,236	(13,296,219,944)	34,100,529,502	(20,238,258,053)

Movements in allowance for long-term tools, supplies and spare parts during the year were as follows:

Unit: VND

	2018	2017
Opening balance	20,238,258,053	16,180,680,040
Allowance made during the year	1,317,967,401	4,057,578,013
Allowance reversed during the year	(8,260,005,510)	-
<b>CLOSING BALANCE</b>	<b>13,296,219,944</b>	<b>20,238,258,053</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)****FORM B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)***12. PREPAID EXPENSES****A. SHORT-TERM PREPAID EXPENSES**

Unit: VND

	31/12/2018	01/01/2018
Rental fee	26,653,581,192	6,946,093,638
Advertising expenses	40,229,620,142	-
Tools and instruments	11,208,665,233	6,715,976,137
Others	8,364,860,894	11,250,781,477
<b>CLOSING BALANCE</b>	<b>86,456,727,461</b>	<b>24,912,851,252</b>

**B. LONG-TERM PREPAID EXPENSES**

Unit: VND

	31/12/2018	01/01/2018
Returnable packaging	362,332,923,329	554,146,916,047
Warehouse rental fee	67,899,879,298	141,170,850,396
Property held for future investment (*)	51,602,316,000	51,602,316,000
Renovation expenses	32,565,235,266	36,176,398,915
Tools and instruments	19,867,926,592	4,735,793,248
Others	17,526,479,834	29,159,162,149
<b>CLOSING BALANCE</b>	<b>551,794,760,319</b>	<b>816,991,436,755</b>

(\*) Property held for future investment represented the value of land use rights awaiting transfer (Note 21(b)).

Movement in long-term prepaid expenses during the year were as follows:

Unit: VND

	2018	2017
Opening balance	816,991,436,755	756,355,605,445
Additions during the year	276,866,262,139	630,225,844,217
Amortisation for the year	(532,911,531,545)	(450,121,029,891)
Transfer to short-term prepaid expenses	(4,281,329,444)	(1,789,985,951)
Disposals	(4,870,077,586)	(117,259,102,946)
Other decreases	-	(419,894,119)
<b>CLOSING BALANCE</b>	<b>551,794,760,319</b>	<b>816,991,436,755</b>

**13. TANGIBLE FIXED ASSETS**

Unit: VND

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT	OTHERS	TOTAL
<b>COST</b>						
Opening balance	1,836,562,373,407	7,137,337,652,512	237,371,936,459	123,648,352,233	8,916,045,712	9,343,836,360,323
Additions	4,798,976,084	37,398,384,532	8,024,727,273	19,050,206,484	-	69,272,294,373
Transfer from construction in progress	12,305,526,913	91,517,278,336	5,007,459,793	805,197,814	224,990,962	109,860,453,818
Transfer from investment properties (Note 15(a))	12,281,430,823	-	-	-	-	12,281,430,823
Disposals	-	(29,113,288,710)	(5,368,808,890)	(2,576,875,250)	-	(37,058,972,850)
Written off	(741,641,296)	-	-	-	-	(741,641,296)
<b>CLOSING BALANCE</b>	<b>1,865,206,665,931</b>	<b>7,237,140,026,670</b>	<b>245,035,314,635</b>	<b>140,926,881,281</b>	<b>9,141,036,674</b>	<b>9,497,449,925,191</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	778,802,224,831	4,266,764,828,920	159,984,670,887	89,832,511,809	3,704,761,676	5,299,088,998,123
Charge for the year	102,339,917,493	481,031,697,305	20,933,822,622	13,637,740,741	1,288,078,953	619,231,257,114
Transfer from investment properties (Note 15(a))	358,208,399	-	-	-	-	358,208,399
Disposals	-	(28,458,819,203)	(5,202,828,774)	(2,300,637,094)	-	(35,962,285,071)
Written off	(117,138,428)	-	-	-	-	(117,138,428)
<b>CLOSING BALANCE</b>	<b>881,383,212,295</b>	<b>4,719,337,707,022</b>	<b>175,715,664,735</b>	<b>101,169,615,456</b>	<b>4,992,840,629</b>	<b>5,882,599,040,137</b>
<b>NET BOOK VALUE</b>						
Opening balance	1,057,760,148,576	2,870,572,823,592	77,387,265,572	33,815,840,424	5,211,284,036	4,044,747,362,200
<b>CLOSING BALANCE</b>	<b>983,823,453,636</b>	<b>2,517,802,319,648</b>	<b>69,319,649,900</b>	<b>39,757,265,825</b>	<b>4,148,196,045</b>	<b>3,614,850,885,054</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

### FORM B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)

Included in tangible fixed assets were assets costing VND1,330,187 million which were fully depreciated as at 31 December 2018 (01/01/2018: VND1,279,126 million), but which are still in active use.

The net book value of tangible fixed assets retired from active use and held for disposal amounted to VND123,380 million as at 31 December 2018 (01/01/2018: VND51,352 million).

Historical cost of tangible fixed assets that the Group has leased to its associates to earn rental income as at 31 December 2018 was VND61,027 million (01/01/2018: VND124,633 million).

#### 14. INTANGIBLE FIXED ASSETS

Unit: VND

	LAND USE RIGHTS (*)	SOFTWARE	OTHERS	TOTAL
<b>COST</b>				
Opening balance	1,024,215,267,144	63,853,090,585	247,447,482	1,088,315,805,211
Additions	-	2,614,000,000	-	2,614,000,000
Transfer from construction in progress	-	467,800,000	-	467,800,000
<b>CLOSING BALANCE</b>	<b>1,024,215,267,144</b>	<b>66,934,890,585</b>	<b>247,447,482</b>	<b>1,091,397,605,211</b>
<b>ACCUMULATED AMORTISATION</b>				
Opening balance	69,890,212,159	54,918,397,770	154,076,810	124,962,686,739
Charge for the year	6,930,669,320	7,223,849,980	40,205,032	14,194,724,332
<b>CLOSING BALANCE</b>	<b>76,820,881,479</b>	<b>62,142,247,750</b>	<b>194,281,842</b>	<b>139,157,411,071</b>
<b>NET BOOK VALUE</b>				
Opening balance	954,325,054,985	8,934,692,815	93,370,672	963,353,118,472
<b>CLOSING BALANCE</b>	<b>947,394,385,665</b>	<b>4,792,642,835</b>	<b>53,165,640</b>	<b>952,240,194,140</b>

Included in intangible fixed assets were assets costing VND54,541 million which were fully amortised as at 31 December 2018 (01/01/2018: VND45,269 million), but which are still in use.

