



SAIGON BEER - ALCOHOL - BEVERAGE
CORPORATION



SABECO ANNUAL REPORT 2017

**BIA
SAIGON®**
NIỀM TỰ HÀO CỦA NGƯỜI VIỆT NAM

**SAIGON BEER – ALCOHOL – BEVERAGE
CORPORATION**

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SYNERGISTIC VALUES

ANNUAL REPORT 2017



“ 2018 will be a pivotal year for SABECO on its upcoming path of development. The Company will focus on creating value by harnessing synergies across its brands, from brand strength, robust financial capacity, manufacturing and distribution system, technical expertise and profound experience, and the management’s insight into the local market. This will be based on the enhancement of governance efficiency on the principle of transparency in order to maintain its leading position in the local market and to reach out to regional and global markets.



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ANNUAL REPORT 2017

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Vision, Mission and Core values

SABECO continues to solidify its position as the leading brewer in Vietnam.



SABECO'S OVERVIEW

Corporate name: Tổng Công ty cổ phần Bia - Rượu - Nước giải khát Sài Gòn
Name in English: Saigon Beer - Alcohol - Beverage Corporation
Abbreviated name: SABECO
Charter capital: VND 6,412,811,860,000
Address: 187 Nguyen Chi Thanh, Ward 12, District 5, Ho Chi Minh City, Vietnam
Phone number: (+84) 28 3829 4081/ 4083/ 6342 - Fax: (+84) 28 3829 6856
Website: www.sabeco.com.vn

Business Registration Certificate No: 0300583659 issued by the Department of Planning and Investment of Ho Chi Minh City, for the first time on April 17th 2008 and the eighth amendment was on May 18th 2018.
Stock code: SAB
Principal activities: Producing, marketing and trading of beer, spirits and non-alcoholic beverage.

Chairman's message



“ With ThaiBev as a strategic partner, we aim to strengthen the business foundations of the company in order to grow SABECO's share in the home market, improve its profitability and increase the return on investment to all shareholders.

Dear Shareholders,

December 29th 2017 marked a significant milestone in the history of SABECO as the sale of a majority equity stake of 53.59% share of SABECO's charter capital by the Ministry of Industry and Trade to Vietnam Beverage Co Ltd, a 49% owned indirect associate of Thai Beverage Public Company Limited (ThaiBev) for almost US\$5 billion was completed. With ThaiBev as a strategic partner, we aim to strengthen the business foundations of the company in order to grow SABECO's share in the home market, improve its profitability and increase the return on investment to all shareholders.

At the company's Extraordinary General Meeting held on 23rd April 2018, three new members of the Board of Directors were appointed. They were Mr. Malcolm Tan, Mr. Sunyaluck Chaikajornwat and I. I was honoured to be elected Chairman of the Board of Directors that same day, succeeding Mr. Vo Thanh Ha. An additional Board member, Madam Tran Kim Nga, was appointed at the Board of Directors meeting held on May 9th 2018, bringing the total number of members of the Board of Directors to seven, to comply with the provision stipulated in the company's charter.

On behalf of the Board of Directors, management and employees, I would like to take this opportunity to express my sincere thanks and deep appreciation to former Chairman, Mr. Vo Thanh Ha for his leadership and sterling contributions to SABECO as well as for his professionalism. I would also like to thank management and staff, partners, suppliers and customers for their unwavering support and contributions to the growth and development of the company to become the leading brewery group in Vietnam today.

Finally, I look forward to working closely with the Ministry of Industry and Trade, all members of the Board of Directors, management and employees, our partners and all stakeholders to grow SABECO from strength to strength to achieve greater heights in the years ahead as the company embarks on a new phase of development and transformation.

Best regards,

Koh Poh Tiong

Chairman

General Director's message



In 2017, SABECO continued to make major investments in its breweries to increase and stabilize product quality while saving costs. In parallel, the Company adopted a strategy of expanding network and enhancing the capacity of the distribution network. Beside financial objectives, SABECO attached importance to environmental preservation and proactive involvement in social welfare and community development activities as well as the improvement of the staff's spiritual and material well-being.

Dear valued Shareholders, Customers, Partners and Employees

In 2017, Vietnam's gross domestic product (GDP) recorded an impressive decade-high growth rate of 6.81%. The country also set a record in foreign investment inflow and trade revenues (USD 424 billion, over 4 times the figure in 2007, when the country acceded to the World Trade Organization - WTO). Besides, improvements were also seen in Vietnam's competitiveness, business environment and the sustainable development index. Expectations for stable economic growth led to a robust growth rate of the stock market, namely 46%, with market capitalization reaching 75% of GDP. Building on the success achieved in 2016, SABECO continued to achieve an impressive business performance in 2017. This helped push up the stock price dramatically, making SABECO one of the top companies ranked by market capitalization on the local stock market. This represents the most convincing evidence of the Company's business performance and prospect.

2017 - A YEAR OF LEVERAGING INTERNAL STRENGTHS

Rising income and greater purchasing power as a result of stable economic growth – especially among the middle class – together with a young population and a popular drinking culture in Vietnam have contributed to beer consumption per capita (42 liters per person per year, the 3rd highest in Asia). According to market research by Statista in 2018, the size of the local beer market has already exceeded 4 billion liters in consumption, the world's 9th largest, and is expected to maintain a growth rate of 6% in the period between 2016 and 2020 (Euromonitor International). This makes Vietnam a battleground for competition among the world's top players. Despite the hundreds of producers, the local beer market is a relatively concentrated one where the top 4 players account for 90% of the market share, resulting in fierce competition in all segments and all geographical areas. Players have been continually investing heavily in marketing and sales activities as sales volumes depend heavily on brand awareness and customer care.

Apart from increasing competition, a rise in special consumption tax rate on beer from 55% to 60% and severe damages caused by natural disasters with losses totaling up to VND 60,000 billion (or 1% of Vietnam's GDP) also adversely affected SABECO's business performance at certain times and in certain areas, especially in central coastal provinces. Nevertheless, SABECO has always accepted competition as a catalyst for maximizing internal strengths and potential to achieve challenging targets. With a clear strategic direction, flexible and aggressive governance as well as solidarity among the team, SABECO successfully surpassed all targets for 2017. Specifically, the total beer volume in 2017 reached approximately 1.8 billion liters, an increase of 8.6%, higher than the industry average. This helped maintain SABECO's market share at above 40%. Revenues and profit after tax reached VND 35,218 billion and VND 4,949 billion, respectively, around 102.2% and 105.2% of the target.

To make these achievements possible, in 2017, SABECO continued to make major investments in its breweries to increase and stabilize product quality while saving costs. In parallel, the Company adopted a strategy of expanding network and enhancing the capacity of the distribution network. Beside financial objectives, SABECO attached importance to environmental preservation and proactive involvement in social welfare and community development activities as well as the improvement of the staff's spiritual and material well-being. This has created sustainable value that win the trust of millions of consumers in the Saigon Beer brand.

2018 – SYNERGISTIC VALUES, A PRECONDITION FOR BREAKTHROUGHS

In addition to operational highlights, the year 2017 also marked an important turning point in SABECO's development history as the Government and the Ministry of Industry and Trade successfully sold 53.59% of the stake in the Company to Vietnam Beverage Co., Ltd. a member of Thai Beverage Public Company Limited (ThaiBev), thus contributing VND 110,000 billion to the State budget. "The State's divestment from SABECO is considered a strong impetus that will create greater autonomy for the Company and foster competition within the industry", said Deputy Minister of Industry and Trade - Mr. Cao Quoc Hung.

2018 will be a pivotal year for SABECO on its upcoming path of development. The Company will focus on creating value by harnessing synergies across its brands from brand strength, robust financial capacity, manufacturing and distribution system, technical expertise and profound experience, and the management's insight into the local market. This will be based on the enhancement of governance efficiency on the principle of transparency in order to maintain its leading position in the local market and to reach out to regional and global markets. In addition, SABECO will continue to bring higher value to shareholders, suppliers, distributors, consumers and the community with a view to engaging all stakeholders for mutual development and sustainable development.

We are still taking vigorous steps on the journey to conquer new heights and I believe that the sense of responsibility and solidarity among the management and the entire staff will serve as the motive that propels SABECO forward. On behalf of SABECO's leaders, I would like to send my sincere thanks to valued shareholders, partners and employees for your support, cooperation and engagement, which has greatly empowered SABECO in fulfilling the mission of becoming Vietnam's top beverage group with an international foothold.

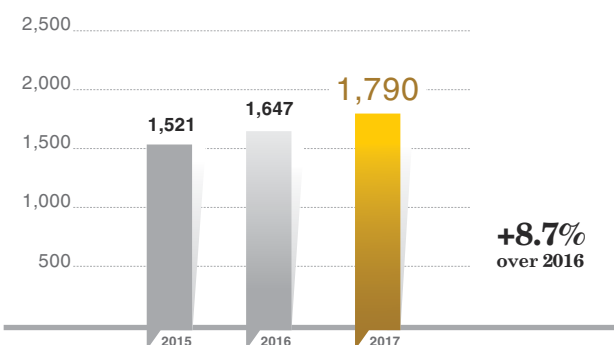
I wish you good health, happiness and success, and hope you will continue to support SABECO on the path ahead.

Best regards,

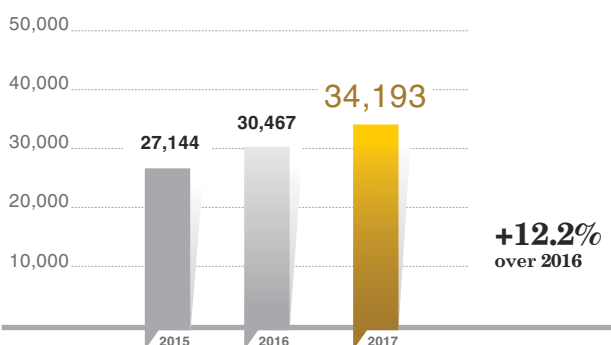
Nguyen Thanh Nam
General Director

Highlight figures of 2017

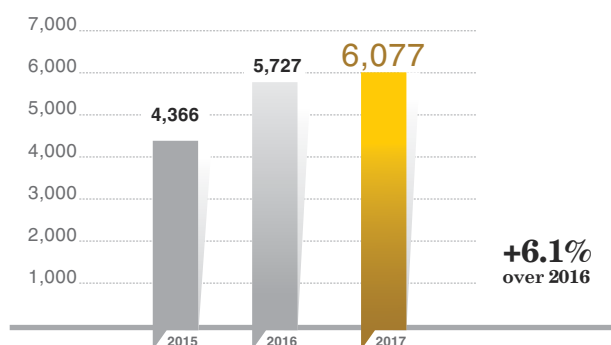
BEER CONSUMPTION OF ALL KINDS (Million Liters)



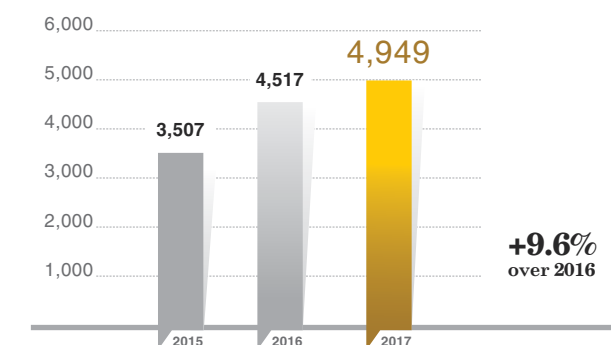
NET REVENUE (Billion VND)



PROFIT BEFORE TAX (Billion VND)



PROFIT AFTER TAX (Billion VND)



14,421

BILLION VND
TOTAL EQUITY IN 2017

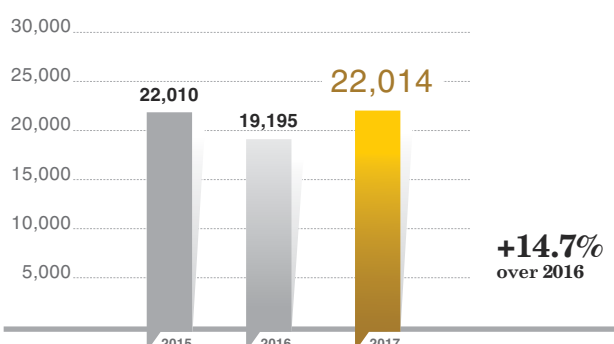
22,014

BILLION VND
TOTAL ASSETS IN 2017

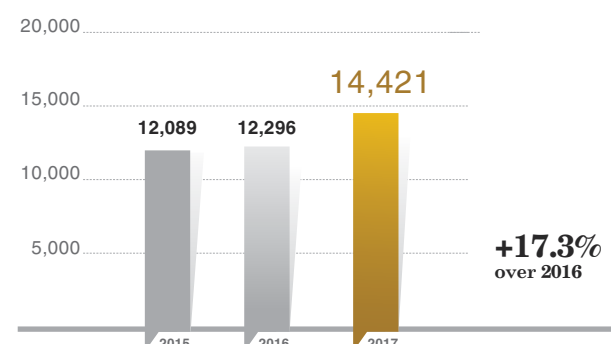
4,949

BILLION VND
PROFIT AFTER TAX IN 2017

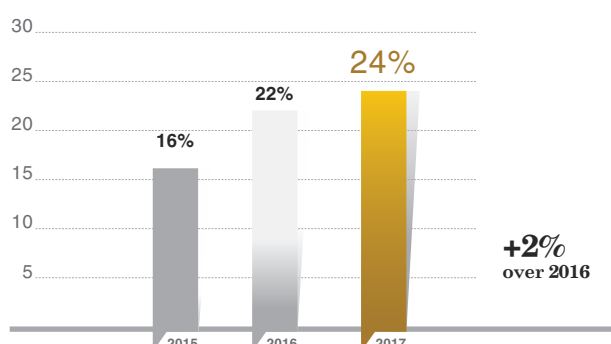
TOTAL ASSETS (Billion VND)



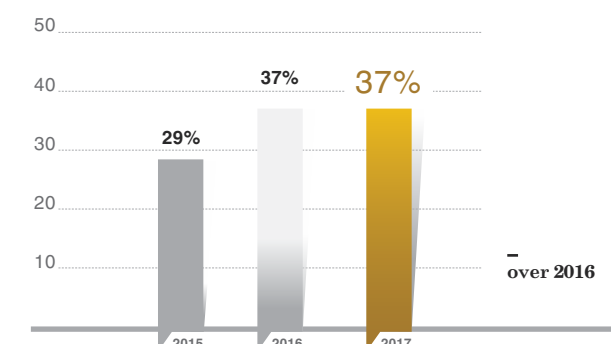
TOTAL EQUITY (Billion VND)



RETURN ON ASSETS (ROA) (%)



RETURN ON EQUITY (ROE) (%)



Key activities and events of 2017

1 CONSUMER AND COMMUNITY EVENTS

Beach music festival series: held from August 25th to September 9th 2017 in Da Nang, Vung Tau and Nha Trang.



Football tournament - Saigon Beer Festival 2017: held from November to December 2017 in Ca Mau, Vinh Long, Binh Duong, Binh Dinh and Nha Trang.



Saigon Beer Festival in Hanoi: held on November 27th, 2017 at Hang Day, Hanoi.



Welcome New Year event series in the major cities: Hanoi, Ho Chi Minh, Da Nang, Nha Trang, Nghe An and Vung Tau.



2 APPOINTMENT OF NEW GENERAL DIRECTOR IN JUNE 2017



3 THE MINISTRY OF INDUSTRY AND TRADE'S SUCCESSFUL SALE OF 53.59% SHARES IN SABECO



4 LAUNCHING CEREMONY OF THE SAIGON GOLD, SABECO'S PREMIUM BEER



5 COMMENCEMENT OF THE CONSTRUCTION OF 2 SAIGON BEER FACTORIES IN BEN TRE AND LAM DONG PROVINCES



Awards and Accolades



TOP 50 of 2017
Vietnam Annual Report Awards

"AN ENTERPRISE FOR EMPLOYEES"
certification awarded
by the Vietnam General Confederation of Labor

Certification of
TOP VN 500 largest enterprises in Vietnam

SABECO was ranked as one of
TOP 6 Most valuable Brands

5 **SUCCESSIVE NATIONAL BRAND AWARDS**

for Food and Beverages in 2008 - 2013, certified
by Vietnam Value (National Brand Council)

The 333 Premium Export beer was honored and awarded
THE GOLD MEDAL, AIBA 2015
in Australia, certified as the best Lager style beer

THE GOVERNMENT'S EMULATION FLAGS
in 1994, 1995, 1997, 1998, 2003, 2004, 2005, 2006, 2007, 2012, 2013, 2015
and the Prime Minister's certificates of recognition in 2002, 2005, and 2013

THE FIRST-CLASS INDEPENDENCE MEDAL IN 2014

THE RENOVATION PERIOD LABOR HERO MEDAL OF 2008



AN **ENTERPRISE**
FOR EMPLOYEES
certification awarded
by the Vietnam General Confederation of Labor

CONNECTING **SYNERGISTIC** VALUES



Introduction of SABECO

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Key milestones

1875: A little brewery founded by Victor Larue, a Frenchman in Saigon 1875

In 1910, the small set up grew into a complete plant that manufactured beer, beverage and ice. In September 1927, the plant was officially incorporated into the French BGI system and, in 1977, acquired by the Southern Brewery Company before being renamed as Saigon Beer Factory, turned into a new development period.



1992: The introduction of Saigon Lager beer bottle

In February 1992, Saigon Beer Brewery installed and put into operation a new beer filling line with a capacity of 30,000 bottles per hour and introduced plastic boxes in replacement of wooden ones. Product designs were also diversified.

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.

1977: The establishment of Saigon Beer Factory

On May 17th, 1977, the Minister of Food and Foodstuff issued Decision No.845/LTTP to place the BGI Company Brewery under the operation and management of the Southern Brewery Company.

On June 1st, 1977, the facility was renamed as Saigon Beer Brewery.

1985: The introduction of 333 beer can design



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

Starting with two products (Larue bottled beer 610ml and 333 bottled beer 330ml), Saigon Beer now includes Saigon Lager Beer, Saigon Export Beer, 333 Beer and Saigon Special Beer.

1996: The introduction of Saigon Export beer bottle



In August 1996, New product launch of Saigon Export 355ml.

1999: The introduction of Saigon Special beer bottle



The Company researched and produced high-class beer bottle called Saigon Special.

2003: The establishment of Saigon Beer - Alcohol - Beverage Corporation (SABECO)

Saigon Beer - Alcohol - Beverage Corporation (SABECO) was established following a merger of Saigon Beer Company and other entities including Binh Tay Alcohol Company, Chuong Duong Beverage Company, Phu Tho Glass Company and Saigon Beer - Alcohol - Beverage Trading Company.

2008: The establishment of Saigon Beer - Alcohol - Beverage Corporation after transformation of operating model through equitization process

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

2016: Listing on Ho Chi Minh Stock Exchange (HOSE)



SABECO was granted a decision on approval of listing on HOSE with stock code SAB.

2017: The Ministry of Industry and Trade's successful stake sale in SABECO

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



2010

1 billion liters of beer consumed

2015

SABECO celebrated 140 YEARS OF HERITAGE

2017

The introduction of SAIGON GOLD SABECO's PREMIUM BEER



Scope of business and brewery system



SABECO is in the business of manufacturing, marketing and trading of beer, spirits and non-alcohol beverages.



BEERS



NON-ALCOHOL BEVERAGES



SPIRITS

142 years
OF HERITAGE

42 years
OF BRAND BUILDING & DEVELOPMENT



BRAND POSITION

Saigon Beer has the longest brand story and is the leading brand in the local market with 142 years of heritage including more than 42 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 consumers. 333 and Saigon Export products have been gradually capturing millions of drinkers globally and are available in 33 countries worldwide with increasing popularity.

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MANUFACTURING SYSTEM

With 25 breweries across Vietnam, SABECO is easy to access and provide products to customers quickly and efficiently. The manufacturing system is considered the foundation giving competitive advantage over rivals. Saigon Beer breweries are equipped with synchronous machinery and facilities as well as modern technologies imported from top specialized beer equipment manufacturers in Europe such as Krones AG, KSH, etc. This equipment is integrated with highly automated manufacturing management systems that ensure effective energy consumption and efficiently support manufacturing management. All Saigon Beer breweries have been certified to ISO 9001:2008 (Quality management system), ISO 14001:2004 (Environmental management system), ISO 22000:2005 (Food safety management system), and HACCP (Hazard Analysis Critical Control Point).



TECHNOLOGY AND PRODUCT QUALITY

Defining technology and technique as the cornerstone of its competitive and development strategy, SABECO has issued and applied a closed and highly automated manufacturing process that is operated by a technical team of technology equipment engineers and brew-masters who are well-trained in the leading beer brewing countries such as Germany. Besides, SABECO has complied with the highest quality standards for all products, managed by a quality management system with modern measuring equipment, strict raw material monitoring processes (following Saigon Beer standards, imported from the prestigious, world leading suppliers and regularly updated as required) to finished product, before reaching the consumers.

Scope of business and brewery system

Manufacturing system with

25 breweries across Vietnam

1 alcohol factory and 1 beverage factory

available in 33 countries worldwide

The distribution network includes

1 parent trading company.

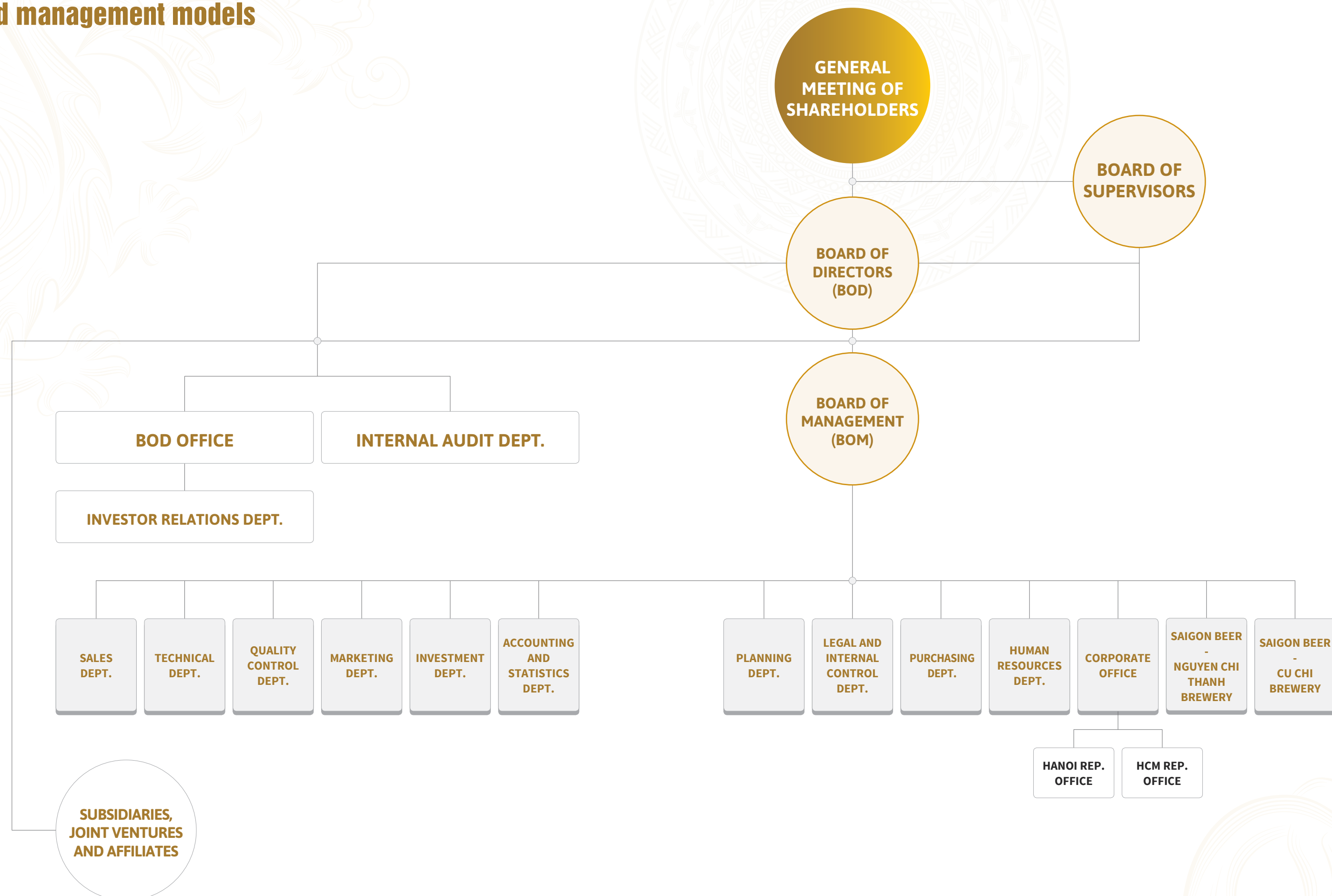
10 regional SABECO Saigon Beer Trading Joint Stock companies.

8 warehouses for storing and forwarding products.

Available in 33 countries worldwide

West Africa, Laos, France, Netherlands, Korea, Taiwan, Japan, United States, Hong Kong, Korea, England, Sweden, Switzerland, Panama, Germany, China, Russia, Denmark, Australia, New Zealand, Thailand, Philippines, Chile, Singapore, Canada, Spain, Cambodia, Malaysia.