The net book value of intangible fixed assets retired from active use and held for disposal amounted to VND1,196 million as at 31 December 2018 (01/01/2018: Nil).

(\*) Land use rights as at 31 December 2018 included the value of land use rights of VND735,380 million that the Group has additionally recorded on the equitisation date following the Minutes of Corporate Valuation dated 31 December 2007 and the Equitisation Finalisation Minute, which was performed by representative of the Ministry of Industry and Trade and the Ministry of Finance on 30 April 2008, who issued the report on 06 March 2010. The Group has recorded the increase in value of land use rights in "Intangible fixed assets" with a corresponding payable to State Treasury in "Other short-term payables" account (Note 21(a)).

The Ministry of Industry and Trade has allowed the Group to manage and use these land use rights following the plan of the People's Committee of Ho Chi Minh City. At the date of these consolidated financial statements, the Company is in the process of preparing the land rental contracts with the People's Committee of Ho Chi Minh City. Currently, those land lots are used for principal activities of the Group. They are temporary land use rights with restrictions on ownership and are not permitted for sale, sublease or mortgage.

Details of land use rights recorded at the estimated increased value on 06 March 2010 were as follows:

Unit: VND

No	LOCATION	SQUARE M <sup>2</sup>	REVALUED AMOUNT IN CONNECTION WITH EQUITISATION
1	46 Ben Van Don, Ward 12, District 4, Ho Chi Minh City, Vietnam	3,872.5	55,241,212,500
2	187 Nguyen Chi Thanh, Ward 12, District 5, Ho Chi Minh City, Vietnam	17,406.1	418,634,111,100
3	474 Nguyen Chi Thanh, Ward 6, District 10, Ho Chi Minh City, Vietnam	7,729	247,637,160,000
4	18/3B Phan Huy Ich, Ward 15, Tan Binh District, Ho Chi Minh City, Vietnam	2,216.3	13,867,389,100
			<b>735,379,872,700</b>

The Group has not amortised the above land use rights because their costs and useful lives have not been measured reliably at the consolidated balance sheet date. During the year, the Group has also recognised the land rental expenses to the consolidated statement of income an amount of VND23,043 million (2017: VND22,192 million) following the tax payment notices from local tax authorities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### 15. INVESTMENT PROPERTIES

Unit: VND

	31/12/2018	01/01/2018
Investment property held to earn rental (a)	22,806,927,578	35,896,864,916
Investment property held for capital appreciation (b)	31,760,909,657	31,760,909,657
	<b>54,567,837,235</b>	<b>67,657,774,573</b>

#### A. INVESTMENT PROPERTY HELD TO EARN RENTAL

Unit: VND

	LAND USE RIGHTS	BUILDINGS AND STRUCTURES	TOTAL
<b>COST</b>			
Opening balance	40,163,431,567	8,650,204,623	48,813,636,190
Transfer to tangible fixed assets (Note 13)	(12,281,430,823)	-	(12,281,430,823)
Reclassification	(69,562,000)	69,562,000	-
<b>CLOSING BALANCE</b>	<b>27,812,438,744</b>	<b>8,719,766,623</b>	<b>36,532,205,367</b>
<b>ACCUMULATED DEPRECIATION</b>			
Opening balance	7,057,861,512	5,858,909,762	12,916,771,274
Charge for the year	604,618,235	562,096,679	1,166,714,914
Transfer to tangible fixed assets (Note 13)	(358,208,399)	-	(358,208,399)
Reclassification	(2,615,294)	2,615,294	-
<b>CLOSING BALANCE</b>	<b>7,301,656,054</b>	<b>6,423,621,735</b>	<b>13,725,277,789</b>
<b>NET BOOK VALUE</b>			
Opening balance	33,105,570,055	2,791,294,861	35,896,864,916
<b>CLOSING BALANCE</b>	<b>20,510,782,690</b>	<b>2,296,144,888</b>	<b>22,806,927,578</b>

### B. INVESTMENT PROPERTY HELD FOR CAPITAL APPRECIATION

Unit: VND

LAND USE RIGHTS	
<b>COST</b>	
Opening and closing balance	<b>34,911,821,575</b>
<b>ACCUMULATED DEPRECIATION</b>	
Opening and closing balance	<b>3,150,911,918</b>
<b>NET BOOK VALUE</b>	
Opening and closing balance	<b>31,760,909,657</b>

The Group has not determined fair values of investment properties for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of investment properties may differ from their carrying amounts.

### 16. CONSTRUCTION IN PROGRESS

Unit: VND

	2018	2017
Opening balance	111,505,655,106	76,866,965,060
Additions during the year	143,200,496,777	109,531,291,798
Transfer to tangible fixed assets	(109,860,453,818)	(69,271,509,549)
Transfer to intangible fixed assets	(467,800,000)	-
Other decreases	-	(5,621,092,203)
<b>CLOSING BALANCE</b>	<b>144,377,898,065</b>	<b>111,505,655,106</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Major constructions in progress were as follows:

	Unit: VND	
	31/12/2018	01/01/2018
Upgrade warehouse and brewery at Nguyen Chi Thanh Brewery	88,817,343,236	56,970,919,540
Purchase and set up beer separation system	15,646,107,455	-
Other projects	39,914,447,374	54,534,735,566
	<b>144,377,898,065</b>	<b>111,505,655,106</b>

### 17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Unit: VND		
	TAX RATE	31/12/2018	01/01/2018
<b>DEFERRED TAX ASSETS RECOGNISED ON:</b>			
Allowance for diminution in the value of long-term financial investments	20%	52,984,561,076	21,700,658,109
Accrued expenses and provisions	20%	44,551,441,993	14,808,442,901
Unrealised profits	20%	43,935,387,185	83,829,921,074
Allowance for inventories	20%	40,758,143,846	10,665,519,252
Allowance for doubtful debts	20%	2,304,311,667	2,326,331,669
Goodwill	20%	-	2,985,201,840
Tax losses carry-forwards	20%	-	506,340,666
<b>TOTAL DEFERRED TAX ASSETS</b>		<b>184,533,845,767</b>	<b>136,822,415,511</b>
<b>DEFERRED TAX LIABILITIES RECOGNISED ON:</b>			
Allowance for diminution in the value of investment in associates	20%	24,920,989,732	10,662,433,825
Tools and instruments	20%	6,865,493,069	6,669,489,952
Accrued expenses	20%	(75,929,285)	(114,725,539)
Unearned revenue	20%	(226,661,817)	-
<b>TOTAL DEFERRED TAX LIABILITIES</b>		<b>31,483,891,699</b>	<b>17,217,198,238</b>

### 18. ACCOUNTS PAYABLE TO SUPPLIERS

#### A. ACCOUNTS PAYABLE TO SUPPLIERS DETAILED BY SIGNIFICANT SUPPLIERS

	Unit: VND	
	COST/AMOUNT WITHIN PAYMENT CAPACITY	
	31/12/2018	01/01/2018
Crown Beverage Cans Saigon Limited	217,001,205,735	262,095,508,855
Sabeco - Song Lam Packaging Joint Stock Company	180,108,990,634	108,900,145,517
Asia Packaging Industries (Vietnam) Limited Company	174,470,186,654	129,259,408,422
Hanaka Group Joint Stock Company	162,558,976,562	78,791,183,694
Saigon Beer Transportation Joint Stock Company	23,614,778,582	339,809,965,644
Other suppliers	1,269,508,029,545	1,101,543,450,352
	<b>2,027,262,167,712</b>	<b>2,020,399,662,484</b>

#### B. ACCOUNTS PAYABLE TO SUPPLIERS WHO ARE RELATED PARTIE

	Unit: VND	
	COST/AMOUNT WITHIN PAYMENT CAPACITY	
	31/12/2018	01/01/2018
<b>Associates, jointly controlled entities</b>		
Crown Beverage Cans Saigon Limited	217,001,205,735	262,095,508,855
Saigon Binh Tay Beer Group Joint Stock Company	80,479,565,925	56,286,113,565
Sai Gon - Mien Trung Beer Joint Stock Company	68,770,742,216	32,647,521,270
Sai Gon - Kien Giang Beer Joint Stock Company	55,072,169,614	31,049,297,290
Sai Gon - Khanh Hoa Beer Joint Stock Company	43,265,809,950	10,606,197,800
Sai Gon - Vinh Long Beer Joint Stock Company	42,224,298,050	8,908,347,338
Saigon - Bentre Beer Joint Stock Company	36,922,865,100	-
Saigon - Phutho Beer Joint Stock Company	34,832,174,850	24,891,438,000
Malaya - Vietnam Glass Limited	34,009,252,977	40,077,461,556
Saigon Tay Do Beer - Beverage Joint Stock Company	28,504,068,582	26,368,874,356
San Miguel Yamamura Phu Tho Packaging Company Limited	13,248,400,000	21,639,640,000
Saigon - Baclieu Beer Joint Stock Company	6,121,281,540	18,116,463,860
Truong Sa Food - Food Business Joint Stock Company	436,148,400	664,446,000
<b>Other related party</b>		
Saigon Beer Transportation Joint Stock Company	23,614,778,582	339,809,965,644

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)

**19. TAXES PAYABLE TO AND RECEIVABLE FROM STATE TREASURY**

**A. TAXES PAYABLE TO STATE TREASURY**

	Unit: VND					
	01/01/2018	INCURRED	PAID	NET-OFF	RECLASSIFIED TO TAX RECEIVABLES	31/12/2018
Special sales tax	662,818,389,348	6,863,862,374,974	(6,869,993,717,806)	-	-	656,687,046,516
Corporate income tax	404,303,468,506	1,021,134,431,877	(1,140,987,498,904)	-	2,061,221,485	286,511,622,964
Value added tax	86,312,950,068	14,710,628,665,572	(1,441,734,260,319)	(13,236,777,620,632)	-	118,429,734,689
Personal income tax	53,987,623,398	130,222,332,275	(150,680,247,043)	-	763,269,802	34,292,978,432
Import-export tax	-	30,436,720,096	(30,436,720,096)	-	-	-
Other taxes	2,334,633,127	49,324,207,176	(46,362,606,377)	-	(603,298,014)	4,692,935,912
	<b>1,209,757,064,447</b>	<b>22,805,608,731,970</b>	<b>(9,680,195,050,545)</b>	<b>(13,236,777,620,632)</b>	<b>2,221,193,273</b>	<b>1,100,614,318,513</b>

During 2018, the Company received the Notification of the tax authority requesting provisional payments to the State budget in relation to the late payment penalty and late interest on special sales tax for the period from 2007 to 2015 that had been paid by the Company. On 28 December 2018, the Company received the Decisions from the Ho Chi Minh City Tax Department regarding the enforcement and implementation of the tax administrative decisions by seizing the Company's cash from the Company's bank accounts. This enforcement related to an amount that the Ho Chi Minh City Tax Department considers as monetary penalty and overdue payment for administrative violations on special sales tax. However, the Company's position has always been clear and consistent since the State Audit issued audit conclusion in 2015: (i) the Company did not violate regulations on the declaration, calculation and payment of special sales tax, and (ii) the Company has always complied with the written guidance issued by the Ministry of Finance, General Department of Taxation and Ho Chi Minh City Tax Department over the past years on the same matter. Subsequently on 02 January 2019, the Company also received the Decisions from Ho Chi Minh City Tax Department to suspend the above decisions on the enforcement. The Company has sent the official letters to the relevant authorities to resolve the above matters.