The governance and management models



List of subsidiaries

No.	Company name	Address	Principal activities	Charter capital (VND)	SABECO's effective shareholding (%)
1	Saigon Beer Trading One Member Co., Ltd.	# 12, Dong Du Road, Ben Nghe Ward, Dist. 1, Ho Chi Minh City	Trading in beer	700,000,000,000	100.00
2	SABECO Mechanical One-member Co., Ltd.	215 Dao Duy Tu, Ward 6, Dist. 10, Ho Chi Minh City	Mechanics	59,365,663,690	100.00
3	Saigon - Ha Tinh Beer One-member Co., Ltd.	Km 12, Ha Tinh Ring Road, Thach Tan, Thach Ha Dist., Ha Tinh Province	Brewing and trading of beer	120,000,000,000	100.00
4	Saigon – Bac Trung Bo Beer Trading JSC	Nho Dong Vinh Industrial Park, Dong Vinh Ward, Vinh City, Nghe An	Trading in beer	38,841,840,000	94.92
5	Saigon – Mien Bac Beer Trading JSC	Industrial lot 01-05, Ninh Hiep Industrial Cluster, Ninh Hiep Commune, Gia Lam Dist., Hanoi	Trading in beer	39,719,500,000	94.72
6	Saigon – Center Beer Trading JSC	# 12, Dong Du Road, Ben Nghe Ward, Dist. 1, Ho Chi Minh City	Trading in beer	85,959,000,000	94.23
7	Binh Tay Liquor JSC	621 Pham Van Chi, Ward 7, Dist. 6, Ho Chi Minh City	Brewing and trading of alcohol	140,000,000,000	93.29
8	Saigon – Mien Trung Beer Trading JSC	# 7, Road N0.1, An Don Industrial Park, An Hai Bac Ward, Son Tra Dist., Da Nang	Trading in beer	60,000,000,000	91.24
9	Saigon – Mien Dong Beer Trading JSC	# 46/19, D1 Road, Binh Phu Hamlet, Binh Chuan Commune, Thuan An Dist., Binh Duong Province	Trading in beer	36,362,195,948	90.68
10	Saigon – Dong Bac Beer Trading JSC	# 2A, Cai Lan Industrial Park, Bai Chay Ward, Ha Long Dist., Quang Ninh Province	Trading in beer	40,210,000,000	90.45
11	Saigon – Nam Trung Bo Beer Trading JSC	National Highway N0. 1, Dien Phu Commune, Dien Khanh Dist., Khanh Hoa Province	Trading in beer	60,000,000,000	90.14
12	Saigon – Tay Nguyen Beer Trading JSC	# 190, Nguyen Van Linh Road, Ea Tu Commune, Buon Me Thuot City, Dak Lak Province	Trading in beer	39,761,600,000	90.00
13	Saigon – Song Tien Beer Trading JSC	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	Trading in beer	36,265,364,767	90.00
14	Saigon – Song Hau Beer Trading JSC	# 1/1A, Dinh Tien Hoang Avenue, Thoi Binh Ward, Ninh Kieu Dist., Can Tho City	Trading in beer	40,290,000,000	90.00
15	Saigon Packaging JSC	Tan Dong Hiep B Industrial Park, Di An Dist., Binh Duong Province	Manufacturing and trading of packaging	71,770,160,000	76.81
16	Saigon – Song Lam Beer JSC	Bloc 1, Hung Dao Commune, Hung Nguyen Dist., Nghe An Province	Brewing and trading of beer	450,000,000,000	68.78
17	Saigon – Quang Ngai Beer JSC	Quang Phu Industrial Park, Quang Ngai City, Quang Ngai Province	Brewing and trading of beer	450,000,000,000	66.56
18	Chuong Duong Beverages JSC	606 Vo Van Kiet, Cau Kho Ward, Dist. 1, Ho Chi Minh City	Brewing and trading of beverage	85,000,000,000	62.06
19	Saigon – Dong Xuan Beer Alcohol JSC	Km 09, Vo Van Kiet Avenue, Me Linh Dist., Hanoi	Brewing and trading of beer	30,000,000,000	55.83
20	Saigon – Nghe Tinh Beer JSC	# 54, Phan Dang Luu Road, Truong Thi Ward, Vinh City, Nghe An Province	Brewing and trading of beer	105,000,000,000	54.73
21	Saigon – Hanoi Beer JSC	A2-CN8 Tu Liem Industrial Cluster, Phuong Canh Ward, Nam Tu Liem Dist., Hanoi	Brewing and trading of beer	180,000,000,000	52.11
22	Saigon – Mien Tay Beer JSC	Tra Noc Industrial Park, Tra Noc Ward, Binh Thuy Dist., Can Tho City	Brewing and trading of beer	145,000,000,000	51.00
23	Saigon – Soc Trang Beer One Member Co., Ltd.	An Nghiep Industrial Park, An Hiep Commune, Chau Thanh Dist., Soc Trang Province	Brewing and trading of beer	45,000,000,000	51.00

List of joint ventures and affiliates



No.	Company name	Address	Principal activities	Charter capital (VND)	SABECO's effective shareholding (%)
1	Vietnam Spirits and Wine Co., Ltd.	621 Pham Van Chi, Ward 7, Dist. 6, Ho Chi Minh City	Manufacturing and trading of alcohol	65,461,973,000	45.00
2	Truong Sa Food Trading JSC	Block G, 64, Road 11, KDC Song Da, Qaurter 6, Hiep Binh Chanh Ward, Thu Duc Dist., Ho Chi Minh City	Manufacturing and trading of food and foofstuff	17,7000,000,000	38.53
3	Sanmiguel Phu Tho Packaging Co., Ltd.	#1 Le Van Khuong, Hiep Thanh Ward, Dist. 12, Ho Chi Minh City	Manufacturing and trading of packaging	96,002,712,000	35.00
4	Me Linh Point Co., Ltd.	# 2 Ngo Duc Ke, Ben Nghe Ward, Dist. 1, Ho Chi Minh City	Real estate	221,066,150,400	35.00
5	Saigon – Mien Trung Beer JSC	# 01 Nguyen Van Linh, Buon Me Thuot City, Dak Lak Province	Brewing and trading of beer	298,466,480,000	32.39
6	Saigon – Phu Tho Beer JSC	Trung Ha Industrial Park, Hong Da Commune, Tam Nong Dist., Phu Tho Province	Brewing and trading of beer	125,000,000,000	30.52
7	Saigon Crown Co., Ltd.	Hanoi Avenue, Hiep Phu Ward, Dist. 9, Ho Chi Minh City	Manufacturing and trading of packaging	480,632,400,000	30.04
8	Malaya Vietnam Glass Co., Ltd.	Suite 11.1, Floor 11, REE building, # 9, Doan Van Bo Road, Ward 12, Dist. 4, Ho Chi Minh City	Manufacturing and trading of packaging	322,209,160,000	30.00
9	Saigon – Phu Ly Beer JSC	104-106, Tran Phu Road, Quang Trung Ward, Phu Ly Town, Ha Nam Province	Brewing and trading of beer	164,383,000,000	29.76
10	Tan Thanh Investment JSC	66 Pham Van Chi, Ward 12, Dist. 5, Ho Chi Minh City	Real estate trading	250,013,750,000	29.00
11	Thanh Nam Consulting and Transferring Technology JSC	243 Phan Dang Luu, Ward 1, Phu Nhuan Dist., Ho Chi Minh City	Technology	1,400,000,000	28.57
12	Saigon - Tay Do Beer and Beverage JSC	Lot 22, Tra Noc 1 Industrial Park, Binh Thuy Dist., Can Tho City	Brewing and trading of beer	200,000,000,000	27.62
13	Mechanical and Industrial Construction JSC	929-931 National Highway 1A, Thoi An Ward, Dist. 12, Ho Chi Minh City	Mechanics	35,999,480,000	26.00
14	Saigon – Khanh Hoa Beer JSC	Dien Phu Industrial Cluster, Dien Phu Commune, Dien Khanh Dist., Khanh Hoa Province	Brewing and trading of beer	100,000,000,000	26.00
15	Saigon – Binh Tay Beer JSC	# 8 Nam Ky Khoi Nghia, Nguyen Thai Binh Ward, Dist. 1, Ho Chi Minh City	Brewing and trading of beer	565,762,360,000	21.43
16	Saigon – Vinh Long Beer JSC	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	Brewing and trading of beer	150,000,000,000	20.00
17	Saigon – Kien Giang Beer JSC	D1, D2 Road, Thanh Loc Industrial Park, Thanh Loc Commune, Chau Thanh Dist., Kien Giang Province	Brewing and trading of beer	115,000,000,000	20.00
18	Saigon – Ben Tre Beer JSC	Ben Tre Province	Brewing and trading of beer	100,000,000,000	20.00
19	Saigon – Lam Dong Beer JSC	Lam Dong Province	Brewing and trading of beer	100,000,000,000	20.00
20	Saigon – Bac Lieu Beer JSC	Lot B5, Tra Kha Industrial Park, Ward 8, Bac Lieu City, Bac Lieu Province	Brewing and trading of beer	80,080,000,000	10.20

Management profile

Members of the Board of Directors



Mr. Koh Poh Tiong

Chairman
(since April 23rd 2018)
Year of birth: 1946
Nationality: Singaporean

Qualifications

Bachelor of Science, University of Singapore.

Working experience

Mr. Koh is currently the Non-Executive Chairman of Yunnan Yulinquan Liquor Company Ltd, Times Publishing Ltd and Bukit Sembawang Estates Ltd. He is also a Director, Adviser and Chairman of the Executive Committee of Fraser and Neave Limited and a Director at Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern General Insurance (Malaysia) Berhad, Raffles Medical Group Ltd and SATS Ltd. He is also the Chairman of both the National Kidney Foundation and the Singapore Kindness Movement.

Mr. Koh was the Non-Executive and Non-Independent Chairman and Senior Advisor of Ezra Holdings Limited, Chairman of the Agri-Food & Veterinary Authority, and a Director at The Great Eastern Life Assurance Company Limited, United Engineers Limited, Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

He retired as Chief Executive Officer of Fraser & Neave Limited (Food & Beverage Division) in 2011. He also served as Chief Executive Officer of Asia Pacific Breweries Ltd for 15 years from 1993 to 2008.



Mr. Vo Thanh Ha

Chairman
(until April 23rd 2018)
Year of birth: 1974
Nationality: Vietnamese

Qualifications

MBA.
MA in Foreign Economics and BA in commercial English; principal specialist in State

Working experience

Over 20 years of working at SABECO and institutions under this Ministry of Industry and Trade:

Trade attaché - Vietnam Trade Office in Japan (2000 - 2006).

Branch Head of Vietnam Trade Office in Osaka - Japan (2006 - 2009).

Division Manager then Deputy Head of the Asia-Pacific Market Department.

Deputy Head of MOIT (Ministry of Industry and Trade) Office (2013 - September 2015).

Mr. Ha was appointed as Chairman of the Board of SABECO, representing the State-owned stake in SABECO in October 2015.



Mr. Nguyen Thanh Nam

Member of the BOD (from February 16th, 2017)
and General Director (from June 12th, 2017)
Year of birth: 1970
Nationality: Vietnamese

Qualifications

Bachelor of Business Administration.
Master of Economic and State Administration and Certificate of Economic Management.
International Trade, Bidding and Sale Management.

Working experience

Having been with SABECO since 1991, Mr. Nam has over 25 years of experience in supply management and manufacturing.

He was Deputy Head of Supply Department (2001), then Deputy Head of the Supply Division (2001) and Head of the Supply and Distribution Planning Department of Saigon Beer - Nguyen Chi Thanh Brewery (a subsidiary and core entity of SABECO). In 2012, he served as Head of the Procurement Division.

In March 2015, he was appointed as Deputy General Director in charge of Procurement, Manufacturing, Quality Control while also serving as Director of Sai Gon Beer - Cu Chi Brewery.

On February 16th, 2017, he was appointed by the Shareholders' General Meeting as a member of the Board of Directors (serving concurrently as Deputy General Director). He is now acting as the representative of the State-owned capital at SABECO.

On June 12th, 2017, Mr. Nam was appointed as SABECO's General Director.



Mr. Bui Ngoc Hanh

Non-executive member of the BOD
Year of birth: 1959
Nationality: Vietnamese

Qualifications

Bachelor in Finance, Industrial Accounting (1991).
Certificate of Chief Accountant, Professional Internal Auditor and Corporate Governance Training.

Working experience

30 years of experience in Food & Beverage (F&B).

Having been with SABECO since 1988, Mr. Hanh has been serving in several important positions such as Deputy Head then Deputy Manager of the Finance & Accounting Division (1996 - 2006).

From May 2006 to December 2007, he served as member of the Board of Directors and Head of the Board Supervisors.

Since 2008, he has been serving as a standing member of the Board of Directors and representative of the State-owned capital at SABECO.

Management profile

Members of the Board of Directors



Mr. Nguyen Bich Dat

Non-executive member of the BOD
Year of birth: 1950
Nationality: Vietnamese

Qualifications

University of Commerce (1971), Doctor of Science of the Democratic Republic of Germany (1982) and Associate Professor (1991).

Mr. Dat, who has may years of experience in research and teaching, also served as Vice Director of the University of Commerce from 1971 to 1989.

Working experience

He had over 40 years of working experience at State agencies and enterprises:

He was Deputy Head of the Legal Department - the State Commission for Cooperation & Investment, then Head of the Foreign Investment Department (1993 - 1997).

In 2003, he was appointed as Deputy Minister of the Ministry of Planning and Investment. After his retirement in 2011, he was invited to serve as advisor and member of the National Council for Scientific and Technological Policies.

Since 2013, he has been serving as member of the Board of Directors of SABECO, representing foreign shareholders.



Mr. Sunyaluck Chaikajornwat

Independent member of the BOD
(since April 23rd 2018)
Year of birth: 1977
Nationality: Thailand

Qualifications

Bachelor of Engineering, Assumption University, Bangkok, Thailand.

Bachelor of Laws, Thammasat University, Bangkok, Thailand.
 Master of Laws, Columbia University, New York, USA.

Working experience

Mr. Sunyaluck is a partner with Weewarong, Chinnavat & Peangpanor Ltd ("WCP") in the mergers and acquisitions practice group. He has more than 17 years of experience in advising and representing clients in wide range of industries, including major corporations, banks, finance, securities, real estate and investment companies. He has expertise in mergers, acquisitions, joint ventures, banking and finance in Thailand and cross-border transactions throughout South East Asia.

Prior to joining WCP, he was an Associate with White & Case (Thailand) Ltd from 2001 – 2008.



Mr. Tan Tiang Hing, Malcolm

Independent member of the BOD
(since April 23rd 2018)
Year of birth: 1964
Nationality: Malaysian

Qualifications

Bachelor of Business Administration, National University of Singapore.

Heineken International Management Course ("HIMAC"), INSEAD.

Advanced Management Program (AMP 177), Harvard Business School.

Working experience

Mr. Malcolm is the Chief Executive Officer and a partner-shareholder of DXCEL International Group, a company specializing in premium imported alcoholic beverages in Greater China market.

Prior to his current role, Mr. Malcolm headed the Heineken's China operations as the Regional Director of Heineken-APB China ("HAPBC"). He was with Heineken and Asia Pacific Breweries Ltd ("APB") for period 1990 – 2015, holding various management roles in Singapore, Papua New Guinea, China and Hong Kong/ Macau. During his tenure with Heineken and APB, he was also a director sitting on boards of the public-listed Kingway Brewery Group and Dafuhao Brewery. As a key member of APB's senior management team (SMT), he had participated in reviewing and formulating the Company's Asia Pacific long-term strategy and its corporate governance policy in HQ.



Ms. Tran Kim Nga

Temporary member of the BOD
(since May 9th 2018)
Year of birth: 1961
Nationality: Vietnamese

Qualifications

Bachelor of Foreign Language.

Bachelor of Business Administrative – Commerce.

Working experience

After the US lifted embargo in early 1990, she was the first employee of the Japanese trading corporation's representative office in Ho Chi Minh City - C.Itoh Co., Ltd (renamed as Itochu Corporation). She explored new businesses in the fields of textile, garment, general merchandise. Besides trading business, she was part of the investment project team with successful projects like Isuzu Automobile Assembly, Saigon Sky Garden real estate project.

From 1996 till present, she contributed whole-heartedly to expand the business of Berli Jucker Public Company Limited ("BJC") in Vietnam. Starting from a single staff office, BJC now become a well-known name in Vietnam with modern trade business, distribution, manufacturing packaging and consumer goods. Nowadays, BJC has got its distribution network, MM Mega Market supermarket chain national wide with 19 stores, aluminum can and glass bottle manufacturer etc. The total investment of BJC in Vietnam has reached over USD1 billion and with more than 8,000 employees. Not only expanding business, she also actively participates in corporate CSR activities like donated school in Quang Nam Province and other CRS activities of the group.

Management profile

Members of the Board of Executives



Mr. Nguyen Thanh Nam

General Director (from June 12th, 2017)
 Year of birth: 1970
 Nationality: Vietnamese

(Please refer to details under
 the Members of the Board of Directors section)



Mr. Nguyen Minh An

Deputy General Director
 Year of birth: 1973
 Nationality: Vietnamese

Qualifications

Bachelor of Finance and Accounting; Bachelor of Law;
 MBA (2006).

Working experience

Between 2007 and 2008, he served as Deputy Head of the Investment Promotion Department under the Ho Chi Minh Municipal Department of Planning and Investment.

From 2008 to February 2015, he worked at Saigon Beer Joint Stock Company - Binh Tay.

Since March 2015, he has been acting serving as SABECO's Deputy General Director.



Mr. Lam Du An

Deputy General Director
 Year of birth: 1967
 Nationality: Vietnamese

Qualifications

Mechanical Engineer from University of Technology.

Working experience

Having been with SABECO since the 1990s, Mr. An started as unit leader and deputy foreman of the maintenance workshop at Saigon Brewery. He served as Head of the Project Department for Saigon - Bac Lieu Beer Brewery (2006 - 2007), Saigon - Vinh Long Brewery (2007 - 2012). In 2012, he worked as Director of Saigon - Vinh Long Brewery JSC.

Mr. An, who is currently serving as Deputy General Director in charge of technique and manufacturing, also serves as Director of Saigon - Nguyen Chi Thanh Brewery - the cradle of development as well as a core entity of SABECO.



Mr. Neo Gim Siong Bennett

Deputy General Director (since May 9th 2018)
 Year of birth: 1969
 Nationality: Singaporean

Qualifications

Bachelor of Engineering – Mechanical & Production, Nanyang Technological University, Singapore.

Working experience

Mr. Bennett has over 22 years of extensive experience in the beer, oil and gas, marine and supply chain industries and has held several assignments in Asia, the USA and the UK. His last role, prior to joining SABECO, was the Chief Executive Officer, Food, of Fraser and Neave Limited (F&N) where he was responsible for the building and implementation of the strategies of F&N's food business. Prior to joining F&N, Mr. Bennett was the CEO of YCH Group, a pan-Asian Supply Chain company, where he oversaw the development and execution of the company's key business strategies. From 2005 - 2014, he held several senior positions in the Asia Pacific Breweries Group. His last role was Regional Director, covering Indochina, Singapore, Heineken-Kirin Japan, Heineken Taiwan, Tiger Global Exports and Heineken Asia Pacific Exports. Mr. Bennett started his career with Esso (subsequently ExxonMobil) in sales in 1994, and worked in various roles in Singapore, Hong Kong, China, Japan and Vietnam. Before moving on to Asia Pacific Breweries Limited, he was the General Director and Board member of ExxonMobil Unique Company Limited based in Vietnam.

He actively participates in charities and serves on the Board and Executive Committee of Singapore's National Kidney Foundation, and a member of its Donor Relations Committee. He was also the Chairman of the Migrant Workers' Assistant Fund, Co-Chairman of the Migrant Workers Forum, and Chairman of the Domestic Employees Welfare Fund (DEWF).

Management profile

Members of the Board of Executives



Mr. Teo Hong Keng

Deputy General Director in charge of Accounting, Finance and other support functions (since May 9th 2018)
Year of birth: 1972
Nationality: Singaporean

Qualifications

Bachelor of Accountancy Degree, Nanyang Technological University, Singapore.

Member of Institute of Singapore Chartered Accountants (ISCA).

INSEAD Business School (Fountainbleu – France) – Heineken International Senior Management Course 2015.

Working experience

Mr. Teo has had more than 20 years of working experience in Finance and Accounting, Tax, Investor Relations, IT and Procurement areas. He has also worked in various countries and markets including Singapore domestic and export business, Cambodia and Malaysia.

He has spent more than 17 years with Asia Pacific Breweries/Heineken and has held various leadership roles and positions as the CFO of Heineken Malaysia, Finance Director of APB Singapore, Head of Finance of Cambodia Brewery Limited and Tiger Export Pte Ltd. He was also a board member of Heineken Malaysia subsidiaries and has also served as company secretary of Cambodia Brewery Limited.



Mr. Melvyn Ng Kuan Ngee

Deputy General Director in charge of Sales (since May 9th 2018)
Year of birth: 1969
Nationality: Singaporean

Qualifications

Bachelor of Business, Marketing, Monash University, Australia.

Working experience

Mr. Melvyn has over 20 years' experience in the beer/alcoholic beverage industry. In his early days, he was employed by Moët-Hennessy where he was responsible for the marketing of the whisky and spirits portfolio. In year 2000, he joined Asia Pacific Breweries where he spent over 15 years. He was seconded to China where he worked and lived for over 11 years for the Group. During his time in China, he took on various roles in sales, marketing and commercial teams. His last role was General Manager Heineken Asia Pacific breweries Guangzhou.

Mr. Melvyn has also significant experience in the APAC region. His last role, prior to joining SABECO, was Area Business Director Asia Pacific for Warsteiner Beer International KG.



Mr. Nguyen Tien Dung

Chief accountant
Year of birth: 1973
Nationality: Vietnamese

Qualifications

Bachelor in Finance - Credit (1994). Certificate of Chief Accountant training (2000).

Working experience

He had 5 years of employment with Hanoi Dairy Factory before joining SABECO in 1999.

Between 2001 and 2004, he was Deputy Head then Head of the Finance & Accounting Department and Chief Accountant of Binh Tay Alcohol Joint Stock Company (a subsidiary of SABECO).

From June 2004 to June 2006, he served as Deputy Director then Director of Binh Tay Alcohol Joint stock Company.

He is now concurrently serving as Chairman of the Board of Directors of Saigon Beer - Nghe Tinh JSC, Saigon Beer and Alcohol - Dong Xuan JSC, Saigon Beer - Song Lam JSC, Saigon Beer Trading One Member Co., Ltd.

Since January 2007, he has been serving as SABECO's Chief Accountant.

Management profile

Members of the Board of Supervisors



Mr. Nguyen Van Minh

Head of the Board Supervisors (from August 8th 2017);
Member of the Board Supervisors (from February 16th, 2017)
Year of birth: 1970
Nationality: Vietnamese

Qualifications

Bachelor in Economics (1994), Master of Economics from Ho Chi Minh City University of Economics.

Certificates of specialized management in Chief Accountant, Bidding Management, Chief Financial Officer (CFO) and Chief Executive Officer granted by PACE Institute.

Working experience

He had 6 years of working with Agribank before joining Saigon Beer in 2000, where we worked at the Investment Department and the Department of Accounting and Statistics. In July 2007, he was appointed as Chief Accountant of Saigon Beer - Cu Chi Brewery (a subsidiary of SABECO and the largest and most modern entity of Saigon Brewery).

On February 16th, 2017, he was appointed by the Shareholders' General Meeting as a member of the Board Supervisors.

On August 8th, 2017, he became Head of the Board Supervisors.



Mr. Ly Minh Hoang

Member of the Board Supervisors (from August 8th 2017)
Year of birth: 1987
Nationality: Vietnamese

Qualifications

Graduated from the International University - Ho Chi Minh City National University, Finance and Accounting major.

CFA Charter Holder – Member of CFA Institute, America.

ACCA Charter Holder – Member of ACCA, UK.

Working experience

As a member of SABECO, Mr. Hoang spent almost over 9 years as experienced analyst in financial and investment areas. In 2016, he joined SABECO's Corporate Reforming & Restructuring Department. In June 2017, he was appointed to be Head of the Investor Relations Department (IR).

At the Extraordinary Shareholders' Meeting (EGM) on August 8th, 2017, Mr. Hoang was appointed as a member of the Supervisory Board of SABECO.

SABECO's development orientations



To focus on investing in beer industry, develop new products to diversify product segments and promote the brand communication strategy that is impressive, innovative and relevant to the values of each region in order to build and enhance the image and brand of Saigon Beer.



To combine production growth and profitability goals with the increase of the overall competitiveness of the entire business system on the basis of leveraging intrinsic values, strengths and available business advantages to increase "quality and sustainability" of growth.



To expand the distribution system, diversify the distribution channels in combination with strengthening infrastructure, which lead to enhance the operational capacity and efficiency of the distribution system. To focus on the development of rural markets and solutions to increase exports to foreign markets.



To focus on researching and improving product quality, packaging and enhancing R&D capabilities to develop and launch new products that satisfy consumer expectations and affirm the brand position.



To restructure the business model, organizational structure, and management apparatus as well as apply scientific management system and management tools, operate integrated information technologies on the basis of high-quality and loyal human resources to enhance the level of control and operation efficiency.

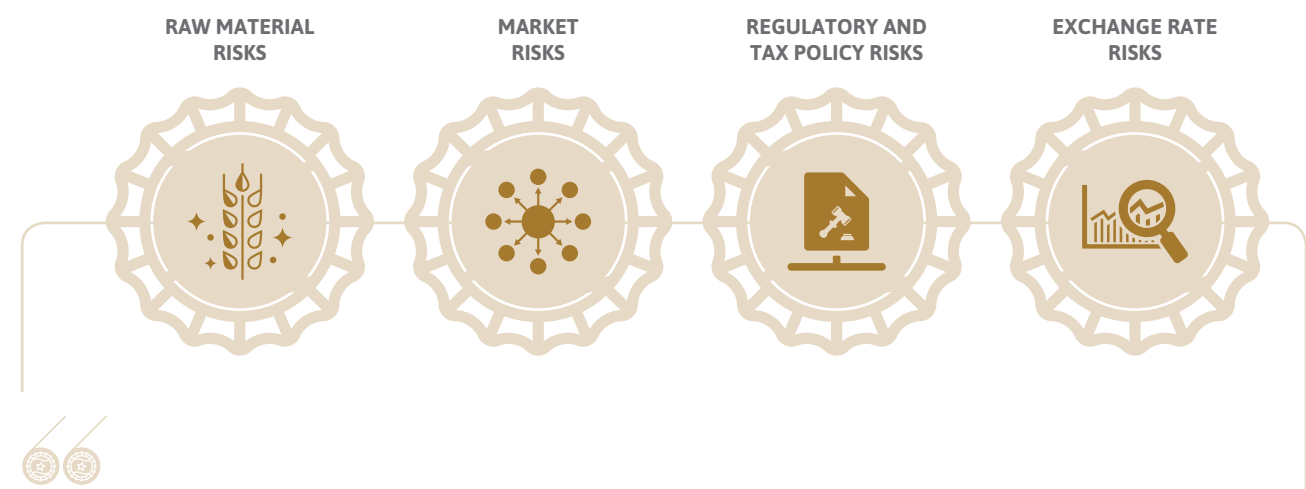


To increase capital utilization efficiency through asset restructuring (accelerating divestment of risky and unprofitable investments) and allocation, investment in important product lines and areas in accordance with the long-term business strategy.