**B. TAXES RECEIVABLE FROM STATE TREASURY**

Unit: VND

	01/01/2018	RECLASSIFIED FROM TAX PAYABLES	31/12/2018
Corporate income tax	2,107,578,600	2,061,221,485	4,168,800,085
Personal income tax	98,017,345	763,269,802	861,287,147
Other taxes	755,272,833	(603,298,014)	151,974,819
	<b>2,960,868,778</b>	<b>2,221,193,273</b>	<b>5,182,062,051</b>

**20. ACCRUED EXPENSES**

Unit: VND

	31/12/2018	01/01/2018
Advertising and promotion expenses	204,884,672,148	133,081,509,942
Transportation expenses	192,363,334,018	-
Interest expenses	13,493,369,109	13,850,566,994
Others	62,427,685,075	49,593,876,312
	<b>473,169,060,350</b>	<b>196,525,953,248</b>

**21. OTHER PAYABLES**

**A. OTHER PAYABLES – SHORT-TERM**

Unit: VND

	31/12/2018	01/01/2018
Estimated land use rights payable to the State in connection with equitisation (*)	735,379,872,700	735,379,872,700
Short-term deposits received	186,444,336,213	187,756,893,824
Dividends payable	47,642,016,752	1,521,388,663,665
Payables to Enterprise Restructure and Development Assistance Fund	-	109,965,627,840
Others	110,072,285,800	75,689,626,022
	<b>1,079,538,511,465</b>	<b>2,630,180,684,051</b>

(\*) Estimated land use rights payable to the State in connection with equitisation was recorded in accordance with Equitisation Finalisation Minute issued by representative of Ministry of Industry and Trade and Ministry of Finance dated 06 March 2010 (Note 14).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)

**Other payables – short-term to related parties**

	Unit: VND	
	31/12/2018	01/01/2018
<b>THE PARENT COMPANY</b>		
Vietnam Beverage Company Limited	-	1,202,749,054,500
<b>ASSOCIATES, JOINTLY CONTROLLED ENTITIES</b>		
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	340,000,000	340,000,000
Saigon Binh Tay Beer Group Joint Stock Company	287,780,949	287,780,949
Me Linh Point Limited	-	39,282,868
<b>OTHER RELATED PARTY</b>		
Saigon Beer Transportation Joint Stock Company	195,251,930	195,251,930

**B. OTHER PAYABLES – LONG-TERM**

	Unit: VND	
	31/12/2018	01/01/2018
Land tax payable to the State (Note 12(b))	51,602,316,000	51,602,316,000
Long-term deposits received	1,547,300,000	2,030,200,000
	<b>53,149,616,000</b>	<b>53,632,516,000</b>

**22. BORROWINGS**

**A. SHORT-TERM BORROWINGS**

	Unit: VND			
	01/01/2018	MOVEMENTS DURING THE YEAR		31/12/2018
	CARRYING AMOUNT/ AMOUNT WITHIN REPAYMENT CAPACITY	INCREASE	DECREASE	CARRYING AMOUNT/ AMOUNT WITHIN REPAYMENT CAPACITY
Short-term borrowings	720,042,938,660	3,226,436,043,026	(3,361,976,193,006)	584,502,788,680
Current portion of long-term borrowings (Note 22(b))	2,861,043,120	16,551,629,834	(9,672,672,954)	9,740,000,000
	<b>722,903,981,780</b>	<b>3,242,987,672,860</b>	<b>(3,371,648,865,960)</b>	<b>594,242,788,680</b>

Terms and conditions of outstanding short-term borrowings were as follows:

	CURRENCY	31/12/2018	01/01/2018
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	216,614,876,467	213,709,924,414
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	USD	138,546,240,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	108,982,967,784	136,551,198,548
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	VND	62,010,614,429	59,668,282,890
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Minh Branch	VND	34,000,000,000	32,547,179,580
Vietnam Export Import Commercial Joint Stock Bank – Quang Ngai Branch	USD	17,848,090,000	-
Vietnam International Commercial Joint Stock Bank – Vinh Branch	VND	6,500,000,000	15,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	VND	-	199,951,888,610
Vietnam Joint Stock Commercial Bank for Industry and Trade – Nam Thang Long Branch	VND	-	34,753,421,498
Joint Stock Commercial Bank for Investment and Development – My Dinh Branch	VND	-	25,000,000,000
Vietnam International Commercial Joint Stock Bank – Quang Ninh Branch	VND	-	1,639,738,120
Vietnam International Commercial Joint Stock Bank – Can Tho Branch	VND	-	1,221,305,000
		<b>584,502,788,680</b>	<b>720,042,938,660</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

The short-term loans denominated in VND bore interest rates from 5.5% to 7% per annum (01/01/2018: from 5% to 5.5% per annum) and short-term loans denominated in USD bore interest rates from 3.3% to 3.5% per annum. The short-term loans are secured over inventories and tangible fixed assets.

### B. LONG-TERM BORROWINGS

	Unit: VND	
	31/12/2018	01/01/2018
Long-term borrowings	24,358,022,047	4,802,672,954
Repayable within twelve months (Note 22(a))	(9,740,000,000)	(2,861,043,120)
<b>REPAYABLE AFTER TWELVE MONTHS</b>	<b>14,618,022,047</b>	<b>1,941,629,834</b>

Terms and conditions of outstanding long-term borrowings were as follows:

	Unit: VND			
	CURRENCY	YEAR OF MATURITY	31/12/2018	01/01/2018
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	VND	2021	24,358,022,047	-
Vietnam International Commercial Joint Stock Bank – Binh Duong Branch	VND	2018	-	2,639,000,000
Vietnam International Commercial Joint Stock Bank – Quang Ninh Branch	VND	2018	-	1,941,629,834
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	VND	2018	-	222,043,120
			<b>24,358,022,047</b>	<b>4,802,672,954</b>

The long-term loans bore interest rates of 7.2% per annum (01/01/2018: from 7.2% to 7.5% per annum) and secured over tangible fixed assets and assets to be formed in the future.

## 23. PROVISIONS

### A. PROVISIONS – SHORT-TERM

	Unit: VND	
	31/12/2018	01/01/2018
Trademark fee	7,644,228,740	7,334,235,428
Others provision	24,000,000	5,657,176,251
	<b>7,668,228,740</b>	<b>12,991,411,679</b>

### B. PROVISIONS – LONG-TERM

Provisions – long-term represented provision for severance allowance. Movements of provision for severance allowance during the year were as follow

	Unit: VND	
	2018	2017
Opening balance	64,493,890,463	567,585,833
Provision made during the year	86,975,919,664	63,926,304,630
Transfer from provision – short-term	5,657,176,251	-
Provision utilised during the year	(4,754,847,762)	-
Provision reversed during the year	(6,503,690,280)	-
<b>CLOSING BALANCE</b>	<b>145,868,448,336</b>	<b>64,493,890,463</b>

## 24. BONUS AND WELFARE FUND

This fund is established by appropriating from retained profits as approved by the shareholders at General Meeting of shareholders. This fund is used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

Movements of bonus and welfare fund during the year were as follows:

	Unit: VND	
	2018	2017
Opening balance	296,742,730,960	330,524,839,871
Appropriation during the year (Note 25)	231,983,421,638	317,017,513,338
Additional appropriation of bonus and welfare fund (Note 25)	28,538,509,105	76,784,024,196
Utilisation during the year	(334,959,614,537)	(427,583,646,445)
<b>CLOSING BALANCE</b>	<b>222,305,047,166</b>	<b>296,742,730,960</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

**25. CHANGES IN OWNERS' EQUITY**

Unit: VND

	SHARE CAPITAL	OTHER CAPITAL	TREASURY SHARES	FOREIGN EXCHANGE DIFFERENCES	INVESTMENT AND DEVELOPMENT FUND	OTHER EQUITY FUNDS	RETAINED PROFITS	TOTAL EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL
<b>BALANCE AT 01/01/2017</b>	<b>6,412,811,860,000</b>	<b>3,208,666,226</b>	<b>(23,450,000,000)</b>	<b>17,006,600,079</b>	<b>1,118,398,295,310</b>	<b>6,040,737,039</b>	<b>3,713,726,741,137</b>	<b>11,247,742,899,791</b>	<b>1,048,154,471,881</b>	<b>12,295,897,371,672</b>
Net profit for the year	-	-	-	-	-	-	4,711,485,204,581	4,711,485,204,581	237,114,047,283	4,948,599,251,864
Appropriation to bonus and welfare fund in (Note 24)	-	-	-	-	-	-	(277,761,723,609)	(277,761,723,609)	(39,255,789,729)	(317,017,513,338)
Additional appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	-	(72,078,210,228)	(72,078,210,228)	(4,705,813,968)	(76,784,024,196)
Appropriation to equity funds	-	-	-	-	565,187,330	687,800,000	(1,252,987,330)	-	-	-
Dividends (Note 28)	-	-	-	-	-	-	(2,244,484,151,000)	(2,244,484,151,000)	(239,876,818,585)	(2,484,360,969,585)
Re-issuance of treasury shares	-	-	23,450,000,000	-	-	-	-	23,450,000,000	-	23,450,000,000
Foreign exchange differences	-	-	-	2,107,171,896	-	-	-	2,107,171,896	-	2,107,171,896
Appropriation to social activities fund	-	-	-	-	-	-	(47,311,058,568)	(47,311,058,568)	-	(47,311,058,568)
Additional appropriation to social activities fund	-	-	-	-	-	-	(10,892,000,000)	(10,892,000,000)	-	(10,892,000,000)
Other increase/ (decrease)	-	-	-	-	-	(1,401,424,375)	52,472,083,591	51,070,659,216	34,987,070,710	86,057,729,926
Change in proportion of non-controlling interests	-	-	-	-	-	-	-	-	743,075,277	743,075,277
<b>BALANCE AT 31/12/2017</b>	<b>6,412,811,860,000</b>	<b>3,208,666,226</b>	<b>-</b>	<b>19,113,771,975</b>	<b>1,118,963,482,640</b>	<b>5,327,112,664</b>	<b>5,823,903,898,574</b>	<b>13,383,328,792,079</b>	<b>1,037,160,242,869</b>	<b>14,420,489,034,948</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**
**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

Unit: VND

	SHARE CAPITAL	OTHER CAPITAL	TREASURY SHARES	FOREIGN EXCHANGE DIFFERENCES	INVESTMENT AND DEVELOPMENT FUND	OTHER EQUITY FUNDS	RETAINED PROFITS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL
<b>BALANCE AT 01/01/2018</b>	<b>6,412,811,860,000</b>	<b>3,208,666,226</b>	<b>-</b>	<b>19,113,771,975</b>	<b>1,118,963,482,640</b>	<b>5,327,112,664</b>	<b>5,823,903,898,574</b>	<b>13,383,328,792,079</b>	<b>1,037,160,242,869</b>	<b>14,420,489,034,948</b>
Net profit for the year	-	-	-	-	-	-	4,177,432,235,379	4,177,432,235,379	225,317,711,045	4,402,749,946,424
Appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	-	(207,978,477,582)	(207,978,477,582)	(23,484,157,266)	(231,462,634,848)
Additional appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	-	(26,622,909,105)	(26,622,909,105)	(2,436,386,790)	(29,059,295,895)
Appropriation to investment and development fund	-	-	-	-	2,380,737,197	-	(2,380,737,197)	-	-	-
Additional appropriation to investment and development fund	-	-	-	-	8,712,420,678	-	(8,712,420,678)	-	-	-
Dividends (Note 28)	-	-	-	-	-	-	(2,244,484,151,000)	(2,244,484,151,000)	(169,291,179,518)	(2,413,775,330,518)
Foreign exchange differences	-	-	-	1,985,715,679	-	-	-	1,985,715,679	-	1,985,715,679
Appropriation to social activities fund	-	-	-	-	-	-	(36,103,560,946)	(36,103,560,946)	(1,514,477,709)	(37,618,038,655)
Additional appropriation to social activities fund	-	-	-	-	-	-	(1,321,278,213)	(1,321,278,213)	-	(1,321,278,213)
Change in proportion of non-controlling interests	-	-	-	-	90,579,927	-	44,982,194	135,562,121	(255,512,874)	(119,950,753)
<b>BALANCE AT 31/12/2018</b>	<b>6,412,811,860,000</b>	<b>3,208,666,226</b>	<b>-</b>	<b>21,099,487,654</b>	<b>1,130,147,220,442</b>	<b>5,327,112,664</b>	<b>7,473,777,581,426</b>	<b>15,046,371,928,412</b>	<b>1,065,496,239,757</b>	<b>16,111,868,168,169</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### 26. SHARE CAPITAL

The Company's authorised and issued share capital are:

Unit: VND

	31/12/2018		01/01/2018	
	NUMBER OF SHARES	VND	NUMBER OF SHARES	VND
<b>AUTHORISED AND ISSUED SHARE CAPITAL</b>				
Ordinary shares	641,281,186	6,412,811,860,000	641,281,186	6,412,811,860,000
<b>SHARES IN CIRCULATION</b>				
Ordinary shares	641,281,186	6,412,811,860,000	641,281,186	6,412,811,860,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There is no movement in share capital during the year ended 31 December 2018 and 31 December 2017.

### 27. INVESTMENT AND DEVELOPMENT FUND

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of shareholders. This fund was established for the purpose of future business expansion.