To implement SABECO's sustainable development commitments by complying a green, clean and energy-efficient plant model as well as social welfare program, community support and environmental protection programs.

Assessment and analysis of operational risks



In addition to overall macro-economic risk factors such as economic growth, inflation, interest rates, exchange rates and the risk of changing governmental laws and policies.

RAW MATERIAL RISKS



SABECO's ingredients are mostly imported. Weather changing risks including drought, flood, etc. have great impacts on the supply of ingredients. Unpredictable changes in ingredient supply may lead to scarcity and increase of costs. According to the forecast of the International Grains Council and the US Department of Agriculture (USDA), barley production of the 2017 - 2018 crop will decline against that of the 2016 -

2017 crop. Specifically, according to USDA forecast data, the volume would be 141.7 million tons, lower than the 147.1 million tons of the 2016 - 2017 crop. However, such risks may be mitigated by focusing on stockpiling ingredients and long-term partnerships with local and foreign suppliers. SABECO focuses on material supply planning and pro-actively increase of the stockpile capacity for the whole system. In addition, SABECO standardizes its core materials for manufacturing and diversifies its suppliers base on long-term partnerships with local and oversea suppliers to minimize the supply risk. Currently, the main ingredient (malt) is purchased from the world's leading suppliers with modern and developed agricultural sectors in Western Europe (Germany, France), Northern Europe (Denmark) and Australia. Hops (houblon) are mainly from Germany and partly from the Czech Republic and the United States. In addition, SABECO also promotes market research and forecast, actively fixes prices for long-term contracts as well as consider insurance options to hedge the price uncertainties to increase purchase efficiency and minimize risk of raw material price fluctuation and stabilize production costs.

MARKET RISKS

The strongest market risk comes from the competition of well branded and financially powerful oversea rivals with international experience, especially in the current situation when Vietnam is adjusting its tax policy in accordance with WTO commitments as well as trade agreements in the near future. Furthermore, the average price segment is facing to fierce competition from high-end players such as In addition, the market is transiting toward premium and sub-premium products as their average earnings increase a group of consumers tends to switch to high-end beer segment while high-end brands such as Heineken, Sapporo and other large breweries tend to expand into the mainstream segment where SABECO is leading, resulting in even more strong competition and changing in competitive capability in the beer industry. Despite being the leader in the local market,



SABECO still needs to prepare itself for these market risks by improving product quality and intensifying R&D activities to diversify its products, more enhancing the power of Saigon Beer's brand in order to adapt the increase of competition.

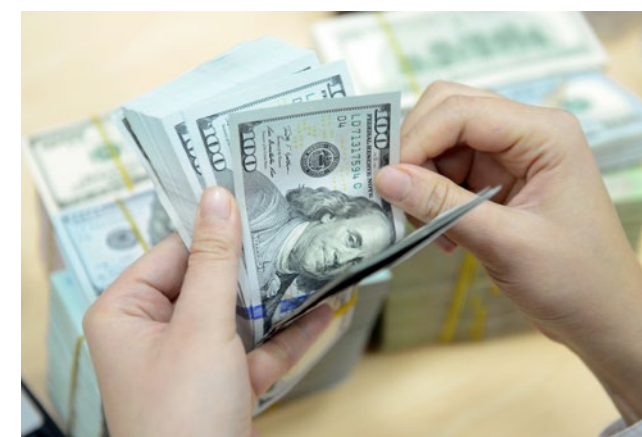
REGULATORY AND TAX POLICY RISKS

SABECO is under direct impacts of the government policies and regulations. In particular, the special consumption tax rate on beer and alcohol has increased under the Law on Special Consumption Tax (implemented in 2014), in which the special consumption tax rate on alcoholic products over 25 degrees and beer is 65% since early 2018 (an increase of 5% over 2017). As a result, breweries including SABECO will be affected on the bottom line. Besides, a draft law on the restriction of trading and consumption of alcohol, may have significant effect on the industry and Company's performance when approved.



EXCHANGE RATE RISKS

A significant portion of SABECO's raw materials is imported from abroad and paid in foreign currencies while the products are mainly consumed in the domestic market and paid in Vietnam dong. Therefore, unfavorable changes in exchange rates will directly affect the costs of importing ingredients and adversely impact SABECO's profit. However, due to the positive macro-economic outlook and the policy of stabilizing domestic currency (the fluctuation is expected to be around 1% per year) maintained by the State Bank, are of less concern exchange rate risks are of less concern.



CONNECTING **COHESIVE** VALUES



Operating report

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Operating performance and evaluation of the Board of Management



The local beer industry has recorded a good growth rate which is expected to hit 6% for 2016 - 2020 period. With great developing potential, the local beer market is attracting investments from several leading breweries in the world.

AN ANALYSIS AND EVALUATION ON BUSINESS PERFORMANCE 2017

In 2017, the international beer market, and the Asian market in particular, showed signs of declining while the local market is maintaining a stable growth. Vietnam is the only country keeping growth for 15 consecutive years and leading the world in terms of growth

rate. According to assessments of research organizations, the Vietnam's economy is in the fast-growing group with the uptrend of per capita income, especially among the middle class, has a fast urbanization rate and a young population accounted for 60% of the total. These factors are favorable for the local beer market which is projected to continue to develop considerably in the following years. At present, Vietnam ranks 9th among the top 10 brewing countries in the world, still ranks 1st in terms of beer consumption among Asian countries and 3rd in Asia in beer consumption per capita, recorded 42 liters per capita per year. Since 2015, although the two-digit growth rate has not been maintained, the local beer industry has still recorded a good growth rate which expected to hit 6% for the 2016 - 2020 period. With great development potential, the local beer market is going on attracting investments from several leading breweries in the world.

In 2017, in addition to handle changes in the special consumption tax policy, SABECO also confronted increasingly dramatic competition from its competitors, especially foreign players



Total consolidated revenues in 2017 reached

35,218

Billion VND exceeded target by 2.2% and 11.2% over 2016

with strong financial strength and long-standing market experience. Being aware of these difficulties, SABECO has undertaken policies and solutions to overcome challenges and fulfill the targets set by the General Meeting of Shareholders in 2017. Specifically, the total consolidated revenues in 2017 reached VND 35,218 billion, achieving 102.2% of the target, up 11.2% over the same period in 2016; profit before tax and profit after tax was VND 6,077 billion and VND 4,949 billion, an increase of 6.1% and 9.6% over 2016 respectively.

In addition, it is necessary to mention the robust growth of the export market when the exported beer volume in 2017 reached 28.6 million liters, around 4 times higher than the target as well as the figure of the previous year, valued at USD 15.3 million.

No.	Items	Unit	Actual 2016	Plan 2017	Actual 2017	Comparison			
						Actual 2017 / Actual 2016		Actual 2017/ Plan 2017	
						+;-	%	+;-	%
1	Consumption volume								
	Beer of all kinds	Million liters	1,647	1,703	1,790	143	108.7	87	105.1
	Saigon Beer		1,590	1,664	1,731	141	108.9	67	104.0
	Spirits		1.19	0.95	0.90	(0)	75.6	(0)	95.1
	Alcohol		1.84	1.81	2.38	1	129.2	1	131.8
	Soft drinks		37.78	38.89	29.29	(8)	77.5	(10)	75.3
2	Total revenues		31,662	34,471	35,218	3,556	111.2	747	102.2
3	Profit before tax	Billion VND	5,727	5,719	6,077	350	106.1	358	106.3
4	Profit after tax		4,517	4,703	4,949	431	109.6	246	105.2
5	Payments to State budget		8,782	9,262	9,743	961	110.9	481	105.2
6	Profit after tax/ charter capital	%	70%	73%	77%				
7	Dividend rate		30%	35%	35%				



The exported beer volume in 2017 reached

28.6

Million liters around 4 times higher than the target as well as the figure of the previous year, valued at USD 15.3 million

In 2017, soft drink consumption of all kinds (mainly carbonated beverages) decreased sharply by 22.5% over 2016, and reached only 75.3% of the projection because of the pressure of competition from the “giants” corporations such as Pepsi, Coca-Cola, Tan Hiep Phat, etc. These players have regularly launched discount and promotion campaigns due to their strong financial strength. In addition, the change in consumer tastes toward non-carbonated beverages and nutritious and healthy products has also affected the sales of the core product – Saxi Chuong Duong.

With the modification of sales strategy and the development of new sales channels, a substantial rise was recorded for alcoholic products in 2017, reaching 2.4 million liters, up by 29% compared to 2016. Meanwhile, SABECO's spirits business has shrunk due to the impact of state management policies to restrict production, consumption, marketing of liquor and control of fake goods, counterfeit goods (by stamping) which has boosted the cost of production and consumption while coping with tough competition from both foreign and traditional brands in rural markets, not to mention the effect of popularity of beer consumption instead of spirits, even in the rural market and some regions where spirits was quite prevalent and dominant.

Operating performance and evaluation of the Board of Management

Factors affecting SABECO's business performance in 2017 are as follows:

SALES VOLUMES AND REVENUES

The sales volumes in 2017 was 1.79 billion liters of beer of all kinds, up by 8.7% over the previous period. Net sales revenues stood at VND 34,193 billion, increased by 12% from 2016, in which the revenues growth was mainly from the increase of consumption volume and partly from the adjustment of the average selling price (ASP) to offset the rise in operating expenses and special consumption tax costs, resulted from hiking 5% in the tax rate.

• Consumers' demand and purchasing power:

Consumers' demands and purchasing power for beer products have remained on the rise. Vietnam's average beer consumption in 2017 was 42 liters per person per year which was still lower than other countries. Despite the global slow down, the local beer industry has been forecast

to be stable at a rate of 6% per annum from 2016 to 2020. The growth of beer consumption volume increased by 8.6%, over the market's expectation.


- **Export:** Apart from the local market, in 2017, SABECO saw a significant growth of export volume, reaching 28.6 million of liters, making up 1.6% of the total sale volume. West Africa has had the highest growth rate as well as the largest room for growth among export markets.

GROSS PROFIT


In 2017, the gross profit rate of SABECO's beer segment had a slight decrease from 29.5% to 28.4%. This has resulted from the considerable decrease of ingredients and packaging expense and the sharp rise of special consumption tax which was estimated to reduce VND 800 billion of revenues before special consumption tax.




Sales revenues stood at
34,193
Billion VND
up by 12% from 2016


The sales volumes of
beer of all kinds
1.79
Billion liters
up by 8.7% from 2016




Net operating profit
reached
6,062
Billion VND
up by 6% from 2016

OPERATING COSTS AND NET PROFIT MARGIN

Even though competition is the motivation for the industry's growth, it also affects SABECO's profit margin due to the intensified investment in marketing and sales to compete with other brands. In 2017, total selling and administrative expenses were VND 3,747 billion, accounted for 10.9% of revenues and up by 9% compared to the same period last year. Selling expenses in 2017 were recorded at VND 2,811 billion (mainly marketing, advertising expenses and salaries of the sales team), increasing VND 139 billion. The ratio of selling expenses to revenues fell from 8.8% in 2016 to 8.2% in 2017 since the growth rate of revenues was higher than that of expenses.

Net operating profit reached VND 6,062 billion, up by 6% over 2016 but the net profit margin slightly decreased, standing at 18% owing to the decline of financial income, resulted from the lack of extraordinary income from divestment.

Operating performance and evaluation of the Board of Management

FINANCIAL POSITION

PERFORMANCE AND FINANCIAL POSITION (CONSOLIDATED INDICATOR)

FINANCIAL INDICATORS	Unit	2016	2017
Growth index			
Total revenues		13	11
Net revenues		12	12
Gross profit		9	9
Profit before tax	%	31	6
Profit after tax		29	10
Total assets		-13	15
Owner's equity		2	17
Performance index and Dupont analysis			
Gross margin		27	26
Earnings before interest and taxes (EBIT) margin	%	19	18
Return on sales (ROS)		15	14
Total assets turnover	Times (x)	1.5	1.7
Return on assets (ROA)	%	22	24
Total assets/Equity (Leverage)	Times (x)	1.7	1.5
Return on equity (ROE)	%	37	37
Operational capacity			
Days of receivables		7	4
Days of Inventory	Days	33	30
Days of payables		29	29
Total asset turnover	Times (x)	1.5	1.7
Fixed asset turnover		5.4	6.5
Solvency			
Cash ratio		1.0	1.2
Quick ratio	Times (x)	1.2	1.4
Current ratio		1.5	1.7
Capital structure			
Debt to capital	%	7	5
Debt to equity		12	7
Total assets/ equity	Times (x)	1.7	1.5
Interest coverage		71	145

ASSETS

As at December 31st 2017, the total assets were VND 22,014, equal to 115% of the same period last year of 2016. This was mostly due to the increase of cash flows from business activities. Positive business performance and good cash flow management enabled the Company to secure an increment of almost VND 3,000 billion (including cash and bank deposits). Taxes and other payables to the State Budget fell sharply by more than VND 670 billion owing to the excess amount of corporate income tax (CIT) that SABECO paid at the end of 2016 and was deducted from the CIT amount incurred during the year. Long-term assets of the company decreased slightly, with tangible fixed assets recorded a reduction of nearly VND 466 billion because of the insignificant capital expenditure (CAPEX) as all plants are under stable operation with no major investments. Meanwhile, long-term financial investments went up by VND 193 billion, mostly as a result of the investments in Saigon Beer – Ben Tre Saigon Beer – Lam Dong.

The return on assets (ROA) increased considerably from 22.2% in 2016 to 24% in 2017 mostly owing to the improvement of asset turnover from 1.49 times to 1.66 times. However, as the average equity growth rate was greater than that of total assets, SABECO's leverage ratio went down from 1.7 times in 2016 to 1.54 times in 2017 and the return on equity (ROE) was equivalent to that of 2016 (37%).

Besides, the implementation of consistent sales policy, flexibility and initiative in coordination of production and consumption have supported days of receivables and days of inventory to continue to be low, 4 days and 30 days, respectively.



LIABILITIES

As at December 31st 2017, the Company's total liabilities were VND 725 billion, a further decrease of VND 482 billion over 2016, mostly due to a fall in short-term liabilities by VND 319 billion and decline in long-term liabilities to VND 1.9 billion compared to VND 164 billion as at the end of 2016. The major cause was that a part of long-term loans has converted into short-term liabilities when they came due, and the Company has rationalized borrowing structures by converting part of long-term loans with high interest into short-term loans with lower interest to cut off financial expenses. Short-term loans are mainly used for purchasing materials and supplement working capital. The Company also recognized dividend payables to shareholders of over VND 1,443 billion, which has made other short-term liabilities go up to VND 2,630 billion, twice as high as the figure of 2016.



The Company's debt to equity ratio is 7%, well below than the figure of 12% recorded in 2016 as well as solvency ratios from 1.2 to 1.7 times have demonstrated its safe financial position and capability to mobilize capital for the future expansion and development.

INVESTMENT AND PROJECT IMPLEMENTATION

As at December 31st 2017, SABECO had 03 subsidiaries with 100% capital, 23 subsidiaries with over 51% capital, and 20 joint ventures and affiliates.

With strong consumption in 2017, SABECO's subsidiaries, affiliates, and joint ventures operating in the key sectors (beer production and distribution) and direct auxiliary industries in value chain network (packaging, transportation, machinery maintenance) generally achieved satisfactory business results and growth compared to 2016, contributing to the overall performance, increased the profitability and efficiency of SABECO's capital utilization. In addition, effective joint ventures and affiliates in different sectors such as banking, insurances, tourism and hydropower, have also contributed to SABECO's profit increase. In 2017, profit from joint-ventures and affiliates reached VND 412 billion, up by 35% from VND 306 billion in 2016.

Improving business efficiency and concentrating investment in main business areas, SABECO has been actively divesting its non-core and inefficient investments which has been mandated by the Government and the Ministry of Industry and Trade to maximize the rate of return for shareholders. At the end of 2017, SABECO completely divested its capital contribution at Vietnam Export Import Commercial Joint Stock Bank (Eximbank) and regained a part of its capital contribution in the Vietnam Investment Fund. The other non-core financial investments are under execution. However, the recovery of these investments still faces with many difficulties.

Operating performance and evaluation of the Board of Management

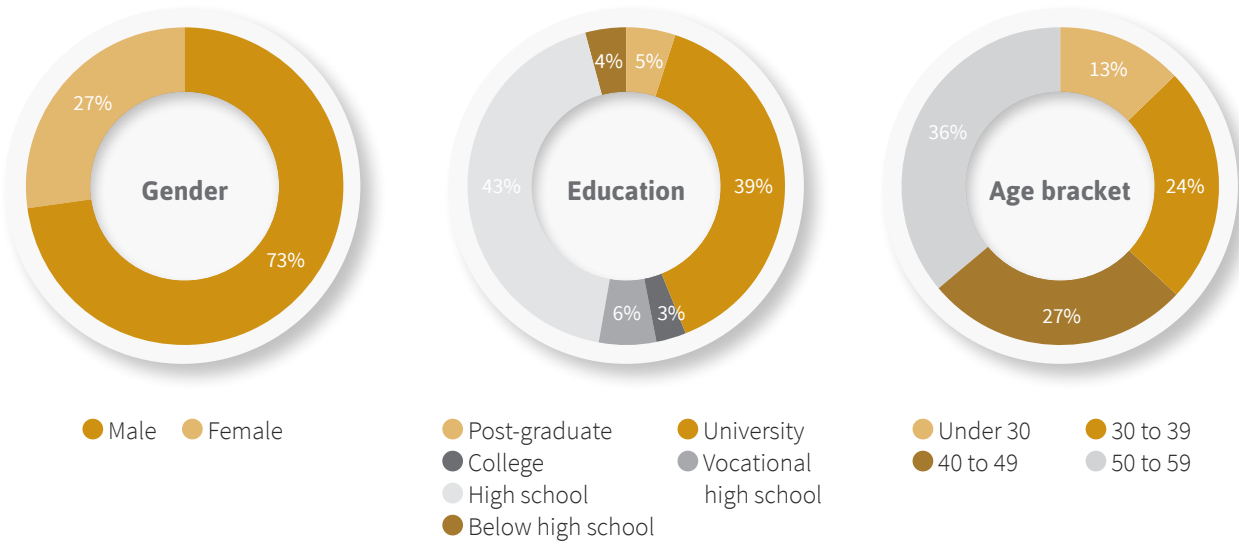
HUMAN RESOURCES ORGANIZATION AND THE IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

HR ORGANIZATION: SABECO's Executive Board 2017:

No.	Full name	Title	Company with SABECO's capital contribution	Assigned Position
1	Mr. Nguyen Thanh Nam	General Director (appointed on June 12 th , 2017)	Saigon – Mien Tay Beer JSC	Capital management representative, Chairman
			Saigon – Lam Dong Beer JSC	Capital management representative, Chairman
2	Mr. Nguyen Minh An	Deputy General Director	Saigon Beer Delivery and Transportation JSC	Capital management representative
			Saigon - Ha Tinh Beer One member Co., Ltd.	Chairman
			Saigon - Khanh Hoa Beer JSC	Capital management representative, Chairman
3	Mr. Lam Du An	Deputy General Director	Saigon - Vinh Long Beer JSC	Capital management representative, member of the Board
			Saigon - Hanoi Beer JSC	Capital management representative, Chairman
			SABECO Mechanical One member Co., Ltd.	Chairman
			Saigon – Nghe Tinh Beer JSC	Chairman
4	Mr. Nguyen Tien Dung	Chief Accountant	Saigon – Dong Xuan Beer and Alcohol JSC	Chairman
			Saigon – Song Lam Beer JSC	Chairman
			Saigon Beer Trading One member Co., Ltd.	Chairman



EMPLOYMENT STRUCTURE OF THE PARENT COMPANY



SUMMARY OF CHANGES IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

To overcome the shortcomings in business process as well as to modify the organizational structure and development strategy to meet business needs, SABECO has made changes to its organizational structure:

- In April 2017, the SABECO Northern Representative Office was renamed as Hanoi Representative Office and a new representative office was established in Ho Chi Minh City.
- In May 2017, the Equipment & Technology Management and Product Development Department was split into 2 departments, namely the Equipment and Technology Management Department and the Research and Product Development Department.

- In October 2017, the Distribution Division was established to be in charge of sales, logistics and sales support functions from Saigon Beer Trading One Member Co., Ltd. in order to ensure the clarity and smoothness in coordination and sale activities
- In December 2017, the functions and tasks of the Planning Department were modified. Specifically, the Production Unit Management Department was set up to ensure the monitoring of the production process at all breweries that manufacture Saigon Beer brand products. This is to ensure the consistency and seamlessness of relationship between SABECO - the Production partner and Saigon Beer Trading Limited Company.

Total number of employees in SABECO (including subsidiaries)

8,395

EMPLOYEES

(based on the consolidated financial statements 2017).

845 employees in the parent company.



BUSINESS OBJECTIVES AND ACTION PLAN FOR 2018



MACRO-ECONOMIC OUTLOOK AND BEER SECTOR PROSPECTS FOR 2018

In 2018, the Government will continue to maintain a disciplinary but flexible monetary and fiscal policy in order to stabilize the macro-economy and inflation rate at 4% as well as maintain GDP growth at 6.7%. In parallel, the Government will pursue a series of synchronous and long-term solutions, such as continuing to perfecting legal framework; improving business and administrative environment; strictly managing and efficiently utilizing public assets, public debts, handling bad debts, fortifying banking system, financial and real estate market, maintaining low interest rates and taking measures to attract and mobilize capital for the economy, expanding international economic integration via trade agreements to provide motivation for economic growth.

The beer market is expected to maintain its stable uptrend in the upcoming period due to increasing income and young population.

Operating performance and evaluation of the Board of Management

TACTICAL STRATEGIES

 **With the rise of competitive rivalry in the beer industry, it seems to be that foreign brewers would continue to expand production capacity, intensify brand promotion and sales support to gain more market share which certainly put great pressure on SABECO to maintain market share and profitability, especially when the special consumption tax rate has adjusted from 60% to 65% in 2018. Based on that situation, according to the guideline “Prioritizing for market battle, with high quality production technology platform under an effective management and corporate governance”, SABECO continues to build on the achievements in 2017 and deploy the following tasks:**

MARKETING, SALES AND LOGISTICS

- To focus on brands under clear product positioning and a long-term development strategy. To structure the distribution system toward control by channel and by each product segment. To attach importance to the enhancement of rural market and the acceleration of export.
- To invest intensively in media commercials with clear positioning for each brand, implement brand campaigns by seasons, holidays and main areas.
- To promote R&D to diversify products and participate in high-end segment and segments that meet the trend of youths.
- To restructure warehouse, develop transportation map and gradually optimize transport activities, centralize the operation of long-range transport; diversify methods of transportation and ensure adequate supply during peak occasions.
- To boost export activity.

ORGANIZATIONAL STRUCTURE – MANAGEMENT - HUMAN RESOURCES

- To continue to review, arrange and adjust the functional departments in a way of streamlining the structure to save costs and increase management efficiency.
- To develop orientation training plan, promote courses on management and soft skills for the selected personnel as well as specialized courses to meet the Company’s growing business.

SUPPLY CHAIN, TECHNOLOGY - PRODUCTION AND QUALITY

- To carry out inspection and supervision during the supply process, make timely adjustments to meet any changes in plan and coordinate with entities inside and outside the system to ensure adequate and proper supplies for production in 2018.
- To strictly control the quality of materials in order to minimize the quantity of unqualified inputs in production.
- To constantly monitor and analyze market landscape to purchase ingredients at appropriate times and ensure security for production 2018.
- To determine quality as the leading factor and the important mission is to ensure consistent quality in the whole system and follow SABECO’s development orientation.
- To carry out researching and applying new raw materials to improve product quality as well as prolong the product life cycle.
- To complete the building of the laboratory management system under ISO 17025: 2005 standard.

PLANNING, FINANCE - ACCOUNTING, AND INVESTMENT

- Cash flow management: To issue a policy on goods in stock and management of packaging, bottles and boxes as well as goods in transit to optimize the utilization of SABECO and member companies’ available financial resources.
- The management of selling expenses: To develop regional customized sale policies and ensure reasonably balanced allocation of expenses for regional companies.
- To continue to review and closely monitor expenses incurred to production and business process, restructure the portfolio of expenses and adjust planned expenses matching with actual situation of plants, SATRACO and regional trading companies.
- To continue implementation of investment projects and capital construction in accordance with the plans for 2017 and 2018 approved by the Board of Directors.

OTHER TASKS

- To keep implementing environmental protection, food safety and hygiene, labor protection, fire and explosion prevention, militia & self-defense as well as security and defense tasks.
- To carry out corporate social responsibility through support activity for deeds of gratitude, hunger elimination and poverty alleviation, disaster relief, sea and island sovereignty programs and other social security programs.
- To fully implement policies and pay attention to employees’ concerns and spiritual life in order to get them stay committed.

Evaluation of The Board of Directors

THE BOD'S PERFORMANCE ASSESSMENT



“ With strong governance, close follow-up of market trends and plenty of supporting solutions enabled SABECO to exceed the targets set for 2017.

2017 was a year of many changes for the beer industry in general and for SABECO in particular with both advantages and challenges.

- Vietnam's stable economic growth has facilitated the growth of business. The increase of average income and economy's demand has been recognized as a motivation to stimulate and stabilize consumption while creating good growth in rural markets, where Saigon Beer has established the reasonable product positioning and a widespread distribution network.
- The price of the main ingredients such as malt, houblon and aluminum has decreased and been constant at low level which helps SABECO to reduce production costs.

- 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 consumption tax rate has put considerable pressure on SABECO's profit target in situation of fierce competition. Foreign brewer with their strong financial resources, have been more spending on capacity enhancement, advertising and marketing to access the market and consumers as well as capture market share.
- Production plans have been adjusted to suit the market situation, putting pressure on the balance and storage of input ingredients and production activities of member entities.
- The spirits and beverage business has faced with many difficulties in distribution. Inappropriate investment in warehousing and machinery has an impact on the result of overall business.