### 28. DIVIDENDS

The Annual General Meeting of Shareholders of the Company on 21 July 2018 resolved to advance dividends to shareholders amounting to VND2,244 billion from retained profits of 2018, equivalent to VND3,500 per share (2017: declare dividends of VND2,244 billion, equivalent to VND3,500 per share).

### 29. OFF BALANCE SHEET ITEMS

#### A. LEASES

The future minimum lease payments under non-cancellable operating leases were:

Unit: VND

	31/12/2018	01/01/2018
Within one year	176,383,522,518	166,960,962,117
Within two to five years	625,013,894,911	424,934,364,668
More than five years	638,268,959,797	522,872,880,555
	<b>1,439,666,377,226</b>	<b>1,114,768,207,340</b>

#### B. ASSETS, MATERIALS AND GOODS HELD FOR THIRD PARTIES

Unit: VND

	UNIT	31/12/2018	01/01/2018
Beer	box/crate	1,950,503	5,112,606
Beverage	box/crate	208,785	753,620
Plastic crates	piece	195,616	113,977

#### C. FOREIGN CURRENCIES

Unit: VND

	31/12/2018		01/01/2018	
	ORIGINAL CURRENCY	VND EQUIVALENT	ORIGINAL CURRENCY	VND EQUIVALENT
USD	443,243	10,283,555,316	2,757,372	62,495,836,380
EUR	11,978	316,294,767	12,397	337,922,385

#### D. CAPITAL EXPENDITURE COMMITMENTS

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

Unit: VND

	31/12/2018	01/01/2018
Approved and contracted	70,770,589,338	41,655,955,772

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

### 30. REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

Total revenue represents the gross value of goods sold and services rendered, exclusive of value added tax and special sales tax.

Net revenue comprised:

	Unit: VND	
	2018	2017
<b>TOTAL REVENUE</b>		
Sales of beer	30,790,775,222,873	29,838,464,041,901
Sales of raw materials	4,816,208,783,077	4,058,768,492,587
Sales of beverages	286,040,640,845	356,907,769,842
Sales of alcohol and wine	53,052,895,250	88,467,592,781
Others	96,940,789,901	95,563,151,481
	<b>36,043,018,331,946</b>	<b>34,438,171,048,592</b>
<b>LESS REVENUE DEDUCTIONS</b>		
Sales discounts	93,431,343,743	244,231,824,563
Sales returns	1,034,426,256	548,669,790
	<b>94,465,769,999</b>	<b>244,780,494,353</b>
<b>NET REVENUE</b>	<b>35,948,552,561,947</b>	<b>34,193,390,554,239</b>

### 31. COST OF SALES

	Unit: VND	
	2018	2017
<b>TOTAL COST OF SALES</b>		
Beer sold	22,632,123,278,938	21,099,860,245,794
Raw materials sold	4,851,969,567,319	3,801,459,739,918
Beverages sold	199,352,815,051	257,893,112,663
Alcohol and wine sold	53,405,432,982	87,810,235,302
Allowance for inventories	118,121,558,936	80,385,083,281
Others	9,440,736,325	464,072,704
	<b>27,864,413,389,551</b>	<b>25,327,872,489,662</b>

### 32. FINANCIAL INCOME

	Unit: VND	
	2018	2017
Interest income from deposits at banks	605,719,812,676	453,751,364,352
Dividends income	13,832,319,500	28,363,184,875
Realised foreign exchange gains	2,102,089,107	1,233,543,639
Unrealised foreign exchange gains	81,751,748	-
Gain on disposals of financial investments	-	22,725,562,057
Gain from change in equity interest	7,801,887,576	-
Other financial income	812,522,817	33,975,631
	<b>630,350,383,424</b>	<b>506,107,630,554</b>

### 33. FINANCIAL EXPENSES

	Unit: VND	
	2018	2017
Interest expense	35,244,808,353	42,111,534,689
Realised foreign exchange losses	1,356,909,895	2,869,281,870
Unrealised foreign exchange losses	9,814,186	105,642,811
Allowance/(reversal of allowance) for diminution in the value of long-term financial investments	37,925,796,664	(74,325,545,861)
Other financial expenses	97,623,771	3,433,411,813
	<b>74,634,952,869</b>	<b>(25,805,674,678)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)****FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)**34. SELLING EXPENSES**

Unit: VND

	2018	2017
Advertising and promotion expenses	1,106,552,548,503	1,221,293,670,173
Staff costs	730,677,007,591	675,630,943,373
Material costs	382,498,293,566	322,630,442,134
Rental expenses	135,072,380,513	127,579,848,648
Transportation expenses	44,173,811,704	127,175,923,147
Depreciation and amortisation	23,968,068,046	23,318,760,712
Other expenses	308,148,749,568	313,482,286,313
	<b>2,731,090,859,491</b>	<b>2,811,111,874,500</b>

**35. GENERAL AND ADMINISTRATION EXPENSES**

Unit: VND

	2018	2017
Staff costs	490,937,054,535	484,442,305,163
Depreciation and amortisation	34,085,687,049	40,776,445,925
Rental expenses	34,213,437,914	43,476,539,135
Provision for severance allowance	80,472,229,384	63,926,304,630
Other expenses	272,996,903,984	303,353,202,683
	<b>912,705,312,866</b>	<b>935,974,797,536</b>

**36. PRODUCTION AND BUSINESS COSTS BY ELEMENTS**

Unit: VND

	2018	2017
Raw material costs included in production cost	5,813,809,353,665	5,248,509,369,102
Labour costs and staff costs	1,764,524,052,187	1,571,080,669,900
Depreciation and amortisation	634,592,696,360	625,353,451,649
Outside services	3,299,307,255,808	2,543,568,917,242
Other expenses	646,656,970,561	500,989,752,000

**37. CORPORATE INCOME TAX****A. RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME**

Unit: VND

	2018	2017
<b>CURRENT TAX EXPENSE</b>		
Current year	1,019,050,069,002	1,137,614,554,141
Under provision in prior years	2,084,362,875	2,925,904,804
	<b>1,021,134,431,877</b>	<b>1,140,540,458,945</b>
<b>DEFERRED TAX BENEFITS</b>		
Origination and reversal of temporary differences	(33,444,736,795)	(12,048,055,675)
	<b>987,689,695,082</b>	<b>1,128,492,403,270</b>