Nevertheless, with strong governance, close follow-up of market trends and plenty of supporting solutions enabled SABECO to exceed the targets set for 2017 as follows:

The beer sales volume in 2017 reached

1,790

MILLION LITERS

↑ 8.7% over 2016, and ↑ 5.1% than the target

Total revenues (excluding special consumption tax)

35,218

BILLION VND

↑ 11.2% over 2016, completing 102.2% of the target

Profit after tax

4,949

BILLION VND

↑ 9.6% over 2016, and ↑ 5.2% compared to the target.
The dividend ratio was 35%

Contribution to the State budget

9,743

BILLION VND

↑ 5.2% than the plan

THE BOARD OF DIRECTORS' ACTIVITIES IN 2017

In 2017, SABECO's BOD held twelve (12) meetings to implement company directives and supervise the business activities of the whole SABECO system as well as take actions in important tasks to fulfill its business plan. Apart from regular meetings, the Board also adopted resolutions by means of letter of consent to promptly and effectively address business issues.

- In direct response to SABECO's expanding operating scale, business activities have to be adjusted regularly to adapt complex market conditions and changes in the economic environment. Therefore, Board members have been working with the highest sense of responsibility, developing their leadership capacity to pursue SABECO's sustainable development in the interests of shareholders.
- The approved resolutions of the BOD are subject to be monthly monitored and reported at either meeting of BOM of working sessions between the BOD and the BOM.



Evaluation of The Board of Directors

BOD’s activities and results in summary:

MARKETING, SALES - LOGISTICS, DISTRIBUTION ACTIVITIES



- Focused on the deploy of brand and marketing strategies, improved diversified product segments to ensure sustainable development.
- Held programs and events for consumers to catch the market trend and ensure the ability of competition with other brands. Programs and events were associated with corporate social responsibility as well as label positioning messages.
- Ensured targets in terms of sales volume, coverage, and product image at distribution channels and product consumption places.
- Reasonably balanced between distribution and production, reduced the volumes of goods transported to transit warehouses, decreased inventories at warehouses and commercial warehouses.

PRODUCTION OPERATIONS AND SUPPLY CHAIN

- Provided ingredients and packaging adequately and promptly for factories in the entire system, there was no shortage of materials and packaging for production.
- Maintained long-term supplying relations and contracts for the purchase of malt and houblon within 03 years to ensure safety and efficiency for production in accordance with SABECO’s regulations.
- Properly performed quality management, machinery and equipment management, improved expertise and experience for workers to ensure quality and food safety.
- Managed experimental and beer analysis activities at testing laboratories in the Company’s system, developed documentation, maintained and improved the laboratory management system ISO 17025: 2005.
- Researched and developed new products, new materials to improve product quality. Intensified and broadly applied technology in asset and technical management, continuously updating new technologies in production. The brewery’s operational procedures always ensure the health, environment and sustainable development.

INVESTMENT ACTIVITIES

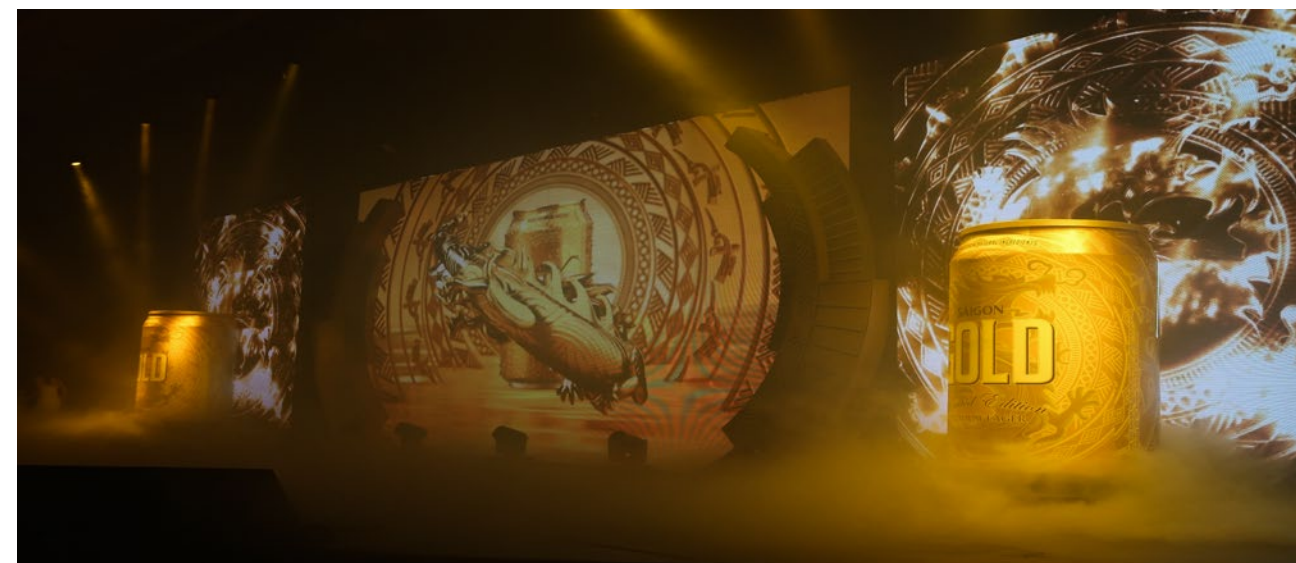
- Capital divestment: Advised the Board of Directors to select consultants to set up a roadmap and develop a plan for capital divestment and selection of divestment consultants. The completion of the work of capital divestment brought a large revenue to the State’s budget.

COMPLETING THE ORGANIZATIONAL MODEL – CONSOLIDATING HUMAN RESOURCES



- Reviewed the functions and duties of the various sections of the corporation, subsidiaries, standardization of job descriptions to properly evaluate the staff capacity as well as develop an action plan based on the evaluation results.
- Arranged and adjusted functional departments to streamline organization and adapt to the requirements of production and business.

PLANS AND ORIENTATIONS OF THE BOD



Recognizing the opportunities and challenges ahead, the BOD have outlined important tasks for 2018 to create motivation for SABECO’s long-term development:



CONNECTING CONVERGING VALUES



Corporate governance

- 62 Corporate governance framework
- 63 Information on and activities of the BOD
- 64 The Board of Supervisors' activities
- 66 Specific transactions and benefits of the BOD, BOM and the Board of Supervisors
- 67 Risk management
- 70 Shareholder/Investor Relations (IR)

The organizational and governance structure of the Company is as follows:



Organization and structure of the Board of Directors (as at December 31st, 2017)

No.	Full name	Title	Company with SABECO's capital contribution	Assigned Position
1	Mr. Vo Thanh Ha	Chairman	Saigon – Kien Giang Beer JSC	Capital management representative, member of the BOD
			Saigon – Ben Tre Beer JSC	Capital management representative, Chairman
2	Mr. Nguyen Thanh Nam	Member (appointed on February 16 th , 2017)	Saigon – Mien Tay Beer JSC	Capital management representative, Chairman
			Saigon – Lam Dong Beer JSC	Capital management representative, Chairman
3	Mr. Bui Ngoc Hanh	Member	Saigon – Mien Trung Beer JSC	Capital management representative, Chairman
			Saigon – Quang Ngai Beer JSC	Capital management representative, Chairman
			Malaya Vietnam Glass Co.,Ltd	Capital management representative, Chairman
4	Mr. Nguyen Bich Dat	Member	Saigon – Mien Trung Beer JSC	Member of the BOD
			Saigon – Tay Do Beer and Beverage JSC	Member of the BOD

THE BOD'S ACTIVITIES: 12 meetings in 2017:

No.	Full name	Title	Number of meetings attended	Proportion	Reason for absence	Note
1	Mr. Vo Thanh Ha	Chairman	12/12	100%		
2	Mr. Nguyen Thanh Nam	Member	10/10	100%		Appointed on February 16 th , 2017
3	Mr. Bui Ngoc Hanh	Member	12/12	100%		
4	Mr. Nguyen Bich Dat	Member	10/12	83%	On business trip	
5	Mr. Le Hong Xanh	Member	7/7	100%		Dismissed on August 8 th , 2017
6	Mr. Vu Quang Hai	Member	0/2	0%	On business trip	Dismissed on February 16 th , 2017

Content, results and resolutions issued: 150 resolutions.
Non-executive and independent operation of the BOD: No.
The Board members possess company governance certifications: No.
Subcommittees' operations in the Board: No.

The BOD Office's activities: Because there are no subcommittees, the BOD Office is responsible for advising the BOD on related fields.

- In 2017, the BOD Office assisted the BOD and the Chairman by advising and collecting matters for the BOD's directions, making comments, preparing, composing and passing memos and other documents of the BOD, in compliance

with the Corporate Charter, internal regulations, the Law on Enterprises and other relevant legal regulations.

- Taking responsibility for convening the Annual General Meeting of Shareholders in 2017.
- Taking responsibility for informing members of the BOD, members of the Board of Supervisors and shareholders when requested.



The Board of Supervisors’ activities

Organization and structure of the Board of Supervisors (as at December 31st, 2017)

No.	Full name	Title	Company with SABECO’s capital contribution	Assigned Position
1	Mr. Nguyen Van Minh	Head of the Board (appointed on February 16 th , 2017, appointed as Head of the Board on August 8 th , 2017)	Saigon – Song Hau Beer Trading JSC	Member of the Board of Supervisors
			Saigon – Phu Ly Beer JSC	Member of the Board of Supervisors
			Saigon – Kien Giang Beer JSC	Member of the Board of Supervisors
2	Mr. Ly Minh Hoang	Member (Appointed on August 8 th , 2017)	Chuong Duong Beverage JSC	Member of the Board of Supervisors
			Saigon Packaging JSC	Member of the Board of Supervisors



Meetings of the Board of Supervisors: 3 meetings

No.	Full name	Title	Number of meetings attended	% attendance	Reason for absence	Note
1	Mr. Nguyen Van Minh	Head of the Board	3/3	100%		Appointed on February 16 th , 2017; Appointed as Head of the Board on August 8 th , 2017
2	Mr. Ly Minh Hoang	Member	1/1	100%		Appointed on August 8 th , 2017
3	Mr. Dong Viet Trung	Head of the Board	2/2	100%		Dismissed on August 8 th , 2017
4	Mr. Chung Chi Dung	Member				Dismissed on February 16 th , 2017
5	Mr. Hoang Giang Binh	Member	1/2	50%	On business trip (representing Bao Viet Group)	Dismissed on April 18 th , 2017

The Board of Supervisors have performed their duties in accordance with the Law on Enterprises and the Charter as follows:
The number of meetings of the Board of Supervisors includes:

- 1 session for preparing to approve Board of Supervisors Proposal submitted to the General Meeting of Shareholders in 2017: 3 participants.
- 1 session for the disclosure of properties and income: 2 participants.
- 1 session for the election of the Head of the Board: 2 participants.

THE BOARD’S SUPERVISING ACTIVITY TO THE BOD, BOM AND SHAREHOLDERS

Reporting to the General Meeting of Shareholders; reading reports, resolutions, decisions, notices, and opinion letters of the BOD; attending meetings of the BOD and BOM, understanding other entities’ business performance, attending the Annual General Meeting of Shareholders of subsidiaries, affiliates, joint ventures; meeting with customers and shareholders in order to carry out the supervisory function. Regularly monitoring, reviewing and commenting on the rationality, legality, procedures of passing the BOD’s resolutions and the BOM’s decisions to ensure the propriety and SABECO shareholders’ interests.

COORDINATION AMONG THE BOARD OF SUPERVISORS, THE BOD, THE BOM AND OTHER MANAGERIAL PERSONNEL

Reaching the consensus of opinion about the Board’s draft reports submitted to BOD, giving opinions at BOD meetings or via written opinions if necessary. Giving comments by written opinions at BOD meetings or email and documents to the General Director and the BOD on the preparation of the budgeted plan for 2018 and cost management on December 27th 2017.

Checking and supervising subsidiaries’ operation, collecting and verifying information, analyzing the situation and giving comments to individuals and entities.

SUGGESTIONS TO IMPROVE THE EFFECTIVENESS OF THE COMPANY’S MANAGEMENT FUNCTION

Raising opinions at BOD meetings, giving comments on the hiring of consultants to evaluate the governance model and issue the regulations of the Board’s operation, giving opinions on the development of cost management by brand and region, suggesting that the BOD’ activities should focus on strategic planning, direction and control of the BOE’s activities in accordance with the strategy and direction of the BOD.

SELECTION OF THE INDEPENDENT AUDITOR

Conducting the selection of an independent auditor in 2017 and proposed to the BOD for decision.

Specific transactions and benefits of the BOD, BOM and the Board of Supervisors

Salaries, bonuses, remuneration, and benefits (Unit: %):

Full name	Title	Salary	Bonus	Remuneration	Total
BOARD OF DIRECTORS					
Mr. Vo Thanh Ha	Chairman	88.89	11.11		100
Mr. Bui Ngoc Hanh	Member	88.89	11.11		100
Mr. Nguyen Thanh Nam	Member and General Director	79.58	9.92	10.50	100
Mr. Nguyen Bich Dat	Member			100	100
BOARD OF SUPERVISORS					
Mr. Nguyen Van Minh	Head of the Board	88.94	11.06		100
Mr. Ly Minh Hoang	Member	66.66	16.67	16.67	100
BOARD OF MANAGEMENT					
Mr. Nguyen Minh An	Deputy General Director	88.89	11.11		100
Mr. Lam Du An	Deputy General Director	88.89	11.11		100
Mr. Nguyen Tien Dung	Chief Accountant	88.94	11.06		100

Salaries, bonuses and remuneration of the BOD, BOM and the Board of Supervisors are in accordance with the government regulations and approved by the General Meeting of Shareholders.

THE COMPLIANCE WITH CORPORATE GOVERNANCE CODE

SABECO always strictly complies with the provisions of the law on corporate governance and other regulations applicable to listed public companies, including:

- The Enterprise Law 2014: SABECO submitted a new charter to the 2nd extraordinary General Meeting of Shareholders 2017 to ensure compliance with the Enterprise Law No. 68/2014/QH13 (effective from July 1st, 2015) with many changes affecting corporate governance.
- Decree No. 71/2017 / ND-CP dated June 6th, 2017 regarding to guidelines on corporate governance of public companies: SABECO has issued the internal regulations on corporate governance to enhance compliance with corporate governance regulations.
- Circular 155/2015/TT-BTC guiding the disclosure of information on the securities market.
- Regulation on information disclosure in Ho Chi Minh City Stock Exchange (issued under Decision No. 340/QD-SGDHCM dated August 19th 2016 by the General Director of Ho Chi Minh Stock Exchange).

- Guideline on corporate actions for securities holders (issued under Decision No. 197/QD-VSD of September 29th, 2017 by the General Director of the Vietnam Securities Depository Center).
- Studying and conducting the change of organizational model toward professionalism and efficiency.
- In 2017, the General Meeting of Shareholders approved the SABECO's Charter and Internal regulations on corporate governance to comply with the changes in the Enterprise Law of 2014, Decree 71/2017/ND-CP, etc.
- In 2017, SABECO also reviewed and studied to amend and issue new internal policies, regulations and procedures to help manage and control the Company's operation and increase business efficiency.

Apart from complying with government regulations, SABECO has also improved the quality of governance actively, has accessed international governance standards and focused to ensure the rights of shareholders and stakeholders through information disclosure and transparency.

Risk management

OBJECTIVES OF RISK MANAGEMENT:



To set up control measures to effectively manage potential opportunities as well as prevent and minimize those risks through the identification, analysis and evaluation of risks.

As follows:

- Setting standards to help implement plans in a consistent and controllable manner;
- Assisting decision-making, planning and prioritizing of tasks based on thorough and close understanding of the operation, business environment, opportunities and challenges;
- Contributing to the effective allocation and utilization of SABECO's resources;
- Minimizing errors in operational activities;
- Protecting and enhancing properties including valuable intangible properties such as SABECO's image and SABECO's brand;
- Optimizing productivity, taking advantage of opportunities to develop SABECO's performance.

STATUS OF RISK MANAGEMENT

RISK MANAGEMENT SYSTEM

Organization and framework

The implementation of risk management of SABECO is executed through:

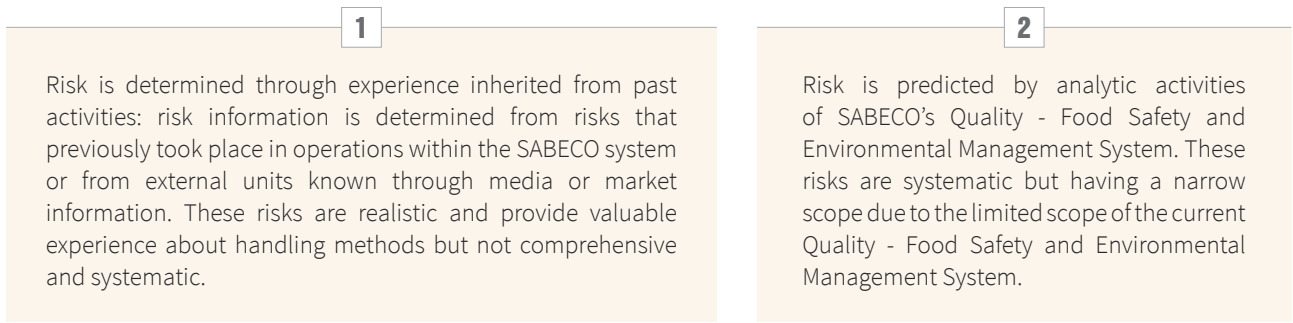
- To organize management apparatus according to its function to perform tasks. To strengthen the coordination and cross-checking to minimize risks before making decisions and performing tasks.
- To establish internal rules and regulations as the basis and standard for the execution of operation. To review and update internal regulations and rules periodically to adapt internal and external changes in system.
- To improve executer's capacity through annual processes, guidelines and training programs.

- To hold the programs of internal review and control to consider the compliance as well as the effectiveness of the system.
- To apply ISO 9000, ISO 14000, ISO 22000, ISO 17025, and ISO 50000 management standards (Quality - Food Safety - Environmental Management System). To implement standards synchronously at all units of the SABECO system.
- To organize drills: Firefighting, environmental incident handling, product recall drills, etc. to improve readiness in forecasting and responding to emergencies.

Risk management

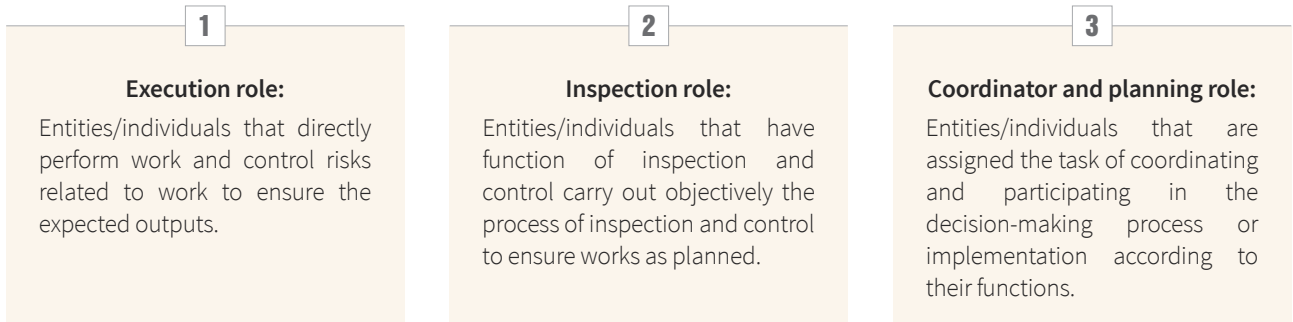
Risk identification and analysis methods

Currently, the risk identification and analysis have not been set up in a proper and comprehensive way. Risks are identified through two methods:



The participation in the risk management and control process

At present, the member entities' participation in the risk control process is based on their functions and tasks. All member entities of SABECO are involved in the risk management process with different roles. Specifically, they can be divided into 3 groups as follows:



THE OVERVIEW OF RISK MANAGEMENT

In reality, due to frequent access to risk information in the industry together with collecting and analyzing feedback from SABECO system through daily activities, the risk prediction and the issue of preventive measures have been diverse and covered most of SABECO's operations. As a result, the identification and prevention of risks has been bringing positive results. Specifically, there are no serious risks can affect business performance such as claims, reimbursements, accidents or mass product defects, etc.

However, as risk management mindset has yet to be consistent at all levels of management, risk management has not been considered properly and frequently and has been improper efficiency, namely:

- Risk identification has not been implemented generally and systematically. The current forecast and prevention of risks is mainly based on experience and inheritance from past activities.

- The assessment and classification of risks and threats have not been complete and frequent, which leads the risk of wasted resources or failure to optimize business performance.
- The inspection, supervision and assessment of the risk management function has not been planned and implemented consistently at all levels and has not been systematic.
- There is no proactive and systematic management plan established to ensure effectiveness.

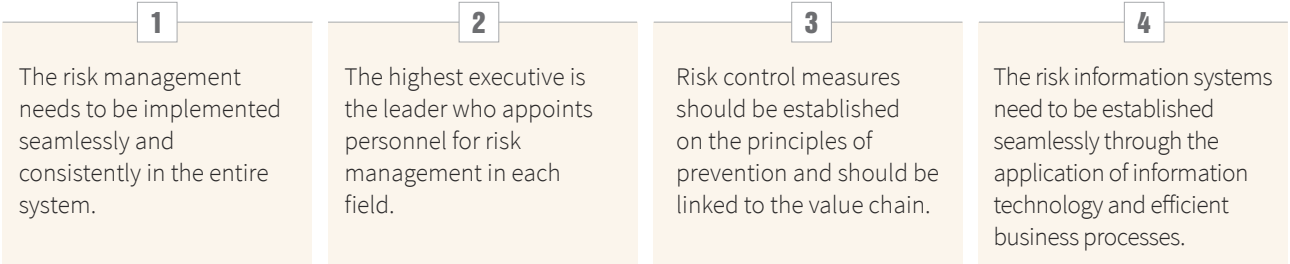
In many cases, risk prevention could only handle risks which are about to occur or have just occurred. Although solutions have been implemented promptly and damages have either been prevented or minimized, this is still a point needs to be improved.

THE MEASURES OF PREVENTING, RESTRICTING AND MINIMIZING RISKS

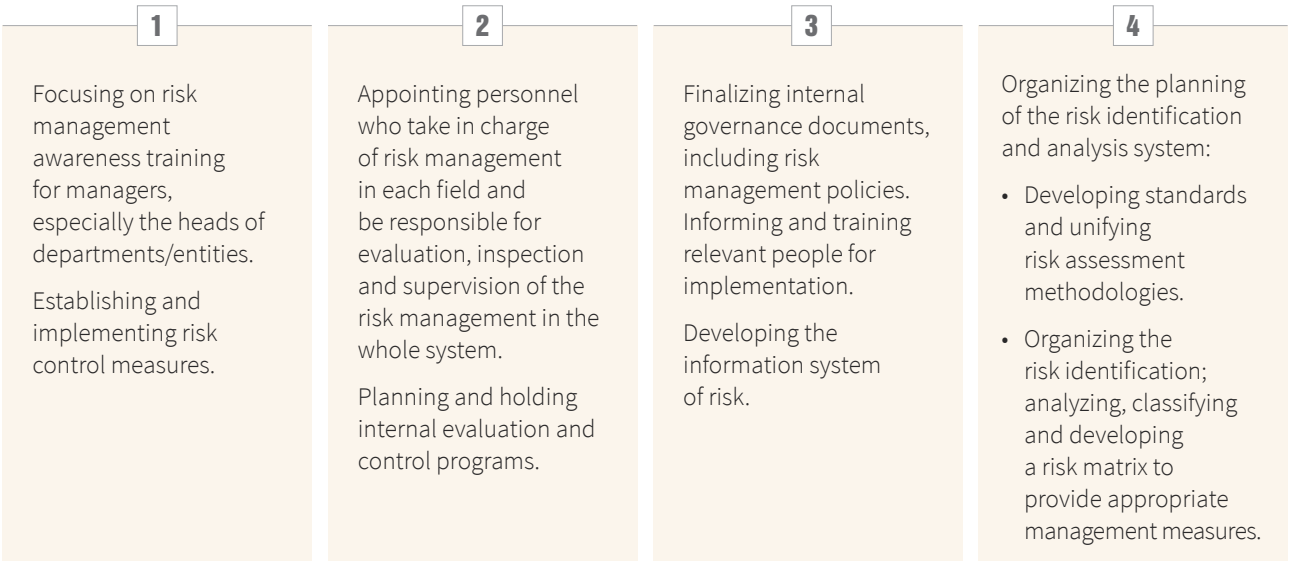
The risk management should be considered as the top priority. To further enhance the risk management in 2018 and beyond, SABECO will be implementing measures to prevent, restrict and minimize risk as follows:

THE MAJOR SOLUTIONS

Principles



The major solutions



ACTIONS FOR 2018

- Identifying the risks, making management plan and risk control measures in order to prevent, restrain the risks and minimize losses as well.
- Developing, amending internal regulations of SABECO on the basis for updating the changes of laws, performing actual operation to ensure the legal system control in the enterprise.
- Diffusing and deploying the engagement of legal documents and internal regulations in SABECO and member units.
- Making internal control plan and organizing periodic assessment.
- Applying conversion and re-certification of the Quality – Food Safety and Environmental Management System in the integrated way, based on risk analysis of SABECO.

Shareholder/Investor Relations (IR)



LISTING

SABECO's listing was approved by the Ho Chi Minh City Stock Exchange on November 25th, 2016 under Decision No. 470/QĐ-SGDHCM dated November 25th 2016.

- Type of stock: common share
- Security symbol: SAB
- Par value: VND 10,000 per share
- Total number of shares: 641,281,186
- First trading date: December 6th 2016

SHAREHOLDER STRUCTURE, CHANGES IN OWNER'S EQUITY

SHARES

Total number of shares

641,281,186
SHARES

Par value

10,000
VND PER SHARE

All shares are common shares which have equal value in all respects.

THE INFORMATION OF STOCK EXCHANGE

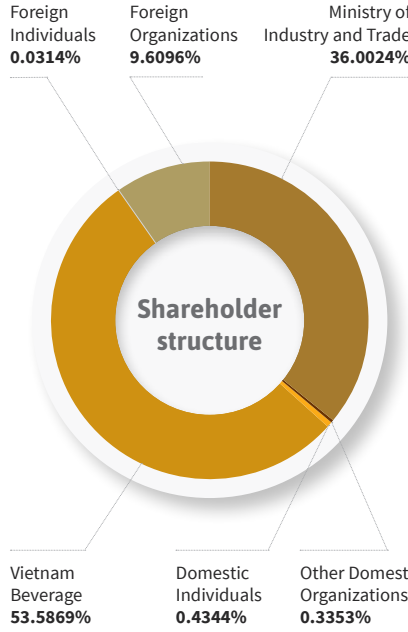
Fluctuation of SAB stock 2017



No.	Content	Interpretation
1	Total trading sessions	250 sessions
2	Total number of shares matched and traded	22,327,500 shares
3	Average traded shares per session	89,310 shares
4	Highest price	VND 339,000 per share
5	Lowest price	VND 188,700 per share
6	Average price	VND 236,839 per share
7	Closing price as of December 29th, 2017	VND 249,300 per share

SHAREHOLDER STRUCTURE (as of December 31st, 2017)

No.	Holder	Number of shares	Ownership rate (%)	Number of shareholders
I	Majority shareholders	574,519,134	89.5893%	2
1	Ministry of Industry and Trade	230,876,547	36.0024%	
2	Vietnam Beverage Co., Ltd	343,642,587	53.5869%	
II	Other shareholders	66,762,052	10.4107%	3,478
1	Local	4,935,903	0.7697%	3,115
	- Individuals	2,785,733	0.4344%	3,086
	- Organizations	2,150,170	0.3353%	29
2	Foreign	61,826,149	9.6410%	363
	- Individuals	201,620	0.0314%	277
	- Organizations	61,624,529	9.6096%	86
	Total	641,281,186		3,480



CHANGES OWNER'S EQUITY: No changes in 2017

TREASURY SHARE TRANSACTIONS

Number of treasury shares: 0.
Treasury share transactions in 2017: No.

Shareholder/Investor Relations (IR)

SHARE TRANSACTIONS OF INTERNAL PERSONS AND RELATED PERSONS

No.	Name	Relationship with internal person	Number of shares at beginning of period		Number of shares at end of period (*)		Reason of changes
			Quantity	Ratio	Quantity	Ratio	
1	Ministry of Industry and Trade (MOIT)	Internal person's related person	574,519,134	89.5893%	230,876,547	36.0024%	Sold
2	Saigon – Mien Trung Beer Trading JSC	SABECO's subsidiary	100,000	0.0156%	0	0%	Sold
3	Saigon – Nam Trung Bo Beer Trading JSC	SABECO's subsidiary	80,000	0.0125%	0	0%	Sold
4	Saigon – Tay Nguyen Beer Trading JSC	SABECO's subsidiary	40,000	0.0062%	0	0%	Sold
5	Saigon – Bac Trung Bo Beer Trading JSC	SABECO's subsidiary	30,000	0.0047%	0	0%	Sold
6	Saigon – Song Hau Beer Trading JSC	SABECO's subsidiary	28,500	0.0044%	0	0%	Sold
7	Saigon – Song Tien Beer Trading JSC	SABECO's subsidiary	28,500	0.0044%	0	0%	Sold
8	Saigon – Mien Dong Beer Trading JSC	SABECO's subsidiary	28,000	0.0044%	0	0%	Sold
9	Mr. Bui Ngoc Hanh	Member of the Board of Directors	7,300	0.0011%	650	0.0001%	Sold
10	Mr. Nguyen Van Minh	Head of the Board of Supervisors	3,600	0.0006%	1,600	0.0002%	Sold
11	Ms. Nguyen Thi Thu Ha	Internal person's related person	6,000	0.0009%	10	0.00%	Sold

BOD AND BOE'S SHARE OWNERSHIP

No.	Full name	Title	Number of shares held	Ratio of ownership
1	Mr. Vo Thanh Ha	Chairman	-	0.00%
2	Mr. Nguyen Thanh Nam	General Director/BOD member	1,800	0.0003%
3	Mr. Bui Ngoc Hanh	BOD member	650	0.0001%
4	Mr. Nguyen Bich Dat	BOD member	-	0.00%
5	Mr. Nguyen Minh An	Deputy General Director	-	0.00%
6	Mr. Lam Du An	Deputy General Director	-	0.00%
7	Mr. Nguyen Van Minh	Head of the Board of Supervisors	1,600	0.0002%
8	Mr. Ly Minh Hoang	Member of the Board of Supervisors	-	0.00%
9	Mr. Nguyen Tien Dung	Chief Accountant	100	0.0000%

DIVIDEND

Year	Dividend ration	Dividend value per share	Total dividend payout (Unit: Billion VND)
2017	35%	VND 3,500	2,245
2016	30%	VND 3,000	1,924
2015	30%	VND 3,000	1,924
2014	25%	VND 3,000	1,603
2013	23%	VND 2,500	1,475
2012	22%	VND 2,200	1,410
2011	20%	VND 2,000	1,282

ACTIVITIES RELATING TO SHAREHOLDERS AND INVESTORS RELATIONS

Immediately after listing its stock on HOSE at the end of 2016, SABECO has organized the Investor Relations Department (IR) to ensure and comply information disclosure regulations to shareholders and authorities, while satisfying the information need of shareholders and stakeholders.

Highlights in 2017:

- Developing annual reports for 2016 and 2017, ensuring the contents and formats to conform the advanced practice on making and presenting annual reports to provide information to shareholders, investors and authorities (HOSE, State Securities Commission).
- Communicating quarterly business performance and updating important information to shareholders and investors promptly.
- Launching and improving the investor relations column on the SABECO's website to ensure professionalism and efficiency, thus shareholders and investors are easy to access information and data about SABECO.
- Increasing connectivity, interactions, and update of information through meetings with shareholders and investors who are local and foreign major financial institutions.
- In August 2017:** Joining the Vietnam Corporate Day organized by HOSE and DAIWA in Singapore and Japan.



- In November and December 2017:** SABECO held roadshow in London (UK), Singapore, and Ho Chi Minh City (Vietnam).

CONNECTING VALUES OF **HUMANITY**



Sustainable development report

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Overview of sustainable development report



INTRODUCTION

The Sustainable Development Report is a document disclosing information about the outcomes of a business on the environment, community, industry, and the internal operation. In 2017, SABECO reached many remarkable achievements in terms of business activities, brand development. But above all, SABECO is still aware of the importance of balancing the Company's activities and objectives to ensure sustainable growth in the future.

OBJECTIVES

This report confirms the inter-relationship between the Company's sustainable development objectives and its stakeholders, then developing strategies and measures to improve values for the business and stakeholders through various metrics evaluated annually.

GUIDELINES FOR COMPOSING AND CORE PRINCIPLES

2017 was the 2nd year SABECO published the Sustainability Report based on the "Sustainability Reporting Guidelines" of the Global Reporting Initiative (GRI) Guidelines, with reference to the Guide to Information Disclosure on Environment and Society of the State Securities Commission and the International Finance Corporation (IFC) and other standards of sustainable reporting applied globally, which selects Properness – Materiality principles by focusing on key areas: Economics (Business Efficiency), Human (Human Resources, Community & Society) and Environment.

SCOPE OF THE REPORT

The Sustainability Report is considered separately from the Company's Annual Report. This report covers SABECO's results and achievements in its sustainable development strategy in the period from January 1st, 2017 to December 31st, 2017. At the same time, it also addresses SABECO's upcoming sustainable orientations and objectives. The report covers SABECO and its affiliates operating in Vietnam.

THE RELIABILITY OF THE REPORT

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

- Financial information in SABECO 2017 Financial Statements audited by PwC Vietnam Limited.
- Certificates and management certificates in the field of quality management, food hygiene and safety etc. which were evaluated and granted by the top assessment organizations.

CONTACT INFORMATION

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

SABECO Investor Relations Department

- Phone number: (+84) 28 3829 4081 (Ext: 504)
- Email: ir@sabeco.com.vn
- Address: Floor 5, Vincom Center B Building, 72 Le Thanh Ton, Ben Nghe Ward, District 1, HCMC.

Notable facts

Founded: May 17th, 1977
Number of employees
(December 31st, 2017): 8,395
Product portfolio:
 Beer, spirits and soft drinks

CAPACITY

25

breweries

(Including 2 factories under construction, expected to be operational in 2018)

Total production capacity of

2.0

billion liters of beer per year



10 regional trading companies.



Presenting in 63/63 provinces nationwide.

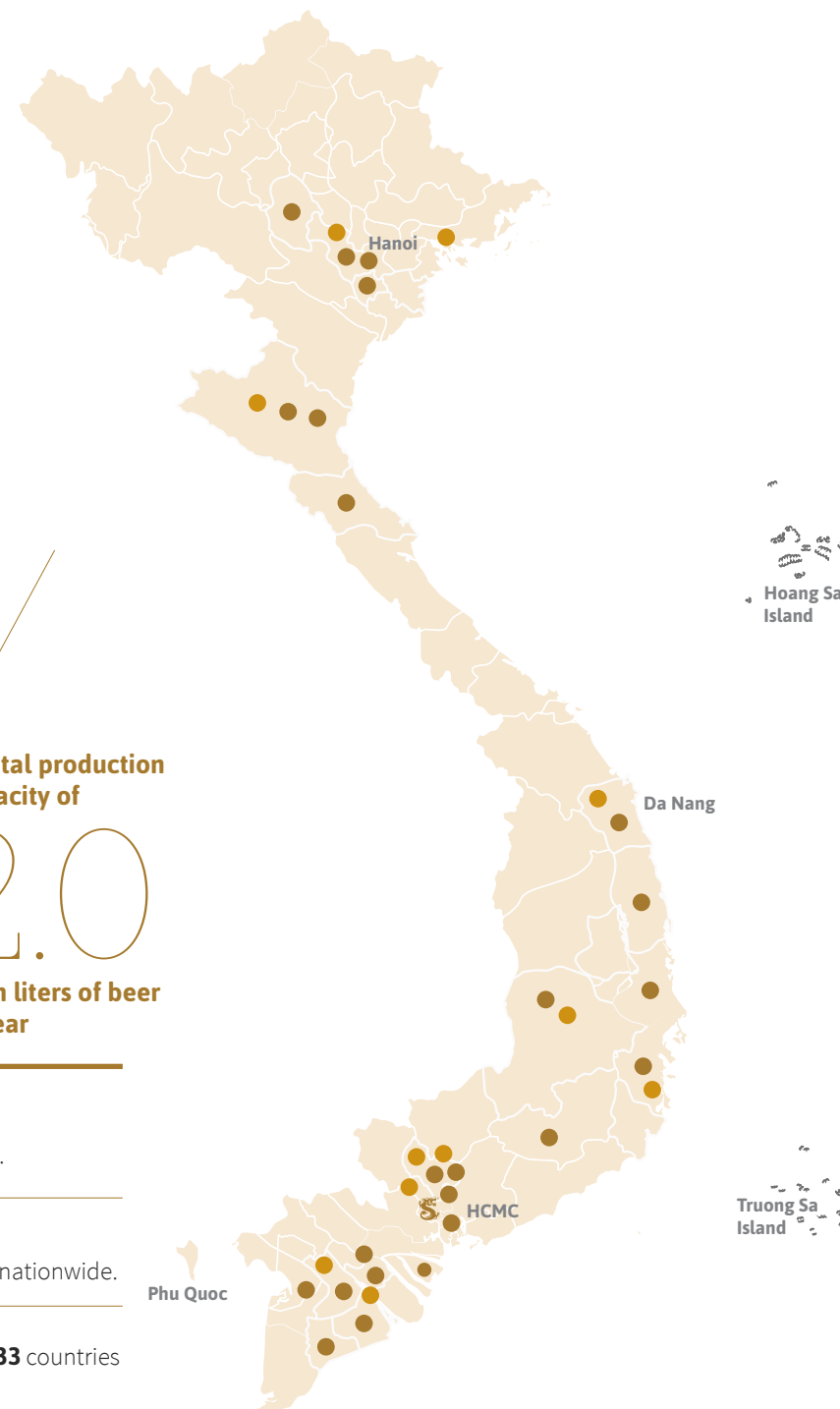


Products are exported to over 33 countries around the world.

Exports in 2017 reached 28.6 million liters with turnover achieving over \$ 15 million, more than four times as high as 2016.

It is expected that in 2018, SABECO will continue to boost its exports to African and Asian markets (especially East Asia and Southeast Asia), North America, Russia, the Middle East and Europe (Italy, Netherlands...).

The volume of beer exports in 2018 is expected to reach at least 30 million liters.



FINANCIAL INDICATORS OF 2017

TOTAL CONSUMPTION VOLUME OF BEER (ALL KINDS)



1,790 million liters

TOTAL REVENUES



VND 35,218 billion

PROFIT BEFORE TAX



VND 6,077 billion

PROFIT AFTER TAX



VND 4,949 billion

ROE



37%

DEBT TO CAPITAL



5%

TOTAL CONTRIBUTIONS TO STATE BUDGET



VND 9,743 billion

TOTAL PRODUCTION CAPACITY



2.0 billion liters beer per year

NON-FINANCIAL INDICATORS OF 2017

“An Enterprise for Employees” certification awarded by the Vietnam General Confederation of Labor;

“Vietnam Trusted Brand” certification;

Certificate of “Strong and Sustainable Enterprise 2014” granted by Vietnam Chamber of Commerce and Industry - VCCI.

PRODUCTION AND ENVIRONMENT ACHIEVEMENTS

23/23 breweries in SABECO's system have been granted certification of quality management, food hygiene - safety and environment (ISO 9001, ISO 14.000, ISO 22.000 and HACCP);

“Environmentally Friendly Products” Certificate granted by the Vietnam Environmental Industry Association.

CORPORATE SOCIAL RESPONSIBILITY ACHIEVEMENTS

Total budget for social activities in 2017



70.3 Billion VND

In 2017, SABECO implemented more than 100 CSR programs throughout the country.



VISION



To become

A LEADING BEVERAGE GROUP IN VIETNAM

with a strong foothold in regional and international markets.



OBJECTIVES

To create and sustainably increase value for shareholders and stakeholders.



BUSINESS PERFORMANCE

To be efficient and sustainable business and increase competitiveness.



HUMAN

To invest in community and society.



ENVIRONMENT

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



CRITICAL SUCCESS FACTORS

Strong brand, financial capabilities, quality human resources and effective cooperate governance developed on three basic principles of continuous improvement, supportive collaboration and balancing various stakeholders' interests.

SABECO'S MANAGEMENT OF SUSTAINABLE DEVELOPMENT

BOARD OF DIRECTORS

Outlining and proposing general strategic orientation, approving the key objectives and the sustainable development plan and bearing the ultimate responsibility for the Company's sustainable development strategy.

BOARD OF MANAGEMENT

Based on the BOD's orientation, researching, building and proposing sustainable development goals and plans. Communicating, coordinating and delegating detailed goals and plans to member entities/departments and adjusting periodically to ensure the achievement of objectives.

AFFILIATED COMPANIES AND FUNCTIONAL DIVISIONS

Implementing the sustainable development plans following the BOD and BOM's orientation.

RISK MANAGEMENT ON SUSTAINABLE DEVELOPMENT

Integrating business strategies and objectives into sustainable development strategy. Periodically identifying and analyzing the key short-term and long-term risks, including those arising from environmental and social changes to assess the frequency and extent of impacts to introduce appropriate management measures.

Sustainability strategy - Creation of value



THE COMPLIANCE OF BUSINESS ETHICS

Aiming to become Vietnam's leading beverage group with a strong position in both domestic and international market, SABECO is well aware that apart from developing production technologies, boosting production and expanding distribution network, responsible business is the core value that helps SABECO maintain and enhance its reputation and reinforce trust from consumers and investors. The responsible business is more than merely a matter of legal compliance, it also requires gaining real benefits for shareholders, customers, partners, employees and the community. Specific codes of conduct are composed and committed by SABECO in order to achieve ethical expectations as one of the industry leaders.



UPHOLDING THE COMPLIANCE WITH LAWS AND REGULATIONS IN BUSINESS OPERATION



SABECO's success is based on quality, reputation and transparency. That means all business activities of the Company must comply with the law as well as internal rules. SABECO respects the law and requires all employees to do the same:

- Reading, clearly understanding and complying with the laws and internal regulations relating to production, business and governance.
- Fully fulfilling obligations to authorities.
- Consulting the Legal Department for any questions or concerns.
- All employees cooperate in investigating ethical, legal and compliance issues.
- Actively detecting, reporting and preventing misconduct, violation of regulations.



SETTING CONSUMER'S SATISFACTION AS THE FOUNDATION FOR SUCCESS



In the increasingly intense competition, capturing and satisfying the expectations and requirements of customers is the key to a long-term existence and development on the market. Being aware of this, SABECO leaders have always considered the consumers interests as the top priority:

- Putting efforts to satisfy consumers with the best quality products, and reasonable price.
- Focusing to preserve Vietnamese value in each product to create a special place in the costumers 'mind.
- Continuously improving prestige, brand position in the market to build trust in customers.
- Being thankful for customers' contribution to the development of SABECO.
- Being kind and polite when communicating to customers.
- Listening, accepting and analyzing customers' suggestions, assessments, and demands.
- Having appropriate strategies to take care of consumers timely, before, during and after sale.



Sustainability strategy - Creation of value



SUSTAINABLY GAINING VALUE FOR SHAREHOLDERS, INVESTORS

Listed on Ho Chi Minh City Stock Exchange (HOSE) in 2016, SABECO has become one of the largest market capitalization companies in Vietnam and attracted more local and foreign investors. It has made the responsibility for caring and ensuring the benefits of shareholders more important and be taken seriously:



- Increasing connectivity, building long-lasting relationships with shareholders and investors.
- Providing reliable and accurate information on production and financial activities to investors frequently and promptly.
- Ensuring accounting records and reports reflect the transparency and truthfulness of the transaction and the Company's actual situation.
- Behaving professionally and friendly in communication with the investor community.
- Maintaining fair, consistent and unbiased treatment among shareholders, investors.
- Continuously developing production and business activities, boosting profit to increase value for shareholders and investors.



BUILDING COOPERATIVE RELATIONSHIPS, BALANCING BENEFITS OF STAKEHOLDERS



SABECO understands and recognizes that establishing a long-term positive relationship with partners and suppliers plays an essential role in the success of the Company. All transactions must therefore be based on fairness, mutual respect and trust:

- Fully complying with the terms of agreements or contracts.
- Balancing interests between SABECO and business partners.
- Only cooperating with reputable business partners and suppliers that operate transparently and abide by laws.
- Selecting suppliers based on fair competition in terms of quality, pricing, service, and technology.
- Not leaking confidential information of business partners.
- Resolving all contradiction and conflicts in the spirit of goodwill and respect.



ENSURING A PROFESSIONAL, EQUITABLE, SECURE AND COHESIVE WORKING ENVIRONMENT

Staff is the backbone and a valuable resource for the survival and sustainable development of a business. At SABECO, the top managers always try to meet the reasonable aspirations and desires of employees and set policies to provide employees with career and personal development opportunities in a healthy and fair environment:



- Committing to upholding the fundamental principles of human rights for all staffs.
- Respecting the diversity of sex, age, belief and religion within the Company.
- Ensuring a professional, friendly, and sharing working environment.
- Strictly disciplining, punishing acts of trouble, harassment, or threat that interferes with business as well as affects the morale of other employees.
- Undertaking HR activities (recruitment, compensation, promotion, allowance, discipline, etc.) fairly, equally and under regulations.
- Providing employees with more opportunities to learn, obtain knowledge and skills, create and contribute to the success of SABECO.
- Seriously implementing regulations on occupational safety and hygiene.
- Frequently communicating and listening to employees' opinions and aspirations.



PERFORMING COMMUNITY, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

It has always been a tradition of SABECO to associate development with social responsibility. Apart from providing society with quality and healthy products, SABECO is willing to share the responsibilities for community care and environmental protection through the most practical actions:



- Having ethical behaviors in all activities of product communication and promotion as well as in interactions with the community.
- Enhancing employee's knowledge and awareness of sustainable development.
- Supporting social security for the local, funding education and study promotion activities.
- Providing jobs and contributing to local economic development.
- Associating closely with the government's orientation and policies.
- Committing to minimizing the impacts on the environment through the strict control of ingredient selection, production and distribution.
- Researching and applying new technologies and methods in energy saving, waste treatment and recycling.
- Developing working offices and production systems following the criteria of "safe, efficient, green-clean-beautiful-environmentally friendly".

Sustainable relations with related parties



CUSTOMERS

CONCERNS	SABECO'S ACTIONS
PRODUCT QUALITY	<ul style="list-style-type: none"> Setting product quality and safety as the core value for the customers and as the mission and duty that all employees must strive to perform. Carrying out constantly researching advanced technology to improve and develop products in both quality and design.
CUSTOMER CARE	<ul style="list-style-type: none"> Focusing on expanding the domestic and international distribution system to provide products to consumers quickly. Caring about, listening to and accepting suggestion, feedback, assessment from customers, researching and understanding the market's demand and taste. Fully complying with the legal provisions relating to market, selecting a reasonable and competitive product pricing policy to ensure the principles of mutual benefit, fighting speculation and protecting consumers' interests. Promoting the reputation and position of the SABECO brand through major well-known awards to reinforce consumer trust. Running attractive promotion programs and sale policies as well as organize customer conferences to express the appreciation for customers' support and maintaining the long-term relationship with customers.

SHAREHOLDERS/INVESTORS

CONCERNS	SABECO'S ACTIONS
PROVIDING TRANSPARENT INFORMATION AND ENSURING RIGHTS FOR SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> Committing to building and developing relationships with shareholders and investors in the spirit of goodwill, transparency, fairness and ensuring full benefits for shareholders and investors. Disclosing information transparently, accurately, completely and promptly. Assuring the consistent payment of annual dividend to shareholders.
CORPORATE GOVERNANCE CAPACITY AND ENSURING SUSTAINABLE ECONOMIC GROWTH	<ul style="list-style-type: none"> Improving the organizational structure, the corporate management and governance toward modern and scientific models, setting strategies and solutions to increase production capacity, turnover and profit to optimize values for shareholders and investors.

SUPPLIERS

CONCERNS	SABECO'S ACTIONS
LONG-TERM PARTNERSHIP, SERIOUSLY IMPLEMENTING TERMS IN THE AGREEMENTS, INTEGRITY, SUPPORT AND OPENNESS IN COOPERATION	<ul style="list-style-type: none"> Putting effort to build long-lasting relationship with partners, suppliers for mutual benefits. Maintaining the competitiveness among suppliers under a fair, civilized and transparent manner. Selecting suppliers based on published criteria, capacity profiles, experience, reputation as well as the highest benefits offering to the Company. Consulting the Legal- Internal control Department about the terms of all contracts and agreements to ensure full rights and obligations of related parties. Not leaking supplier's confidential information to their competitors.

COMPETITORS

CONCERNS	SABECO'S ACTIONS
COMMITTING TO FAIR AND HEALTHY COMPETITION AND HONEST BUSINESS PRINCIPALS	<ul style="list-style-type: none"> Performing no activities that affect market prices or acts of stealing trade secret. Not accepting information that is disadvantage to competitors. Building and maintaining relationships with competitors based on goodwill, civilization, respect and learning from each other.



Sustainable relations with related parties

GOVERNMENT AUTHORITIES



CONCERNS	SABECO'S ACTIONS
IMPLEMENTING GOVERNMENT LAWS RELATING TO THE COMPANY'S OPERATION, SUPPORTING THE STATE'S POLICIES AND ORIENTATION	<ul style="list-style-type: none">Strictly complying with the government's guidelines and regulations as well as giving comments, solutions and recommendations related to tax policies and management policies to help the State improve the system of legal documents.Actively participating programs, activities launched by authorities to serve the community and society as well as support the local economy.Regularly updating legal documents related to SABECO such as the Law on Environment, the Labor Law, the Law on Food Safety Law, etc.
COMPLYING WITH THE OBLIGATION OF STATE BUDGET	<ul style="list-style-type: none">Fulfilling a business's obligations such as paying taxes and taking social insurance for employees.

EMPLOYEES



CONCERNS	SABECO'S ACTIONS
PROVIDING EMPLOYEES WITH COMPENSATION, BENEFITS, SALARY AND BONUS THAT THEY DESERVE	<ul style="list-style-type: none">Developing HR policies including salary, welfare, allowance, etc. that are attractive and commensurate with employee's contributions.Committing to ensuring interests and occupational safety for employees in accordance with the provisions of law.Establishing Party Committee and Trade Unions offices in order to take care of employees' life and aspirations.
CREATING A PROFESSIONAL, DYNAMIC, UNITED WORKING ENVIRONMENT FOR MUTUAL DEVELOPMENT	<ul style="list-style-type: none">Issuing specific regulations on recruitment, evaluation and promotion.Regularly organizing discussions and talks between the management and staff to recognize and understand feedback from employees with a view of strengthening the relationship between the leadership and staff.Launching and organizing extra-curricular activities, arts, sports, exchanges among departments to enrich staff's life.Appealing for employees' participation in social and charitable community projects.
OPPORTUNITY FOR OBTAINING KNOWLEDGE AND WORKING SKILLS	<ul style="list-style-type: none">Encouraging staff to learn and develop professional knowledge and skills to meet the requirements of their job.Implementing aboard training programs for the technical staff, hiring experts for training courses, improving management capacity for the leaders.

PRESS



CONCERNS	SABECO'S ACTIONS
STRENGTHENING THE INFORMATION EXCHANGE WITH THE MEDIA ABOUT THE OPERATIONS OF THE COMPANY	<ul style="list-style-type: none">Building good relationships with the press and media.Publishing information based on such criteria as transparency, accuracy, clarity and timeliness.Increasing the volume of information and articles to the press and media.