**B. RECONCILIATION OF EFFECTIVE TAX RATE**

Unit: VND

	2018	2017
<b>ACCOUNTING PROFIT BEFORE TAX</b>	<b>5,390,439,641,506</b>	<b>6,077,091,655,134</b>
Tax at the Company's tax rate	1,078,087,928,301	1,215,418,331,027
Effect of different tax rates in subsidiaries	(11,903,796,754)	(16,414,547,642)
Tax incentives	(17,651,885,527)	(14,137,538,269)
Tax exempt income	(73,759,468,688)	(73,470,690,139)
Non-deductible expenses	17,232,517,802	13,704,739,068
Deferred tax assets not recognised	717,193,710	-
Tax losses utilised	(1,748,494,727)	-
Under provision in prior years	2,084,362,875	2,925,904,804
Others	(5,368,661,910)	466,204,421
	<b>987,689,695,082</b>	<b>1,128,492,403,270</b>

**C. APPLICABLE TAX RATES**

Under the terms of Corporate Income Tax Law, the Company has an obligation to pay the Government income tax at the rate of 20% of taxable profits. Subsidiaries have the obligation to pay the Government income tax at rates ranging from 10% to 20% of taxable profits.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)****FORM B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)***38. BASIC EARNINGS PER SHARE**

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares, calculated as follows:

**(i). Net profit attributable to ordinary shareholders**

Unit: VND

	2018	2017
Net profit for the year	4,177,432,235,379	4,711,485,204,581
Appropriation to bonus and welfare fund (*)	(207,978,477,582)	(277,761,723,609)
<b>NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>3,969,453,757,797</b>	<b>4,433,723,480,972</b>

(\*) Appropriation to bonus and welfare fund was based on the amount that approved by the shareholders at Annual General Meeting.

**(ii). Weighted average number of ordinary shares**

Unit: VND

	2018	2017
Issued ordinary shares at the beginning of the year	641,281,186	638,936,186
Effect of re-issuance of treasury shares	-	2,228,746
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>641,281,186</b>	<b>641,164,932</b>

**39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Unit: VND

	2018	2017
<b>THE PARENT COMPANY</b>		
<b>Vietnam Beverage Company Limited</b>		
Dividends declared	1,202,749,054,500	1,202,749,054,500
<b>ASSOCIATES, JOINTLY CONTROLLED ENTITIES</b>		
<b>Sai Gon - Khanh Hoa Beer Joint Stock Company</b>		
Sales of raw materials	459,397,935,443	408,627,837,332
Provision of services	22,700,000	-
Sales of other goods	193,096,220	200,000,000
Purchases of merchandise goods	1,194,945,732,340	1,064,942,558,317
Other purchases	441,545,000	-
Dividends received	2,600,000,000	-
<b>Saigon - Phutho Beer Joint Stock Company</b>		
Sales of raw materials	360,371,075,673	352,585,150,375
Provision of services	149,736,364	-
Sales of other goods	228,480,000	203,825,000
Purchases of merchandise goods	961,848,772,950	942,437,850,200
Dividends received	16,927,200,000	10,579,500,000
<b>Sai Gon - Kien Giang Beer Joint Stock Company</b>		
Sales of raw materials	457,942,814,837	393,321,044,804
Provision of services	1,723,872,839	1,622,951,580
Sales of finished goods	22,272,727	-
Sales of other goods	60,385,500	15,000,000
Purchases of merchandise goods	1,556,291,736,740	1,345,905,441,695
Other purchases	17,262,000	-
Dividends received	5,750,000,000	4,300,000,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31/12/2018 (CONTINUED)**

**FORM B 09 – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

	2018	2017
<b>Mechanical and Industrial Construction Joint Stock Company</b>		
Dividends received	1,404,000,000	1,591,200,000
<b>Sai Gon - Mien Trung Beer Joint Stock Company</b>		
Sales of raw materials	616,631,539,006	410,463,186,342
Provision of services	3,416,170,632	-
Sales of other goods	268,712,440	2,649,590,268
Purchases of merchandise goods	2,031,504,341,600	1,498,068,655,780
Warehouse rental fee	562,411,457	-
Other purchases	660,136,320	-
Dividends received	48,363,615,000	24,043,407,500
<b>Sai Gon - Vinh Long Beer Joint Stock Company</b>		
Sales of raw materials	404,745,579,037	270,582,272,060
Provision of services	2,180,264,429	-
Sales of finished goods	17,550,000	-
Sales of other goods	11,701,031,956	4,656,215,908
Purchases of merchandise goods	1,340,883,769,030	1,099,241,068,520
Dividends received	13,500,000,000	7,500,000,000
<b>Saigon Binh Tay Beer Joint Stock Company</b>		
Sales of raw materials	754,701,887,650	612,064,805,592
Sales of finished goods	-	13,081,553,660
Provision of services	2,665,808,105	-
Sales of other goods	4,310,945,923	2,388,979,176
Purchases of merchandise goods	2,340,230,045,160	2,157,066,418,550
Dividends received	33,932,902,928	31,831,553,660
Payment of dividends	1,166,667,000	-

	2018	2017
<b>Saigon - Baclieu Beer Joint Stock Company</b>		
Sales of raw materials	103,736,923,097	101,472,242,985
Provision of services	3,894,967,279	-
Sales of other goods	1,020,649,370	3,468,279,757
Purchases of merchandise goods	576,018,048,880	586,428,120,500
Other purchases	437,671,387	-
Dividends received	7,207,200,000	8,408,400,000
<b>Saigon Tay Do Beer - Beverage Joint Stock Company</b>		
Sales of raw materials	270,532,045,101	297,944,729,394
Provision of services	985,611,916	864,512,510
Purchases of merchandise goods	863,363,755,460	888,092,819,660
Other purchases	36,426,818	-
Dividends received	22,346,582,400	6,983,307,000
<b>Malaya - Vietnam Glass Limited</b>		
Sales of other goods	35,669,400	107,079,000
Purchases of merchandise goods	194,350,971,768	198,239,602,180
<b>Me Linh Point Limited</b>		
Dividends received	27,423,437,596	26,431,342,966
<b>San Miguel Yamamura Phu Tho Packaging Company Limited</b>		
Sales of finished goods	826,728,000	-
Sales of raw materials	-	1,287,936,000
Purchases of merchandise goods	153,241,947,740	160,605,672,400
Dividends received	-	7,962,500,000
<b>Truong Sa Food - Food Business Joint Stock Company</b>		
Purchases of merchandise goods	19,197,120,580	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2018 (CONTINUED)