COMMUNITY

CONCERNS	SABECO'S ACTIONS
DEVELOPING THE LOCAL ECONOMY	<ul style="list-style-type: none">Directly and indirectly creating jobs for local people, contributing to local economic development.
PROVIDING SOCIAL SECURITY FOR THE LOCAL COMMUNITY	<ul style="list-style-type: none">Periodically organizing charitable activities, visiting and supporting Vietnamese Heroic Mothers, assisting to people of meritorious service to the country, launching Green Summer (Mua he xanh) campaigns.Funding for school construction and poor students.Funding for poverty alleviation programs, supporting people affected by natural disasters and floods.
PAYING ATTENTION TO AND PROTECT THE NATURAL ENVIRONMENT AND THE LIVING ENVIRONMENT FOR SOCIETY	<ul style="list-style-type: none">Thoroughly communicating environmental protection awareness to each plant and each staff. Installing and operating production process in accordance with applicable regulations and requirements of environmental safetyAdopting the international system of "Green factory" for whole system in order to save ingredients and energy, especially with the waste-free filtering technology.



Forms of interaction with related parties


Related parties	Approach	Frequency
Customers	Organizing customer conferences, exhibitions, fairs	When events take place
	Updating important news on social networks or corporate website <i>www.sabeco.com.vn</i>	Frequently
	Receiving customer feedback and quickly responding	Frequently
Shareholders / Investors	Holding annual or extraordinary shareholders' meeting at the request of shareholders	Annually/upon request
	Meeting and discussing directly	Upon request
	Receiving and answering inquiries via telephone, fax or email <i>ir@sabeco.com.vn</i>	
	Establishing the Investor Relations Department to serve the disclosure of information and ensure the interests of shareholders and investors	According to applicable laws
	Facilitating shareholders and investors' visits and access to the Company's production and business activities	
	Disclosing information in accordance with the regulations of the Stock Exchange and the State Securities Commission	
	Preparing and publishing annual reports and financial statements	Periodically
	Participating in workshops and forums to share information and expand investment opportunities	When events take place
Suppliers	Meeting and discussing directly	Frequently
	Receiving and answering inquiries via telephone, fax or email	Frequently
	Organizing meetings with partners and suppliers	When events take place
Authorities	Actively participating in conferences and workshops held by the Government, the MOIT and regulators	When events take place
	Participating in activities organized by the Vietnam Beverage Association	When events take place
Employees	Organizing meeting, employee conferences, trade union conferences at all levels	Annually
	Communicating directly with Executive Committee of Party Committee, Trade Union	Frequently
	Setting up an internal network and E-Office	Frequently
	Updating information and new rules on the bulletin board	
	Holding extra - curricular, sport, art and travel activities	
	Carrying out opinion polls on the Company's matters	Frequently

Related parties	Approach	Frequency
Press	Pressing, participating in interviews or forums	When events take place
	Updating information in website and social networks	Frequently
	Cooperating with TV shows, online newspapers and mainstream newspapers to promote the Company's internal events	When events take place
Community	Participating in charity and environmental protection activities	Frequently
	Participating in events launched by the Government, the Municipal Youth Union, the Association	When events take place
	Organizing community and local support activities	Frequently



Key matters of SABECO's sustainable development

THE ENVIRONMENTAL RESPONSIBILITY

 The ISO 14001: 2004 system enables SABECO factories to identify and manage environmental issues in a comprehensive and proactive manner to ensure compliance with applicable laws on environment and prevent risks and losses from environmental incidents.



THE COMPLIANCE WITH APPLICABLE LAWS ON ENVIRONMENT

BUILDING OF ISO-COMPLIANT BREWERIES

In order to increase competitiveness as well as create partners and customers' trust in product quality, efficient management capacity and product supply process, 24 breweries within the SABECO system have been adopting the ISO 9001: 2008 (Quality Management System), ISO 14001: 2004 (Quality Management System), ISO 22000: 2005 (Food Safety Management System), and HACCP (Hazard Analysis and Critical Control Point System).

The application of ISO 9001: 2008 and ISO 22000: 2005 international-standard quality systems not only reduces unnecessary operating costs through the review and reallocation of resources for all processes as well as the establishment of interactions and support between those processes for maximized efficiency, but also helps improve risk control by forecasting or modifying the operating model of SABECO's breweries.

The ISO 14001: 2004 system enables SABECO breweries to identify and manage environmental issues in a comprehensive and proactive manner to ensure compliance with applicable laws on environment and prevent risks and losses from environmental incidents. Not only that, ISO 14001: 2004 helps SABECO improve its image among consumers and the community; gain competitive advantage as more and more companies and corporations require or prioritize suppliers to adopt ISO 14000 environmental management systems.

INVESTING IN WATER TREATMENT AND SOLID WASTE TREATMENT SYSTEMS

23 breweries in SABECO system have had quality treatment systems that conform to the QCVN 40: 2011 standard (type A or type B) before discharging waste into the environment or into the collection system of industrial zones. Only Sai Gon - Soc Trang Brewery's sewage is channeled to the collection system of An Nghiep Industrial Park's sewage system where it is treated before being discharged into the environment. The periodical monitoring of sewage at member entities complies with the frequency stated in the report approved EIA.

Besides, breweries have installed online monitoring stations for treated sewage with the following indicators: pH, temperature, COD, TSS and flow rate, some plants are equipped with Nitrogen and Phosphorus probes to properly control the quality of discharged sewage, thus minimizing environmental pollution.

TRAINING FOR STAFF IN LABOR SAFETY, FOOD HYGIENE AND SAFETY

Every year, SABECO breweries cooperate with specialized institutions to train employees on labor safety, food hygiene and safety.

Regarding labor safety, employees are trained based on labor safety and hygiene policies. They are equipped with basic knowledge about dangerous and harmful factors in the workplace and methods of improving working conditions; the functions and tasks of the safety network; safety culture in production and business; regulations on labor safety and hygiene, signboards, safety signs, labor hygiene and use of safety equipment and personal protective equipment; first-aid skills for labor accidents, prevention of occupational diseases, etc.

For food safety, SABECO recognizes that food safety has a vital role of social life. Ensuring food safety will improve people's health, increase resources, and promote society, economic development. Owners of food production facilities and other people directly involved in food production are supposed to have knowledge of food safety. Every year, SABECO employees are trained in food safety hazards, food safety conditions for food production and processing establishments, methods of ensuring food safety at food production and processing establishments, good practices for food safety and hygiene, applicable laws relating to food production and processing establishments, and an overview of HACCP (Hazard Analysis and Critical Control Point System).

MANAGEMENT TEAM OF BREWERIES EVALUATION OF ENVIRONMENTAL INDICATOR

The management team of breweries evaluate that environmental protection activities to ensure they are being performed well and will strive to maintain this level of performance.

Key matters of SABECO's sustainable development

THE RESPONSIBILITY FOR PRODUCTS



The Company has issued and applied a self-contained, highly automated production process managed by a team of experienced technical engineers and highly experienced brew masters to ensure product quality.

MATERIALS MANAGEMENT (ISSUING TECHNICAL REQUIREMENTS, STRICT SELECTION, SUPPLY CHAIN RISK MANAGEMENT)

SABECO has applied technical requirements to all input ingredients. Particularly, ingredients that affect product quality and food hygiene and safety such as barley malt, hops, yeast, cans, cans lids, bottles, caps, etc. are purchased directly from suppliers, which means the control of input quality is assured before re-distributing to breweries. Auxiliary ingredients, not affecting beer quality food safety and hygiene, are purchased by member breweries following the list of suppliers, brands and technical requirements approved by SABECO.

Technical requirements of raw materials 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 (Mittleuropäische Brautechnische Analysen-kommision), and ASBC (American Society of Brewing Chemists) have been issued by SABECO.

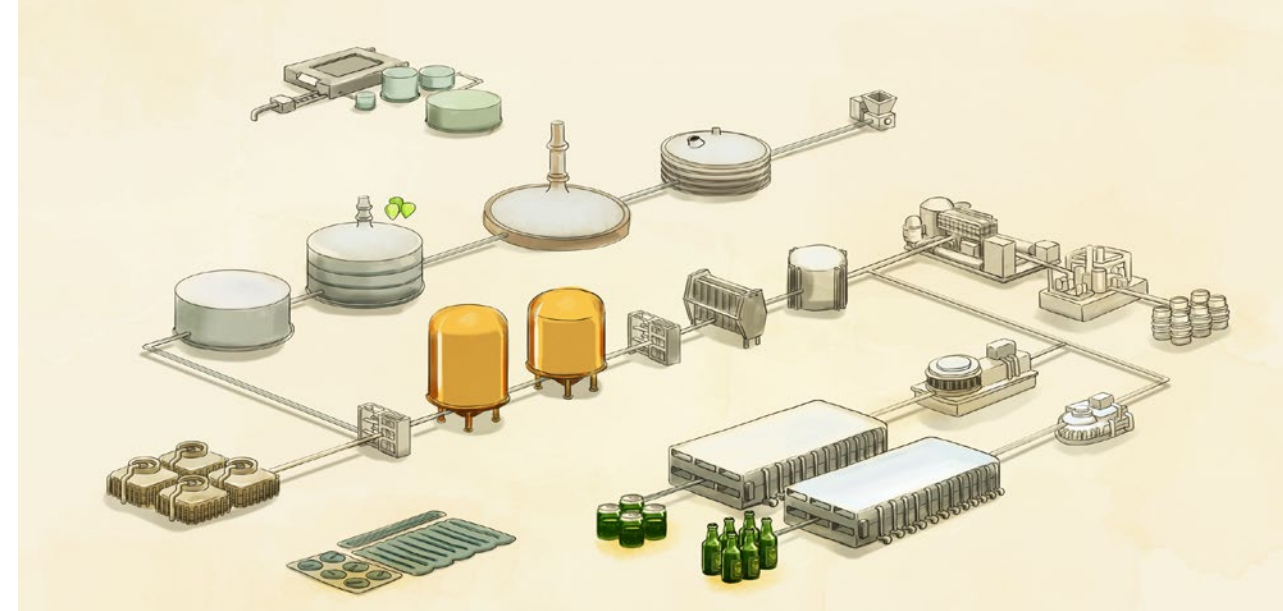
The Company has invested in a specialized laboratory with a full range of modern equipment to fully analyze the technical requirements of input ingredients for the past 3 years. Such equipment includes Skalar malt analyzer, HPLC, GC, Trumac nitrogen analyzer. All ingredients are subject to "Qualified" certification by the 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 satisfactory indicators of technical requirements, food safety and environmental protection.

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

TECHNIQUE AND TECHNOLOGY MANAGEMENT (INVESTMENT IN MODERN EQUIPMENT AND TECHNOLOGY, EXPERIENCED TECHNICAL STAFF)

Identifying technologies and techniques as the foundation of the competitive and development strategy, SABECO breweries are equipped with state-of-the-art machinery and equipment imported from the industry leaders in Europe such as Krones AG, KHS, etc. Highly automated production management systems are integrated to reducing energy consumption.

SABECO have been constantly improving and applying modern technology and equipment in production processes. In 2017, SABECO breweries have equipped with devices that check leaking bottles, codes and labels... Investigation and investment were made in membrane filtration system (without filter aid) to reduce the discharge of solid waste to the environment, the CO₂ Stripping system was also introduced.



The Company has issued and applied a self-contained, highly automated production process managed by a team of experienced technical engineers and highly experienced brew masters to ensure product quality.

By 2017, SABECO has sent a number of technical staff to the course of beer - Brew master courses in the United States and Germany as well as invited many reputable organizations and specialists to provide technical training for managers and plant operators. Technicians have been sent to participate in the training on fermentation and laboratories, beer sensory analysis, maintenance and management systems according to ISO international standards. Currently, 28 Brew masters have been trained throughout the system, another 23 ones are being trained for the 2017-2018 period.

QUALITY MANAGEMENT (ISO-COMPLIANT STANDARD SYSTEM, QUALITY IMPROVEMENT, MEETING LOCAL AND FOREIGN STANDARDS)

SABECO has applied a set of standards and regulations to all breweries nationwide related to entire production process from ingredients to finished products to meet the standards of beverage products in accordance with Vietnamese standards and those of SABECO.

Saigon Beer breweries have all been certified with ISO 9001: 2008 (Quality Management System), ISO 14001: 2004 (Environmental Management System), ISO 22000: 2005 (Food safety management system), and HACCP (Hazard Analysis and Critical Control Point System).

SABECO aims to improve advanced management standards and systems: 14 out of 24 SABECO breweries have been accredited with ISO/IEC 17025: 2005 (General requirements for the competence of testing and calibration laboratories) and is implementing the management system according to the ISO/IEC 17025: 2005 standard for 7 other plants, which is pending accreditation. At present, SABECO is trying to do related work so that all SABECO breweries can achieve the ISO 50001: 2011 Energy Management System Certification by 2018-2019.

THE ENHANCEMENT OF PRODUCTION CAPACITY TO MEET CONSUMER DEMANDS

In 2017, SABECO expanded its Sai Gon - Vinh Long Brewery's production capacity from 75 million liters of beer per year to 96 million liters of beer per year. At the same time, the construction of Saigon Brewery in Ben Tre province (expected to be commissioned is Q3/2018) and Sai Gon - Lam Dong Brewery (expected to be commissioned in Q4/2018) was started, which would help increase timely supplies to the market.



THE RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

Paying attention to scientific and technological research programs in the 2015 - 2020 period to launch new products on the market in 2018, further improving the quality of product packaging (boxes, labels, covers, foil).

Saigon Gold Cans, launched in Q4/2017 with a 5% alcohol content, is produced from 100% premium malt, rich flavor with luxury and elegant design, is receiving positive feedback for quality, taste and style. Saigon Gold is the result of constant efforts and dedication from each individual of SABECO with the aim of creating a product carrying traditional values, thus making consumers even more proud of the Bia Sai Gon brand.

The new products are expected to increase sales volume, maintain SABECO's market share, boost sales and profits, increase contributions to local budgets and generate job for local workers.

Key matters of SABECO's sustainable development

THE RESPONSIBILITY FOR EMPLOYEES



SABECO's human resources have always been considered as the core factor and a valuable asset of the Company.

THE METHOD TO TIGHTEN ENGAGEMENT WITH EMPLOYEES (COLLECTIVE BARGAINING AGREEMENT)

The measures of tightening engagement with employees is concretized via the development of regulations and rules as follows:

- Collective labor agreement (issued under Announcement No. 23496 / SLDTBXH-LD dated November 4th, 2015): In order to create joint responsibilities of both parties in exercising their rights and obligations based on the labor law; facilitate employees to gain more benefits by negotiation. The Collective labor agreement contributes to the harmonization of benefits, restricts unnecessary competition, creates conditions for the close co-operation between employees and employers.
- The Regulations on democracy (issued under Decision No. 54/2014/QĐ-CT.HDQT of June 13th, 2014): This has a positive impact on changing the perception, behavior and working style of staffs as well as the efficiency and quality of work and builds a balanced labor relationship between employer and employees.
- The Regulations workplace dialog was issued under Decision No.55/2014/QĐ-CT.HDQT of June 13th, 2014): This facilitates communication between employees with the employer to share information, enhance mutual understanding to build great working relationship at the workplace.

ENSURING LABOR SAFETY AND OCCUPATIONAL HEALTH (TECHNICAL MEASURES, MEDICAL MEASURES, HEALTH CARE FOR WORKERS)

To maintain labor safety and occupational health, SABECO has organized periodical health check-up for workers annually. The measuring of the working environment has been done to improve the workplace. Staffs working in hazardous environment are entitled to health care as stipulated.

- Organizing training courses labor safety and hygiene, fire prevention and fighting according to applicable laws.

- Setting up an extensive network of hygiene and safety staff at member entities to inspect and ensure strict adherence to the regulations on labor safety and hygiene in production, maintenance of safety equipment, proper and sufficient use of personal protective equipment and safety equipment, etc.

RECRUITMENT POLICY

Recruitment procedure: Recruitment is organized according to objectives and requirements of SABECO's business development strategy and is implemented in accordance with the annual plan.

Recruitment principles: Publicity - Fairness - Equality of opportunities for all candidates and strict compliance with SABECO's regulations and procedures of recruitment.

Recruitment method: Admission test and interview with a council

Form of application submission: Physical

Recruitment information is displayed on SABECO's website of SABECO and on the media.

Priorities in recruitment: During recruitment, if the number of qualified candidates is greater than the number of vacancies, the following profiles will be considered in priority:

- Person who has previously position at SABECO and were terminated due to restructuring/reorganization.
- Relatives of employees who have had several years of employment with SABECO and have not used any priorities in recruitment to SABCO, including:
 - » Offspring of retired employees who worked at SABECO for more than 10 years;
 - » Offspring, siblings (of either spouse) of employees who have been working at SABECO for 15 years or more.
 - » Students with high academic achievements who have been awarded scholarships by SABECO in the last year and who have graduation performance of GOOD.
 - » Offspring, siblings of Labor Heroes, Heroes of Armed Forces, wounded soldiers, martyrs, and demobilized soldiers.
 - » Employees living or having permanent residence in localities where SABECO has recruitment activities.



SALARY, BONUS, AND INSURANCE POLICY

From 2016, when having the government's policy changes, SABECO's leadership successfully guided the development of a job description system and salary scale based on job titles as the basis for salary payment and implementation of the mandatory insurance regime for employees. Accordingly, the amount of salary used as the basis for payment of mandatory insurance premium increased by nearly 40% while income for workers was still properly ensured.

For the implementation of the income distribution policy under the 3Ps rule, SABECO leaders have directed the implementation of communication and capacity building training for mid-level managers in effective HR management (management by target, assigning and evaluating employees' performance, building and evaluating staff competencies), and increased autonomy for unit heads in organizing the performance of tasks.

Salaries are based on the principle of labor distribution and performance of each unit. At the same time, salary is used as a lever to motivate employees' active participation in production and business activities. The distribution of salaries is done publicly, democratically, which ensure fairness and rationality between the titles and qualifications for each employee at SABECO.

THE PROCEDURE OF CARING ABOUT EMPLOYEES' LIFE AND BUILDING OF A FRIENDLY, PROFESSIONAL, AND COHESIVE WORKING ENVIRONMENT

In addition to ensure employee welfare in accordance with applicable laws (e.g. ensuring 100% of employees are paid social insurance, health insurance, etc.), 100% of employees are covered with 24-hour accident insurance, 100% of employees are equipped with personal protective equipment, etc. SABECO has been constantly improving its benefits for labor force to enhance working efficiency. Work-life balance programs have also been designed such as traveling, vacation, discussion, gift-giving for birthdays, holidays, Lunar New Year, Vietnamese Doctors' Day, Viet Nam's War Invalids and Martyrs Day, Vietnam Army's Day, etc. In 2016, SABECO started purchasing voluntary pension insurance for employees.

SABECO also pays attention to employees' relatives by such giving gifts to their children on International Children's Day, Mid-Autumn Festival, School year wrap-up. Annually, summer camping activities are held for employee's children at Thanh Da - Ho Chi Minh City.



Key matters of SABECO's sustainable development

70.3
BILLION VND

CONTRIBUTES TO
SOCIAL WELFARE ACTIVITIES

Every year, SABECO contributes tens of billions VND to social welfare activities:

- Accompanying the Government's directions movement: Typically, the Company coordinates with the Ho Chi Minh City Youth Union Central Committee to deploy communities service activities the country, contributing practically and effectively to the new-style rural area building movement;
- Activities of gratitude;
- Activities of supporting the poor and disadvantaged families;
- Providing timely support, helping victims overcome the consequences of natural disasters;
- Contributing to the construction of basic facilities in the localities: roads, schools, etc.;
- Building and developing human resources for the community: Human beings are the core factor. Apart from the investment in training activities, the encouragement of creativity, and the support to help SABECO employees' capacity and personal development, SABECO also actively provides funding to special education in remote and less accessible areas, thereby contributing to quality human resources for society.

THE SOCIETY AND COMMUNITY RESPONSIBILITY



THE MESSAGE

SAIGON BEER JOIN HANDS WITH THE COMMUNITY

HAS BEEN A GUIDELINE FOR ALL ACTIVITIES
OF SABECO AND HAS SPREAD THROUGHOUT THE SYSTEM

Proposed and implemented community activities in 2017	Budget
Coordinating with youth unions to implement social activities	3,000,000,000
Funding to support social programs in Ho Chi Minh City	12,400,000,000
Supporting victims of natural disasters in 2017 launched by Vietnam Fatherland Front Central Committee	1,300,000,000
Funding to handle damages caused by storm N0.12 in Quang Ngai Province	1,000,000,000
Sponsoring to Vu A Dinh scholarship	1,117,597,000
Activities of supporting the poor and disadvantaged families	2,600,000,000
Supporting localities in building basic facilities such as Schools, roads, etc.	20,870,000,000
Giving gifts to disadvantaged civil servants/retirees on Lunar New Year's Day, funding to "Trade Union homes" in provinces, providing financial support for activities of the Industry and Trade sector	5,232,553,100
Activities of gratitude, support for families favored by government policy	1,966,084,800

CONNECTING VALUES OF **FAITH**



CONSOLIDATED FINANCIAL STATEMENTS 2017

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109	Consolidated income statement
110	Consolidated cash flow statement
112	Notes to the consolidated financial statements



Corporate information

Business registration certificate	No. 4103010027 dated 17 April 2008 issued by the Department of Planning and Investment of Ho Chi Minh City.	
Enterprise registration certificate	No. 0300583659 dated 29 February 2012 issued by the Department of Planning and Investment of Ho Chi Minh City.	
	The Business registration certificate was amended to the Enterprise registration certificate under joint stock company form on 29 February 2012. The sixth amended Enterprise registration certificate was issued on 1 September 2017.	
Board of Management	Mr. Vo Thanh Ha Mr. Bui Ngoc Hanh Mr. Nguyen Bich Dat Mr. Nguyen Thanh Nam Mr. Vu Quang Hai Mr. Le Hong Xanh	Chairman Member Member Member (from 16 February 2017) Member (until 16 February 2017) Member (until 8 August 2017)
Board of Directors	Mr. Nguyen Thanh Nam Mr. Le Hong Xanh Mr. Nguyen Minh An Mr. Nguyen Huu Loc Mr. Lam Du An	General Director (from 12 June 2017) Deputy General Director (until 12 June 2017) Sai Gon – Cu Chi Factory’s Director (until 22 September 2017) Managing Director (until 12 June 2017) Deputy General Director (until 1 July 2017) Deputy General Director Sai Gon – Cu Chi Factory’s Director (From 22 September 2017) Deputy General Director (until 12 October 2017) Sai Gon – Nguyen Chi Thanh Factory’s Director
Board of Supervisors	Mr. Nguyen Van Minh Mr. Dong Viet Trung Mr. Nguyen Van Minh Mr. Ly Minh Hoang Mr. Hoang Giang Binh Mr. Chung Tri Dung	Head of the Board (from 9 August 2017) Head of the Board (until 8 August 2017) Member (from 16 February 2017 to 8 August 2017) Member (from 8 August 2017) Member (until 18 April 2017) Member (until 16 February 2017)
Legal representative	Mr. Vo Thanh Ha Mr. Nguyen Thanh Nam	Chairman General Director (from 12 June 2017)
Registered office	No.187, Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City, Vietnam	
Contact address	5 th Floor, Vincom Commercial Centre, 72 Le Thanh Ton and 45A Ly Tu Trong, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	

Representative office The representative office of Saigon Beer – Alcohol – Beverage Corporation in Hanoi City: 6th Floor, No.97, Tran Hung Dao Street, Cua Nam Ward, Hoan Kiem District, Hanoi City, Vietnam

Branches Sai Gon – Cu Chi Beer Factory
Lot C1, D3 Street, Northwest Cu Chi Industrial Zone, Cu Chi Town, Cu Chi District, Ho Chi Minh City, Vietnam

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

Auditor PwC (Vietnam) Limited

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Saigon Beer – Alcohol - Beverage Corporation (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the financial position of the Group as at 31 December 2017, and of the results of operation and cash flows for year ended. In preparing these consolidated financial statements, the Board of Directors is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgments and estimates that are reasonable and prudent; and
- » prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. We are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 106 to 170 which give a true and fair view of the financial position of the Group as at 31 December 2017 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Directors



Nguyen Thanh Nam
General Director

Ho Chi Minh City, SR Vietnam
2 April, 2018

Independent auditor's report

Independent auditor's report to the Shareholders Of Saigon Beer - Alcohol - Beverage Corporation

We have audited the accompanying consolidated financial statements of Saigon Beer – Alcohol – Beverage Corporation (“the Company”) and its subsidiaries (together, “the Group”) which were prepared on 31 December 2017 and approved by the Board of Directors on 2 April 2018. These consolidated financial statements include the consolidated balance sheet as at 31 December 2017, the consolidated income statement and consolidated cash flow statement for the year then ended and notes to these consolidated financial statements, as set out on pages 106 to 170.

The Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal control which the Board of Directors determines necessary to enable the preparation and fair presentation 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 the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated 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 present fairly, in all material respects, the financial position of the Group as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor, who expressed an unmodified opinion on those statements on 7 March 2017. The Board of Directors decided to restate the financial statements for the year ended 31 December 2016 as disclosed in Note 44.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No:
0875-2018-006-1
Authorised signatory
Report reference number: HCM7186

Ho Chi Minh City - 2 April, 2018

Luong Thi Anh Tuyet
Audit Practising Licence No:
3048-2017-006-1

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

Consolidated balance sheet

Form B 01 - DN/HN



As at 31 December

Code	ASSETS	Note	2017	2016 (Restated – Note 44)
			VND	VND
100	CURRENT ASSETS		13,686,327,476,651	10,722,470,187,475
110	Cash and cash equivalents	3	4,268,598,818,042	3,444,825,444,503
111	Cash		1,631,824,576,797	1,067,588,147,827
112	Cash equivalents		2,636,774,241,245	2,377,237,296,676
120	Short-term investments		6,558,801,231,269	3,174,321,174,216
123	Investments held-to-maturity	4(a)	6,558,801,231,269	3,174,321,174,216
130	Short-term receivables		715,326,353,415	1,090,484,124,645
131	Short-term trade accounts receivable	5	171,320,969,298	551,218,730,609
132	Short-term prepayments to suppliers	6	108,549,780,497	166,784,656,218
136	Other short-term receivables	7(a)	468,739,410,975	402,155,031,238
137	Provision for doubtful debts – short-term	8(a)	(53,455,692,637)	(49,846,178,702)
139	Shortage of assets awaiting resolution	9	20,171,885,282	20,171,885,282
140	Inventories	10(a)	2,003,535,067,335	2,134,361,489,832
141	Inventories		2,116,546,352,025	2,171,045,269,254
149	Provision for decline in value of inventories		(113,011,284,690)	(36,683,779,422)
150	Other current assets		140,066,006,590	878,477,954,279
151	Short-term prepaid expenses	11(a)	24,912,851,252	67,695,049,694
152	Value Added Tax to be reclaimed	19	112,192,286,560	133,125,768,230
153	Taxes and other payables to the State Budget	12, 19	2,960,868,778	677,657,136,355

As at 31 December

Code	ASSETS (continued)	Note	2017	2016 (Restated – Note 44)
			VND	VND
200	LONG-TERM ASSETS		8,327,361,633,259	8,472,277,522,027
210	Long-term receivables		20,093,775,062	17,479,816,391
211	Long-term account receivables		4,761,134,371	5,317,157,150
215	Long-term lending		4,000,000,000	4,000,000,000
216	Other long-term receivables	7(b)	49,118,570,411	46,503,666,490
219	Provision for doubtful debts – long-term	8(b)	(37,785,929,720)	(38,341,007,249)
220	Fixed assets		5,008,100,480,672	5,473,890,167,787
221	Tangible fixed assets	13(a)	4,044,747,362,200	4,488,854,249,443
222	Cost		9,343,836,360,323	9,186,604,019,960
223	Accumulated depreciation		(5,299,088,998,123)	(4,697,749,770,517)
227	Intangible fixed assets	13(b)	963,353,118,472	985,035,918,344
228	Cost		1,088,315,805,211	1,098,990,100,615
229	Accumulated amortisation		(124,962,686,739)	(113,954,182,271)
230	Investment properties	14	67,657,774,573	56,987,547,102
231	Cost		83,725,457,765	71,374,464,942
232	Accumulated depreciation		(16,067,683,192)	(14,386,917,840)
240	Long-term assets in progress		111,505,655,106	76,866,965,060
242	Construction in progress	15	111,505,655,106	76,866,965,060
250	Long-term investments		2,152,327,824,131	1,959,509,760,655
252	Investments in associates, joint ventures	4(b)	1,747,121,088,747	1,602,030,153,562
253	Investments in other entities	4(b)	736,652,914,597	763,251,332,167
254	Provision for long-term investments	4(b)	(352,315,059,118)	(426,640,604,979)
255	Investments held-to-maturity	4(a)	20,868,879,905	20,868,879,905
260	Other long-term assets		967,676,123,715	887,543,265,032
261	Long-term prepaid expenses	11(b)	816,991,436,755	756,355,605,445
262	Deferred income tax assets	16	136,822,415,511	121,304,649,369
263	Long-term supplies and spare parts	10(b)	13,862,271,449	9,883,010,218
270	TOTAL ASSETS		22,013,689,109,910	19,194,747,709,502

Consolidated balance sheet (Continued)

Form B 01 - DN/HN

As at 31 December

Code	RESOURCES	Note	2017	2016 (Restated – Note 44)
			VND	VND
300	LIABILITIES		7,593,162,674,962	6,898,812,937,830
310	Short-term liabilities		7,401,584,603,555	6,613,016,425,796
311	Short-term trade accounts payable	17	2,020,399,662,484	2,016,162,043,577
312	Short-term advances from customers	18	89,250,848,970	490,295,652,849
313	Tax and other payables to the State Budget	19	1,209,757,064,447	971,134,583,923
314	Payable to employees		222,226,205,331	264,807,999,201
315	Short-term accrued expenses	20	196,525,953,248	226,577,837,383
318	Short-term unearned revenue		606,060,605	800,000,000
319	Other short-term payables	21(a)	2,630,180,684,051	1,270,403,801,122
320	Short-term borrowings	22(a)	722,903,981,780	1,042,309,667,870
321	Provision for long-term liabilities		12,991,411,679	-
322	Bonus and welfare funds	23	296,742,730,960	330,524,839,871
330	Long-term liabilities		191,578,071,407	285,796,512,034
332	Long-term advances from customers		22,183,449	22,183,449
337	Other long-term payables	21(b)	53,632,516,000	52,776,316,000
338	Long-term borrowings	22(b)	1,941,629,834	164,412,285,558
341	Deferred income tax liabilities	16	17,217,198,238	13,747,487,771
342	Provision for long-term liabilities		64,493,890,463	567,585,833
343	Fund for science and technology development		54,270,653,423	54,270,653,423
400	OWNERS' EQUITY		14,420,526,434,948	12,295,934,771,672
410	Capital and reserves		14,420,489,034,948	12,295,897,371,672
411	Owners' capital	24, 25	6,412,811,860,000	6,412,811,860,000
411a	- Ordinary shares with voting rights		6,412,811,860,000	6,412,811,860,000
414	Owners' other capital	25	3,208,666,226	3,208,666,226
415	Treasury shares	25	-	(23,450,000,000)
417	Foreign exchange differences	25	19,113,771,975	17,006,600,079
418	Investment and development funds	25	1,118,963,482,640	1,118,398,295,310
420	Other funds	25	5,327,112,664	6,040,737,039
421	Undistributed earnings	25	5,823,903,898,574	3,713,726,741,137
421a	- Undistributed earnings of the previous years		2,946,086,838,409	1,675,604,484,894
421b	- Post-tax profit of current year		2,877,817,060,165	2,038,122,256,243
429	Non-controlling interests	25, 26	1,037,160,242,869	1,048,154,471,881
430	Budget sources and other funds		37,400,000	37,400,000
431	Budget sources		37,400,000	37,400,000
440	TOTAL RESOURCES		22,013,689,109,910	19,194,747,709,502




Hoang Thanh Van
Preparer


Nguyen Tien Dung
Chief Accountant

Nguyen Thanh Nam
General Director
2 April 2018.

Consolidated income statement

Form B 02 - DN/HN

For the year ended 31 December

Code	Note	2017	2016 (Restated – Note 44)
		VND	VND
01	Sales	34,438,171,048,592	30,602,446,316,556
02	Less deductions	(244,780,494,353)	(135,752,579,713)
10	Net sales	34,193,390,554,239	30,466,693,736,843
11	Cost of sales	(25,327,872,489,662)	(22,299,654,609,655)
20	Gross profit	8,865,518,064,577	8,167,039,127,188
21	Financial income	506,107,630,554	751,041,069,989
22	Financial expenses	25,805,674,678	(68,664,200,785)
23	- Including: Interest expenses	(42,111,534,689)	(82,182,081,908)
24	Profit sharing from investment in joint ventures and associates	411,873,934,390	305,649,678,623
25	Selling expenses	(2,811,111,874,500)	(2,671,906,350,771)
26	General and administration expenses	(935,974,797,536)	(780,911,026,732)
30	Net operating profit	6,062,218,632,164	5,702,248,297,512
31	Other income	106,139,463,217	138,614,329,944
32	Other expenses	(91,266,440,247)	(113,519,220,050)
40	Net other income	14,873,022,970	25,095,109,894
50	Net accounting profit before tax	6,077,091,655,134	5,727,343,407,406
51	Business income tax - current	(1,140,540,458,945)	(411,415,406,799)
52	Business income tax - deferred	12,048,055,675	(798,584,559,967)
60	Net profit after tax	4,948,599,251,864	4,517,343,440,640
	In which:		
61	Profit after tax attributable to the Company	4,711,485,204,581	4,338,773,356,882
62	Profit after tax attributable to non- controlling interests	237,114,047,283	178,570,083,758
70	Earnings per share	6,915	6,194
71	Diluted earnings per share	6,915	6,194


Hoang Thanh Van
Preparer

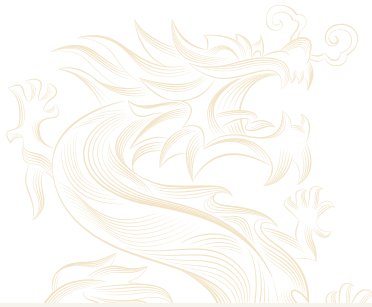

Nguyen Tien Dung
Chief Accountant



Nguyen Thanh Nam
General Director
2 April 2018.

Cosolidated cash flow statement
(Indirect method)

Form B 03 - DN/HN



For the year ended 31 December			
Code	Notes	2017	2016 (Restated – Note 44)
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	6,077,091,655,134	5,727,343,407,406
	Adjustments for:		
02	Depreciation and amortisation	625,353,451,649	632,464,161,880
03	Provisions/(reversal of provisions)	81,974,112,122	(7,126,993,043)
04	Unrealised foreign exchange losses	105,642,811	1,407,026
05	Profits from investing activities	(920,687,812,365)	(1,053,307,864,078)
06	Interest expenses	42,111,534,689	82,182,081,908
08	Operating profit before changes in working capital	5,905,948,584,040	5,381,556,201,099
09	Decrease/(increase) in receivables	187,690,969,602	(106,137,506,487)
10	Decrease/(increase)in inventories	50,519,655,998	(210,519,271,008)
11	Decrease in payables	(329,359,651,676)	(2,915,780,040,492)
12	Increase in prepaid expenses	(17,853,632,868)	(54,335,072,441)
14	Interest paid	(44,424,319,099)	(87,165,769,568)
15	Business income tax paid	(294,736,168,316)	(984,037,331,258)
17	Other payments on operating activities	(389,966,128,772)	(304,207,973,110)
20	Net cash inflows from operating activities	5,067,819,308,909	719,373,236,735
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(151,157,759,584)	(156,346,954,556)
22	Proceeds from disposals of fixed assets and other long-term assets	14,863,280,117	40,502,081,658
23	Deposits at banks with maturity exceeding 3 months	(7,278,046,709,349)	(3,034,021,174,216)
24	Proceeds from lendings, deposits at banks with maturity exceeding 3 months	3,893,566,652,296	809,466,940,162
25	Investments in other entities	(43,880,715,400)	(27,824,678,187)
26	Proceeds from divestment in other entities	66,048,265,300	581,149,667,139
27	Dividends and interest received	678,088,897,966	783,616,859,474
30	Net cash outflows from investing activities	(2,820,518,088,654)	(1,003,457,258,526)

For the year ended 31 December			
Code	Notes	2017	2016 (Restated – Note 44)
		VND	VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from reissue of treasury shares	67,207,854,357	5,820,025,630
33	Proceeds from borrowings	3,541,517,218,824	3,880,680,269,651
35	Repayments of borrowings	(4,023,393,560,638)	(4,336,074,219,633)
36	Dividends paid	(1,008,864,945,050)	(3,757,483,070,376)
40	Net cash outflows from financing activities	(1,423,533,432,507)	(4,207,056,994,728)
50	Net increase/(decrease) in cash and cash equivalents	823,767,787,748	(4,491,141,016,519)
60	Cash and cash equivalents at beginning of year	3,444,825,444,503	7,935,974,303,078
61	Effect of foreign exchange differences	5,585,791	(7,842,056)
70	Cash and cash equivalents at end of year	4,268,598,818,042	3,444,825,444,503

Major non-cash transactions in the year were presented in Note 40.



Hoang Thanh Van
Preparer



Nguyen Tien Dung
Chief Accountant



Nguyen Thanh Nam
General Director
2 April 2018.

Notes to the consolidated financial statements

For the year ended 31 december 2017

Form B 09 - DN/HN

1 GENERAL INFORMATION

Saigon Beer - Alcohol - Beverage Corporation (“the Company”) was established as a State-Owned General Corporation under Decision No. 74/2003/QĐ-BCN dated 6 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 Beverage Company and Phu Tho Glass Company into the Company. On 11 May 2004, the Ministry of Industry issued Decision No. 37/2004/QĐ-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 1 September 2006.

The Company was equitised as per Decision No. 1862/QĐ-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 Business registration certificate was amended to the Enterprise registration certificate under joint stock company form No. 0300583659 dated 29 February 2012 issued by the Department of Planning and Investment of Ho Chi Minh City. The sixth amended Enterprise registration certificate was issued on 1 September 2017 to update the information on the legal representatives of the Company.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange with trading code SAB in accordance with Decision No. 470/QĐ-SGDHCM dated 15 November 2016 issued by the Ho Chi Minh City Stock Exchange.

The principal activities of the Group are:

- » To produce and sell beer, alcohol, beverages and related products including materials 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, other housing services

The normal business cycle of the Group is within 12 months.

As at 31 December 2017, the Group has 8,395 employees (as at 31 December 2016: 8,183 employees).

As at 31 December 2017, the Group has 23 subsidiaries and 21 joint ventures, associates as presented in the following page.

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (together, “the Group”) and the Group’s interest in associates and joint ventures as listed in the next pages:

1 GENERAL INFORMATION (continued)

Name	Location (Province/ City)	Main principal activities	2017		2016	
			% of ownership	% of voting right	% of ownership	% of voting right
I - SUBSIDIARIES						
Saigon - Mien Tay Beer Joint Stock Company	Can Tho	Produce and trade beer	51	51	51	51
Chuong Duong Beverages Joint Stock Company	Ho Chi Minh	Produce and trade beverage, canned foods and sub-materials	62.06	62.06	62.06	62.06
Saigon - Quang Ngai Beer Joint Stock Company	Quang Ngai	Produce and trade beer	66.56	66.56	66.56	66.56
Binh Tay Liquor Joint Stock Company	Ho Chi Minh	Produce and trade alcohol	93.29	93.46	93.29	93.46
Saigon - Dong Xuan Beer Alcohol Joint Stock Company	Phu Tho	Produce beer and beverage	55.83	56.24	55.83	56.24
Saigon - Nghe Tinh Beer Joint Stock Company	Nghe An	Produce and trade beverage	54.73	54.73	54.73	54.73
Saigon - Song Lam Beer Joint Stock Company	Nghe An	Produce and trade beer and beverage; import and export related materials	68.78	68.78	68.78	68.78
Saigon - Hanoi Beer Joint Stock Company	Ha Noi	Produce and trade beer and beverage; import and export related materials	52.11	52.11	52.11	52.11
Saigon Beer Trading One Member Company Limited	Ho Chi Minh	Trade beer	100	100	100	100
Saigon Mien Bac Beer Trading Joint Stock Company	Ha Noi	Trade alcohol, beer, and beverage; transportation and warehousing	94.72	94.72	94.72	94.72
Saigon Bac Trung Bo Beer Trading Joint Stock Company	Nghe An	Trade alcohol, beer, and beverage; transportation and warehousing	94.92	94.92	94.92	94.92
Saigon Center Beer Trading Joint Stock Company	Ho Chi Minh	Trading alcohol and non-alcohol drink, trading chemical	94.23	94.23	94	94
Saigon Mien Trung Beer Trading Joint Stock Company	Quang Ngai	Trade alcohol, beer, beverage	91.24	91.24	91.24	91.24
Saigon Tay Nguyen Beer Trading Joint Stock Company	Daklak	Trade alcohol, beer, beverage	90	90	90	90
Saigon Nam Trung Bo Beer Trading Joint Stock Company	Khanh Hoa	Trade alcohol, beer, beverage	90.14	90.14	90.14	90.14
Saigon Mien Dong Beer Trading Joint Stock Company	Binh Duong	Trade alcohol, beer, beverage	90.68	90.68	90.68	90.68
Saigon Song Tien Beer Trading Joint Stock Company	Vinh Long	Trade alcohol, beer, beverage	90	90	90	90
Saigon Song Hau Beer Trading Joint Stock Company	Can Tho	Trade alcohol, beer, beverage	90	90	90	90
SABECO Mechanical One Member Limited Company	Ho Chi Minh	Manufacture equipments used in food manufacturing, installation and maintain machinery system and equipment	100	100	100	100
Saigon - Soc Trang Beer One Member Limited Company	Soc Trang	Produce and trade beer, yeasty malt, mineral water, bottled pure water	51	100	51	100
Saigon Dong Bac Trading Joint Stock Company	Ho Chi Minh	Trade alcohol, beer, beverage	90.45	90.45	90.45	90.45
Saigon - Ha Tinh Beer One Member Company Limited	Ha Tinh	Produce and trade beer, yeasty malt, mineral water, bottled pure water	100	100	100	100
Saigon Packaging Joint Stock Company	Ho Chi Minh	Produce canned foods, carton and metal packaging products	76.81	76.81	76.81	76.81



Name	Location (Province/ City)	Main principal activities	% of ownership	% of voting right	% of ownership	% of voting right
II - JOINT VENTURES						
Me Linh Point Limited Company (*)	Ho Chi Minh	Real estate managements and office leasing	35	25	35	25
Crown Beverage Cans Saigon Limited Company	Ho Chi Minh	Manufacture aluminium cans	30.04	30.04	30.04	30.04
Malaya Vietnam Glass Limited Company	Ho Chi Minh	Manufacture glass products	30	30	30	30
San Miguel Phu Tho Packaging Limited Company	Ho Chi Minh	Manufacture and trade metal packaging	35	35	35	35
Vietnam Spirits and Wine Company Limited	Ho Chi Minh	Produce and trade alcohol and alcohol-related products	45	45	45	45
III - ASSOCIATES						
Truong Sa Food Joint Stock Company	Ho Chi Minh	Produce agricultural products and foods	38.53	38.98	38.53	38.98
Saigon - Phu Ly Beer Joint Stock Company (**)	Ha Nam	Produce beer, mineral water, provide hotel and transportation services	29.76	29.76	29.76	29.76
Thanh Nam Consulting and Tranfering Technology Joint Stock Company	Ho Chi Minh	Provide consulting construction and designing services	28.57	28.57	28.57	28.57
Saigon - Phu Tho Beer Joint Stock Company	Phu Tho	Produce beer, alcohol and beverage	30.52	33.85	30.52	33.85
Mechical and Industrial Contruction Joint Stock Company	Ho Chi Minh	Manufacture, install machinery, bridges and roads and industrial construction products.	26	26	26	26
Saigon - Tay Do Beer and Beverage Joint Stock Company	Can Tho	Manufacture and trade alcohol, beer, beverage, soya milk, fruit juice	27.62	34.92	30.77	38.51
Saigon – Binh Tay Beer Joint Stock Company (**)	Ho Chi Minh	Produce, process and trade food, beverage, beer, alcohol, construction materials, provide industrial and civil construction services	21.43	22.17	21.43	22.17
Saigon - Mien Trung Beer Joint Stock Company	Daklak	Produce and trade beer, alcohol, beverages and spare parts	32.39	32.41	32.39	32.41
Tan Thanh Investment Trading Joint Stock Company	Ho Chi Minh	Construction and real estates	29	29	29	29
Saigon - Bac Lieu Beer Joint Stock Company	Bac Lieu	Produce beer, alcohol and beverage	10.2	20	10.2	20
Saigon - Ninh Thuan Beer Joint Stock Company (*) (**)	Ninh Thuan	Produce beer, alcohol and beverage	10.26	10.26	20	20
Saigon - Vinh Long Beer Joint Stock Company	Vinh Long	Produce beer, alcohol and beverage	20	20	20	20
Saigon - Kien Giang Beer Joint Stock Company	Kien Giang	Produce and trade beer, alcohol, beverages and spare parts	20	20	20	20
Saigon – Khanh Hoa Beer Joint Stock Company	Khanh Hoa	Produce and trade beer, alcohol, beverages and spare parts	26	26	26	26
Saigon – Ben Tre Beer Joint Stock Company (****)	Ben Tre	Produce beer, alcohol and beverage	20	20	-	-
Saigon – Lam Dong Beer Joint Stock Company (*****)	Lam Dong	Produce beer, alcohol and beverage	20	20	-	-

1 GENERAL INFORMATION (continued)

- (*) Ownership of the Company in the joint venture with Me Linh Point Company Limited was stated in the joint venture agreement dated 24 November 1994 between Chuong Duong Beverages Joint Stock Company (“Chuong Duong”) and the counter party Centrepont Properties Ltd., a company established in Singapore. At the equitisation of Chuong Duong, the ownership of this joint venture agreement was transferred from Chuong Duong to the Company in 2004 following the approval of the Ministry of Industry. According to the joint venture agreement, profit is allocated to each party in the joint venture follows a schedule stated in this agreement. In 2017, the ratio is 35% and 65% for the Company and the counter party, respectively.
- (**) According to the Resolution of Annual General Meeting of Saigon - Binh Tay Beer Joint Stock Company (“Binh Tay”) on 15 April 2017, the plan to issue shares into the public to swap and merge Saigon – Ninh Thuan Beer Joint Stock Company and Saigon – Phu Ly Beer Joint Stock Company into Binh Tay was approved. At the date of this consolidated financial statements, the swap and merger aforementioned has not been completed. Thus, the Group has maintained the current ownership and voting right in these three companies.
- (***) According to the Resolution No. 100/2016/QĐ-HĐQT dated 24 Novemeber 2016 of the Board of Management and the Merger Contract dated 29 September 2016 between Saigon – Ninh Thuan Beer Joint Stock Company and Sagota Saigon – Ninh Thuan Beer Joint Stock Company, on 30 November 2016, Sagota Saigon – Ninh Thuan Beer Joint Stock Company was merged into Saigon – Ninh Thuan Beer Joint Stock Company. Following the merger, ownership and voting right of the Company has decreased from 20% in 2016 to 10.26% as at 31 December 2017 and Saigon – Ninh Thuan Beer Joint Stock Company is no longer an associate company.
- (****) According to the Decision No.59/2017/QĐ - HĐQT dated 13 March 2017, the Company has invested into Saigon – Ben Tre Beer Joint Stock Company with the amount of VND20,000,000,000, accounting for 20% of share capital of this associate.
- (*****) According to the Decision No 114/2007/NQ - HDQT dated 12 October 2017, the Company has invested into Saigon – Lam Dong Beer Joint Stock Company with the amount of VND20,000,000,000, accounting for 20% of share capital of this associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated interm financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial banks where the Group regularly trades. Foreign currencies deposited in banks at the consolidated balance sheet date are translated at the buying exchange rate of the commercial banks where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

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

The divestment of 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 of divestment of Group's interest in a subsidiary is recorded directly in the undistributed earnings under equity.

Joint ventures and associates

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

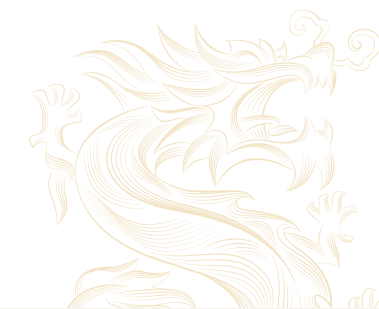
Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Financial investments

(a) Investments held-to-maturity

Investments held-to-maturity are investments which the Board of Directors has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, bonds, and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

(b) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted using the equity method when preparing the consolidated financial statements (Note 2.4).

(c) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee.

These investments are initially stated at cost of acquisition, except for certain investments which were revalued as at 31 December 2006 and 30 April 2008 for the equitisation purposes in accordance with Equitisation Finalisation Minutes dated 6 March 2010.

Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation, except for certain items which had been revalued in connection with the equitisation process of the State-Owned General Corporation in accordance with Prime Minister's Decision No. 1862/QĐ-TTg. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets. During the equitisation process of the State-Owned General Corporation, fixed assets were revalued on 31 December 2006 and on 30 April 2008.

Depreciation and amortisation

Fixed assets are depreciated/amortised on the straight-line method, to write off the cost of the assets to their residual value over their estimated useful lives. The estimated useful lives of fixed assets are as below:

Plant and buildings	5 - 25 years
Machinery	5 - 12 years
Motor vehicles	3 - 8 years
Office equipment	3 - 5 years
Software	3 years

Land use rights with indefinite term which were revalued during equitisation process of the State-Owned General Corporation in accordance with the Prime Minister's Decision No. 1862/QĐ-TTg are not amortised.

Land use rights with definite term are amortised using the straight-line method in accordance with the terms indicated in the land use rights.

Disposals

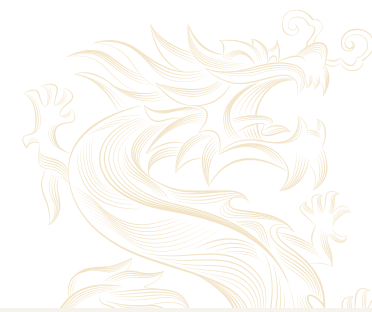
Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.10 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation and amortisation

Investment properties held for lease are depreciated/amortised on the straight-line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives of the assets are as follows:

Buildings	20 years
Land use rights	46 years

Investment properties held for price appreciation are not depreciated from 1 January 2015 according to Circular 200/2014/TT-BTC. Impairment of investment properties held for price appreciation is recognised when there are objective evidences of the impairment in the value of investment properties compared to the market price and the impairment allowance can be estimated reliably. Impairment allowance is recorded to cost of sales.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the consolidated income statement.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight-line method over estimated useful lives.

2.13 Payables

Classifications of payables are based on their nature as follows:

- » Trade accounts payable are trade payables arising from purchase of goods and services.
- » Other payables are non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for a full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the separate balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

2.18 Share capital

Owners' capital of the shareholders is recorded according to actual amount contributed and are recorded according to par value of the share.

Treasury shares are shares issued by the Group and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Other capital shall be recorded in owners' other capital at the reporting date.

Undistributed earnings record the Group's results after business income tax at the reporting date.

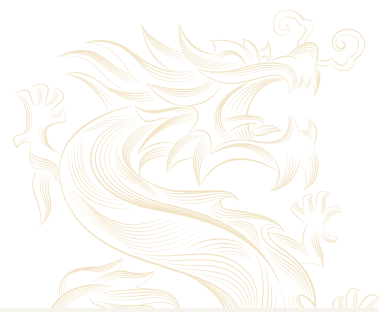
2.19 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after approval at Annual General Meeting, and after appropriation to other funds in accordance with the charter of the Company and its subsidiaries and Vietnamese regulations.

Notes to the consolidated financial statements

For the year ended 31 december 2017

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Appropriation of net profit (continued)

The Group's funds are as below:

(a) Development and investment fund

Investment and development fund is appropriated from the net profit after tax as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the net profit after tax as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

(c) Social contribution fund

Social contribution fund is appropriated from the net profit after tax as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the purpose of social welfare activities, charity activities, and society and community activities of the Group.

(d) Fund for science and technology development

Fund for science and technology development is appropriated from the taxable profit in accordance with prevailing regulations. The fund is set aside for the purpose of science and technology development of the Group.