FORM B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 of the Ministry of Finance)

	2018	2017
<b>Crown Beverage Cans Saigon Limited</b>		
Purchases of merchandise goods	1,681,200,598,678	1,759,433,695,486
Dividends received	147,299,384,587	146,158,925,378
<b>Vietnam Spirits And Wine Ltd</b>		
Sales of finished goods	1,054,200,000	-
<b>Saigon -Bentre Beer Joint Stock Company</b>		
Sales of raw materials	122,573,876,156	-
Sale of tools and supplies	26,505,129,080	-
Provision of services	531,647,417	-
Sales of other goods	41,989,500	-
Purchases of merchandise goods	263,357,907,910	-
Capital contribution	-	20,000,000,000
<b>Saigon -Lamdong Beer Joint Stock Company</b>		
Capital contribution	-	20,000,000,000
<b>OTHER RELATED PARTIES</b>		
<b>Saigon Beer Transportation Joint Stock Company</b>		
Transportation expenses	1,632,703,534,322	1,775,280,631,715
Dividends received	2,000,000,000	7,000,000,000
<b>Key management personnel</b>		
Remuneration	18,890,169,245	16,441,814,751

## 40. NON-CASH INVESTING ACTIVITIES

Unit: VND

	2018	2017
Gain from change in equity interest	7,801,887,576	-

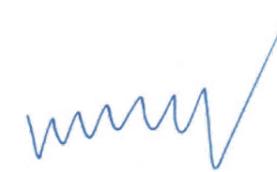
## 41. CORRESPONDING FIGURES

The corresponding figures as at 01 January 2018 were brought forward from the audited figures of the Group as at and for the year ended 31 December 2017.

18 March 2019

Prepared by:

Approved by:

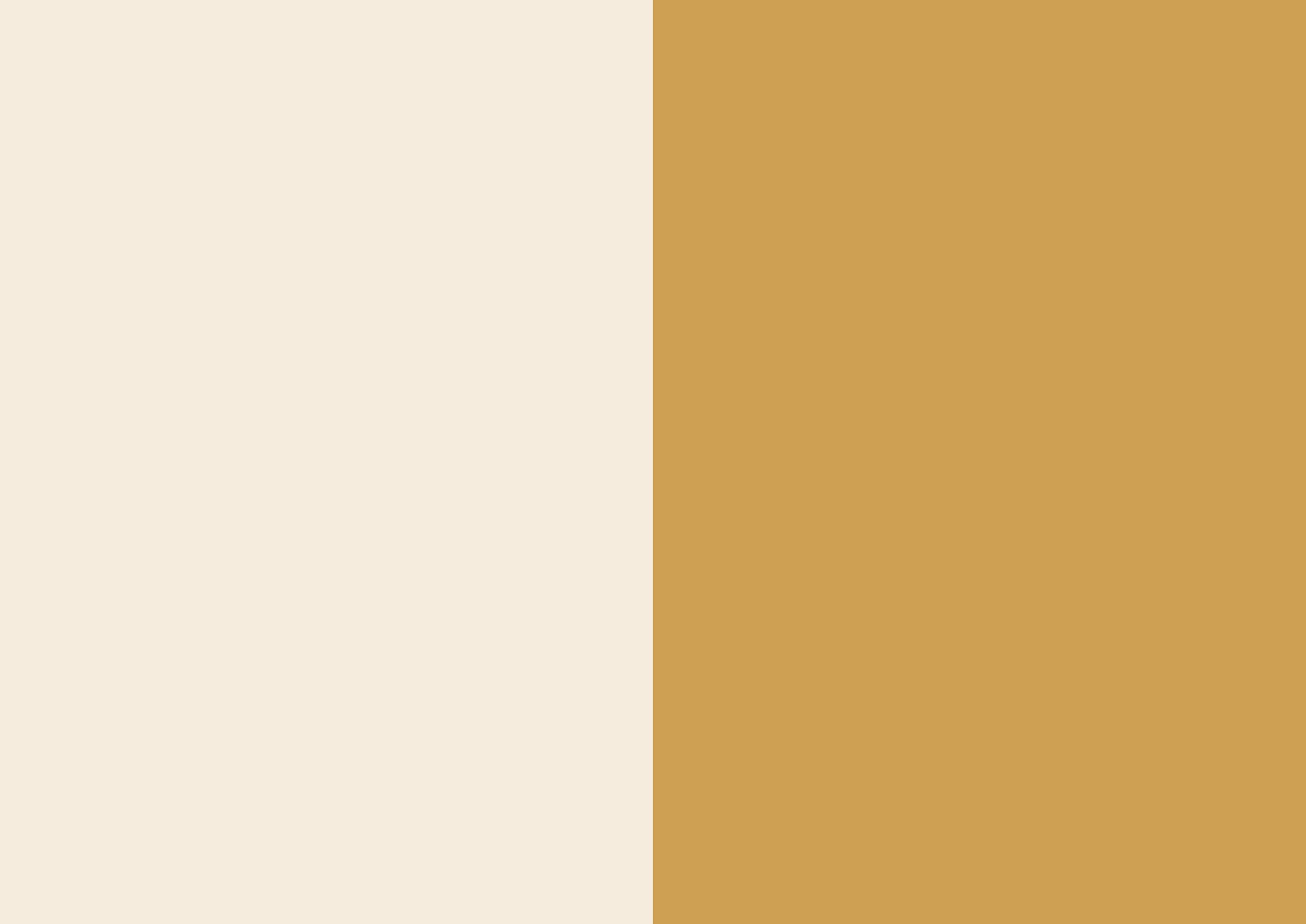


**Hoang Thanh Van**  
Accountant

**Tran Nguyen Trung**  
Chief Accountant

**Teo Hong Keng**  
Deputy General Director

**Neo Gim Siong Bennett**  
General Director





**SAIGON BEER – ALCOHOL – BEVERAGE  
CORPORATION**

**Head office:**

 187 Nguyen Chi Thanh, Ward 12, District 5,  
Ho Chi Minh City, Vietnam

**Representative office:**

 5<sup>th</sup> Floor, 72 Le Thanh Ton, Ben Nghe Ward,  
District 1, Ho Chi Minh City

 (+84) 28 3829 4083  
(+84) 28 3829 6856

 [www.sabeco.com.vn](http://www.sabeco.com.vn)