2.20 Dividend distribution

Net profit after tax is available for appropriation to shareholders as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting.

2.21 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the consolidated income statement when all five following conditions are satisfied:

- » The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- » The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group; and
- » The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the consolidated income statement.

(b) Rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognised when all four following conditions are satisfied:

- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group;
- » The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- » The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2.22 Cost of sales

Cost of goods sold or cost of services rendered are cost of finished goods, merchandises, materials sold or services provided during the year, and recorded on the basis of matching with revenue and on prudent concept.

2.23 Financial expenses

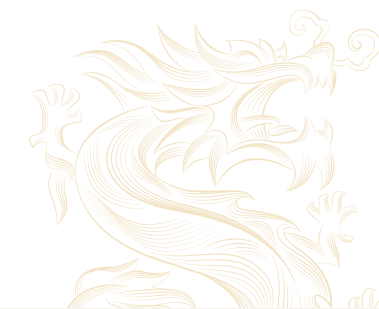
Finance expenses are expenses incurred in the year for financial activities including expenses or losses relating to financial investment activities; expenses of lending and borrowing; costs of capital contributed to joint ventures, associates; provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, and losses from foreign exchange differences.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, sale commissions, maintenance charges, packaging, and transportation.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; expenses of office materials, tools and supplies; depreciation of fixed assets used for administration; land rental; licence tax, provision for bad debts, outside services, and other cash expenses.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The Ministry of Industry and Trade holds the large number of shares in the Company and accordingly is regarded as a related party. However, enterprises which are controlled or significantly influenced by the Ministry of Industry and Trade are not considered as related parties of the Group for the purposes of disclosure since they do not influence, or are not influenced by, the Company.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2.28 Use of estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the Board of Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2.29 Segment reporting

A segment is a component which can be consolidated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of financial statements understand and evaluate the Group's operations in a comprehensive way.

3 CASH AND CASH EQUIVALENTS

	2017	2016
	VND	VND
Cash on hand	5,390,868,148	3,669,098,125
Cash at bank (*)	1,626,433,708,649	1,063,919,049,702
Cash equivalents (**)	2,636,774,241,245	2,377,237,296,676
	4,268,598,818,042	3,444,825,444,503

(*) As at 31 December 2017, included in cash at bank is the amount of VND115,117,546,210 that the Company kept on behalf of the Ministry of Industry and Trade to settle the costs relating to the competitive bidding to divest the ownership of the State in the Company according to Report No. 158/2017/BC-BPĐDPVNN dated 29 December 2017.

(**) Cash equivalents include term deposits at banks with the original maturity within three months and earn interest from 4.7% to 5.5% per annum.

4 INVESTMENTS

(a) Investments held-to-maturity

(i) Short-term

	2017				2016			
	Cost		Provision		Cost		Provision	
	VND		VND	VND	VND		VND	VND
Term deposits (*)	6,558,801,231,269	-	6,558,801,231,269		3,174,321,174,216	-	3,174,321,174,216	

(*) Term deposits represent deposits at banks with the remaining maturity of less than one year and earn interest of from 4% to 12.17% per annum.

(i) Long-term

Long-term investments held-to-maturity represent investments of the Group into bonds. The details are as below:

	2017				2016			
	Cost		Provision		Cost		Provision	
	VND		VND	VND	VND		VND	VND
Shipbuilding Industry Corporation	20,868,879,905	(20,868,879,905)	-		20,868,879,905	(20,868,879,905)	-	

b) Investments in other entities

	2017				2016			
	Cost		Provision		Cost		Provision	
	VND		VND	VND	VND		VND	VND
Investments in joint ventures, associates (i)	1,747,121,088,747	(19,988,792,554)	1,727,132,296,193		1,602,030,153,562	-	1,602,030,153,562	
Investments in other entities (ii)	736,652,914,597	(332,326,266,564)	404,326,648,033		763,251,332,167	(426,640,604,979)	336,610,727,188	
	2,483,774,003,344	(352,315,059,118)	2,131,458,944,226		2,365,281,485,729	(426,640,604,979)	1,938,640,880,750	

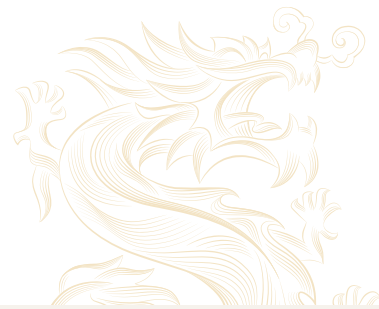
4 INVESTMENTS (continued)

(b) Investments in other entities (continued)

(i) Investments in associates and joint ventures

The details of investments in associates and joint ventures are as below:

Company name	Principal activities	2017				2016			
		% of ownership and voting right		Cost		% of ownership and voting right		Cost	
		%	VND	Fair value	Provisions	%	VND	Fair value	Provisions
Trung Sa Food Trading Joint Stock Company	Produce agricultural products and foods	38.53	4,597,654,606	(*)	-	38.53	5,270,417,859	(*)	-
Saigon - Phu Ly Beer Joint Stock Company	Produce beer, mineral water, provide hotel and transportation services	29.76	134,708,832,052	(*)	-	29.76	123,605,999,939	(*)	-
Thanh Nam Consulting and Transferring Technology Joint Stock Company	Construction and design consulting	28.57	329,653,546	(*)	-	28.57	329,653,546	(*)	-
Saigon - Phu Tho Beer Joint Stock Company	Produce beer, alcohol and beverage	30.52	81,363,598,253	111,296,340,000	-	30.52	74,457,738,231	118,490,400,000	-
Mechanical and Industrial Construction Joint Stock Company	Manufacturing, installation machinery, bridges and roads and industrial construction products	26	12,641,612,636	(*)	-	26	10,832,720,482	(*)	-
Saigon - Tay Do Beer & Beverage Joint Stock Company	Produce beer, alcohol and beverage	27.62	111,504,428,891	(*)	-	30.77	92,727,830,044	(*)	-
Me Linh Point Limited Company	Lease office building	35	119,215,074,210	(*)	-	35	114,547,277,713	(*)	-
Saigon Crown Company Limited	Manufacture aluminum cans	30.04	302,127,077,404	(*)	-	30.04	297,743,316,779	(*)	-
Malaya Vietnam Glass Company Limited	Manufacture glass products	30	169,368,729,376	(*)	-	30	135,587,617,270	(*)	-



4 INVESTMENTS (continued)

(b) Investments in other entities (continued)

(i) Investments in associates and joint ventures (continued)

Company name	Principal activities	2017				2016			
		% of ownership and voting right	Cost	Fair value	Provisions	% of ownership and voting right	Cost	Fair value	Provisions
		%	VND	VND	VND	%	VND	VND	VND
San Miguel Phu Tho Packaging Limited Company	Produce beer, alcohol and beverage	35	55,532,678,119	(*)	-	35	51,436,277,377	(*)	-
Vietnam Spirits and Wine Company Limited	Produce beer, alcohol and beverage	45	19,988,792,554	(*)	(19,988,792,554)	45	12,834,663,750	(*)	-
Saigon – Binh Tay Beer Joint Stock Company	Produce beer, alcohol and beverage	22.17	326,779,406,443	(*)	-	21.43	297,268,121,703	(*)	-
Saigon – Mien Trung Beer Joint Stock Company	Produce beer, alcohol and beverage	32.39	150,263,429,620	304,692,034,500	-	32.39	140,520,888,952	290,444,362,600	-
Tan Thanh Investment Joint Stock Company	Construction and trade real estates	29	69,681,606,168	(*)	-	29	69,918,088,079	(*)	-
Saigon – Bac Lieu Beer Joint Stock Company	Produce beer, alcohol and beverage	10.2	39,376,471,352	(*)	-	10.2	39,205,674,673	(*)	-
Saigon – Ninh Thuan Beer Joint Stock Company	Produce beer, alcohol and beverage	-	-	(*)	-	20	41,354,195,103	(*)	-
Saigon – Vinh Long Beer Joint Stock Company	Produce beer, alcohol and beverage	20	45,712,379,489	(*)	-	20	42,519,174,538	(*)	-
Saigon – Kien Giang Beer Joint Stock Company	Produce beer, alcohol and beverage	20	27,867,627,428	(*)	-	20	25,650,998,140	(*)	-
SABECO Pearl Investment Joint Stock Company	Produce beer, alcohol and beverage	-	-	(*)	-	26	26,219,499,384	(*)	-
Saigon – Khanh Hoa Beer Joint Stock Company	Produce beer, alcohol and beverage	26	36,062,036,600	(*)	-	-	-	-	-
Saigon – Ben Tre Beer Joint Stock Company	Produce beer, alcohol and beverage	20	20,000,000,000	(*)	-	-	-	-	-
Saigon – Lam Dong Beer Joint Stock Company	Produce beer, alcohol and beverage	20	20,000,000,000	(*)	-	-	-	-	-
			1,747,121,088,747	(19.988.792.554)			1,602,030,153,562		-

(*) As at 31 December 2017 and 31 December 2016, information about the fair value of these investments was not available, as their shares are not publicly traded.

(ii) Investments in other entities

The details of investments in other entities are as below:

	2017				2016			
	% of ownership and voting right	Cost	Fair value	Provisions	% of ownership and voting right	Cost	Fair value	Provisions
	%	VND	VND	VND	%	VND	VND	VND
Orient Commercial Joint Stock Bank	2.31	216,579,320,000	172,985,865,600	(34,944,167,400)	2.75	216,579,320,000	62,440,184,736	(154,139,135,264)
Dong A Commercial Joint Stock Bank	0.95	136,265,460,000	(*)	(136,265,460,000)	0.95	136,265,460,000	9,467,092,000	(126,798,368,000)
SABECO - Song Lam Packaging Joint Stock Company	16.60	50,000,000,000	(*)	-	15.33	50,000,000,000	(*)	-
PVI Saigon Company	0.21	51,475,140,000	15,584,999,400	(35,890,140,600)	0.21	51,475,140,000	12,089,298,600	(39,385,841,400)

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4 INVESTMENTS (continued)

(b) Investments in other entities (continued)

(ii) Investments in other entities (continued)

	2017					2016			
	% of ownership and voting right	Cost	Fair value	Provisions		% of ownership and voting right	Cost	Fair value	Provisions
	%	VND	VND	VND		%	VND	VND	VND
Khong Gian Ngam Investment and Development Joint Stock Company	5.29	23,085,000,000	(*)	(23,085,000,000)		5.29	23,085,000,000	(*)	(1,721,774,409)
Orient Tourism Petroleum Joint Stock Company	9.8	30,700,950,000	5,880,000,000	(24,820,950,000)		9.8	30,700,950,000	6,762,000,000	(23,938,950,000)
Securities Investment Fund Saigon A2	10	51,107,720,722	(*)	(35,757,720,722)		10	51,107,720,722	(*)	(33,731,120,722)
Saigon Beer Delivery and Transportation Joint Stock Company	13.54	26,588,267,394	(*)	-		16.71	26,588,267,394	(*)	-
Vietnam Investment Fund	7.97	35,617,214,481	(*)	-		7.97	42,337,214,481	(*)	(24,851,604,453)
Dai Viet Securities Joint Stock Company	7.20	45,000,000,000	(*)	(11,407,259,277)		7.2	45,000,000,000	(*)	(15,958,630,635)
Hiep Phuc SABECO Investment Company Limited	8	24,426,586,800	(*)	(24,426,586,800)		8	24,426,586,800	(*)	-
Saigon - Ninh Thuan Beer Joint Stock Company	10.26	19,800,000,000	(*)	-		-	-	-	-
Saigon - Dong Nai Beer Beverage Joint Stock Company	10.38	3,954,000,000	(*)	(3,872,396,382)		10.38	3,954,000,000	(*)	(3,327,377,203)
DIC Services and Trading Joint Stock Company	8.35	14,992,108,200	(*)	(341,936,800)		8.35	14,992,108,200	(*)	-
Dong Ha Tourism Joint Stock Company	3.64	5,600,000,000	(*)	(1,514,648,583)		3.64	5,600,000,000	(*)	(361,013,016)
Vietnam - Binh Tay Alcohol Joint Stock Company	6	300,000,000	(*)	-		6	300,000,000	(*)	-
Nha Trang Trading and Tourism Joint Stock Company	1.89	1,161,147,000	(*)	-		1.89	1,161,147,000	(*)	-
Vietnam Export - Import Commercial Joint Stock Bank	-	-	(*)	-		0.46	36,603,803,243	51,552,459,000	-
Others	-	-	(*)	-		0.00	3,074,614,327	(*)	(2,426,789,877)
		736,652,914,597	(332,326,266,564)				763,251,332,167		(426,640,604,979)

(*) As at 31 December 2017 and 31 December 2016, information about the fair value of these investments was not available, as their shares are not publicly traded.

4 INVESTMENTS (continued)

(b) Long-term investments (continued)

(iii) Provision for long-term investments

Movements of the provision for long-term investments during the year were as follows:

	2017	2016
	VND	VND
Opening balance	426,640,604,979	441,914,712,459
Increase	80,194,888,491	-
Reversal	(154,520,434,352)	(15,274,107,480)
Closing balance	352,315,059,118	426,640,604,979

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2017	2016
	VND	VND
Third parties (*)	110,586,954,322	145,535,841,604
Related parties (Note 41(b))	60,734,014,976	405,682,889,005
	171,320,969,298	551,218,730,609

(*) Short-term trade accounts receivable from third parties with balances accounting for more than 10% of the total balance mainly comprise of the balance to be received from Huong Sen Group Joint Stock Company with the amount of VND15,630,154,481 (as at 31 December 2016: VND26,069,471,834).

As at 31 December 2017 and 31 December 2016, the balances of short-term trade accounts receivable which were past due are presented in Note 8(a).

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2017	2016
	VND	VND
Third parties (*)	108,548,121,297	166,782,997,018
Related parties (Note 41(b))	1,659,200	1,659,200
	108,549,780,497	166,784,656,218

As at 31 December 2017 and 31 December 2016, the balances of short-term prepayments to suppliers which were past due are presented in Note 8(a).

7 OTHER RECEIVABLES

(a) Other short-term receivables

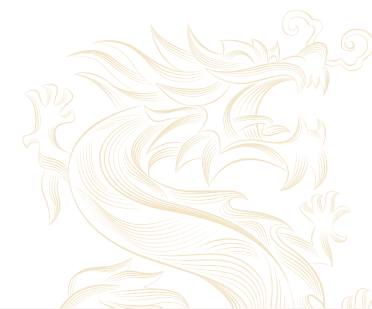
	2017	2016
	Book value	Book value
	VND	VND
	Provision	Provision
	VND	VND
Receivables from land use right capital contribution from a related party (Note 41(b))	277,230,733,543	277,230,733,543
Interest receivables from term deposits at banks	137,325,695,453	48,097,432,891
Dividend receivables from related parties (Note 41(b))	4,184,381,836	487,062,575
Deposits	2,155,971,763	11,388,182,334
Advances to employees	5,353,747,361	8,030,727,986
Interest receivables from bonds and lendings	11,088,955,594	11,088,955,594
Other receivables from related parties (Note 41(b))	1,781,508,224	13,632,314,182
Others	29,618,417,201	32,199,622,133
	468,739,410,975	402,155,031,238
	(23,466,107,168)	(23,827,138,250)

As at 31 December 2017 and 31 December 2016, the balances of other short-term receivables which were past due are presented in Note 8(a).

(b) Other long-term receivables

	2017	2016
	Book value	Book value
	VND	VND
	Provision	Provision
	VND	VND
Deposits	41,089,805,411	38,474,901,490
Others	8,028,765,000	8,028,765,000
	49,118,570,411	46,503,666,490
	(8,000,000,000)	(8,000,000,000)

As at 31 December 2017 and 31 December 2016, the balances of other long-term receivables which were past due are presented in Note 8(b).



8 PROVISION FOR DOUBTFUL DEBTS

(a) Short-term

	2017				2016			
	Cost	Recoverable amount	Provision	Number of overdue days	Cost	Recoverable amount	Provision	Number of overdue days
	VND	VND	VND	Days	VND	VND	VND	Days
Provision for short-term trade accounts receivables (Note 5)	9,676,177,624	-	(9,676,177,624)	Over 1 year	5,583,258,025	-	(5,583,258,025)	Over 1 year
Provision for short-term prepayments to suppliers (Note 6)	141,522,563	-	(141,522,563)	Over 1 year	141,522,563	-	(141,522,563)	Over 1 year
Provision for other short-term receivables (Note 7(a))	23,466,107,168	-	(23,466,107,168)	Over 1 year	23,827,138,250	-	(23,827,138,250)	Over 1 year
Shortage of assets awaiting resolution (Note 9)	20,171,885,282	-	(20,171,885,282)	Over 1 year	20,171,885,282	-	(20,171,885,282)	Over 1 year
	53,455,692,637	-	(53,455,692,637)		49,846,178,702	-	(49,846,178,702)	

(b) Long-term

	2017				2016			
	Cost	Recoverable amount	Provision	Number of overdue days	Cost	Recoverable amount	Provision	Number of overdue days
	VND	VND	VND	Days	VND	VND	VND	Days
Provision for investments into Shipbuilding Industry Corporation's bonds (Note 4(a)(ii))	20,868,879,905	-	(20,868,879,905)	Over 1 year	20,868,879,905	-	(20,868,879,905)	Over 1 year
Provision for long-term trade accounts receivables	4,917,049,815	-	(4,917,049,815)	Over 1 year	5,472,127,344	-	(5,472,127,344)	Over 1 year
Provision for long-term lending	4,000,000,000	-	(4,000,000,000)	Over 1 year	4,000,000,000	-	(4,000,000,000)	Over 1 year
Provision for other long-term receivables (Note 7(b))	49,118,570,411	41,118,570,411	(8,000,000,000)	Over 1 year	46,348,696,299	38,348,696,299	(8,000,000,000)	Over 1 year
	78,904,500,131	41,118,570,411	(37,785,929,720)		76,689,703,548	38,348,696,299	(38,341,007,249)	

9 SHORTAGE OF ASSETS AWAITING RESOLUTION

	2017	2016
	VND	VND
Inventories	4,356,534,586	4,356,534,586
Personal income tax receivables	6,830,212,392	6,830,212,392
Others	8,985,138,304	8,985,138,304
	20,171,885,282	20,171,885,282

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10 INVENTORIES AND SPARE PARTS

(a) Inventories

	2017		2016	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	133,269,869,755	-	145,580,119,137	-
Raw materials	445,447,823,503	(33,106,801,005)	389,219,518,589	(20,511,794,712)
Tools and supplies	110,139,126,470	(52,660,898,286)	105,780,575,256	-
Work in progress	195,379,665,874	-	193,437,246,471	-
Finished goods	1,228,465,858,552	(27,243,585,399)	1,336,973,736,462	(16,171,984,710)
Others	3,844,007,871	-	54,073,339	-
	2,116,546,352,025	(113,011,284,690)	2,171,045,269,254	(36,683,779,422)

Movements in the provision for decline in value of inventories during the year were as follows:

	2017	2016
	VND	VND
Opening balance	36,683,779,422	27,508,410,201
Increase	77,473,899,509	9,175,369,221
Reversal	(1,146,394,241)	-
Closing balance	113,011,284,690	36,683,779,422

(b) Long-term supplies and spare parts

	2017		2016	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Long-term supplies and spare parts	29,947,951,489	(16,085,680,040)	26,063,690,258	(16,180,680,040)

11 PREPAID EXPENSES

(a) Short-term prepaid expenses

	2017	2016
	VND	VND
Tools for advertising activities	-	33,368,166,651
Land tax	6,946,093,638	7,023,851,235
Tools and supplies	6,715,976,137	12,586,932,949
Others	11,250,781,477	14,716,098,859
	24,912,851,252	67,695,049,694

(b) Long-term prepaid expenses

	2017	2016
	VND	VND
Returnable packaging (i)	573,864,012,633	445,979,831,990
Goodwill	5,080,932,000	11,855,508,000
Land rental expenses	80,712,741,718	96,101,895,929
Tools and supplies	4,735,793,248	14,681,959,031
Warehouse rental expenses	60,458,108,678	92,980,611,907
Repair and maintenance expenses and and spare parts used for maintenance services	36,176,398,915	34,114,699,663
Property held for future investment (ii)	51,602,316,000	51,602,316,000
Others	4,361,133,563	9,038,782,925
	816,991,436,755	756,355,605,445

(i) The cost of returnable packaging is recognised into the consolidated income statement on a straight-line basis within 2 to 3 years.

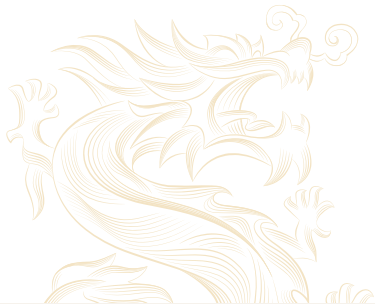
(ii) Property held for future investment represents the value of land use right awaiting for transfer (Note 21(b)).

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

	2017	2016
	VND	VND
Opening balance	756,355,605,445	626,304,930,215
Increase	630,225,844,217	660,716,987,595
Allocation for the year	(450,121,029,891)	(487,339,025,148)
Transfer to short-term prepaid expenses	(1,789,985,951)	(763,501,125)
Disposals	(117,259,102,946)	(42,243,688,739)
Other decreases	(419,894,119)	(320,097,353)
Closing balance	816,991,436,755	756,355,605,445

12 TAX AND OTHER RECEIVABLES FROM THE STATE BUDGET

	2017	2016
	VND	VND
Overpaid business income tax	1,876,829,629	664,808,325,180
Other taxes	1,084,039,149	12,848,811,175
	2,960,868,778	677,657,136,355



(a)Tangible fixed assets

	Plant and buildings	Machinery	Motor vehicles	Office equipment	Other tangible fixed assets	Total
	VND	VND	VND	VND	VND	VND
Historical cost						
As at 1 January 2017	1,805,273,608,252	7,042,719,819,625	218,141,785,567	112,084,958,203	8,383,848,313	9,186,604,019,960
New purchases	4,548,097,756	71,996,396,522	24,193,591,275	11,288,893,960	630,149,780	112,657,129,293
Transfer from work in progress (Note 15)	39,236,356,628	29,688,194,669	-	346,958,252	-	69,271,509,549
Other increases/(decreases)	16,336,934	89,105,947	-	(25,052,500)	(97,952,381)	(17,562,000)
Transfer to investment properties (Note 14(a))	(12,350,992,823)	-	-	-	-	(12,350,992,823)
Disposals	(161,033,340)	(7,155,864,251)	(4,963,440,383)	(47,405,682)	-	(12,327,743,656)
As at 3 December 2017	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
Accumulated depreciation						
As at 1 January 2017	676,443,366,523	3,796,470,456,027	145,505,621,104	76,668,570,581	2,661,756,282	4,697,749,770,517
Charge for the year	100,623,794,384	476,692,381,630	19,442,490,166	13,211,346,910	1,043,005,394	611,013,018,484
Other increase	2,254,305,663	-	-	-	-	2,254,305,663
Transfer to investment properties (Note 14(a))	(358,208,399)	-	-	-	-	(358,208,399)
Disposals	(161,033,340)	(6,398,008,737)	(4,963,440,383)	(47,405,682)	-	(11,569,888,142)
As at 3 December 2017	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
Net book value						
As at 1 January 2017	1,128,830,241,729	3,246,249,363,598	72,636,164,463	35,416,387,622	5,722,092,031	4,488,854,249,443
As at 3 December 2017	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

Historial cost of tangible fixed assets that the Group has leased to its associates to earn rental income as at 31 December 2017 was VND124,633,470,071 (as at 31 December 2016: VND124,633,470,071) (Note 41(a)).

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND1,279,125,997,536 (as at 31 December 2016: VND1,175,181,664,704).

(b)Intangible fixed assets

	Land use rights (*)	Softwares	Others	Total
	VND	VND	VND	VND
Historical cost				
As at 1 January 2017	1,036,650,762,548	62,091,890,585	247,447,482	1,098,990,100,615
New purchase	-	1,761,200,000	-	1,761,200,000
Disposals	(12,435,495,404)	-	-	(12,435,495,404)
As at 3 December 2017	1,024,215,267,144	63,853,090,585	247,447,482	1,088,315,805,211
Accumulated amortisation				
As at 1 January 2017	64,811,870,903	49,035,179,767	107,131,601	113,954,182,271
Charge for the year	7,087,713,000	5,883,218,003	46,945,209	13,017,876,212
Disposals	(2,009,371,744)	-	-	(2,009,371,744)
As at 3 December 2017	69,890,212,159	54,918,397,770	154,076,810	124,962,686,739
Net book value				
As at 1 January 2017	971,838,891,645	13,056,710,818	140,315,881	985,035,918,344
As at 3 December 2017	954,325,054,985	8,934,692,815	93,370,672	963,353,118,472

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND45,268,729,863 (as at 31 December 2016: VND42,005,258,076).

(*) Land use rights included the value of land use rights that the Company has recorded at the estimated value into the increase in value of the Company on the equisitation date at “Intangible fixed assets” account and the corresponding “Other short-term payables” account with the amount of VND735,379,872,700 as stated in the Minutes of Corporate Valuation as at 31 December 2007 and the Equitisation Finalisation Minutes as at 30 April 2008 dated 6 March 2010 issued by the Equitisation Finalisation Committee consisting of representatives of the Ministry of Industry and Trade and the Ministry of Finance (Note 21a)).

The Ministry of Industry and Trade has allowed the Company 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 this 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 Company. They are temporary land use rights with restrictions on ownership and are not permitted for sale, sublease and mortgage.

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13 FIXED ASSETS (continued)

(b) Intangible fixed assets (continued)

Details of land use rights recorded at the estimated increased value on 6 March 2010 are as follow:

No.	Location	Square m ²	Revalued amount in connection with equitisation VND
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
			735,379,872,700

The Company had not amortised the above land use rights because their costs and useful lives have not been reliably measured at the consolidated balance sheet date. However, the Company has recorded land rental expenses of VND22,198,354,050 during the year (year 2016: VND20,718,137,655) in accordance with land tax payment notices of local tax authorities.

14 INVESTMENT PROPERTIES

	2017 VND	2016 VND
		(Restated – Note 44)
Investment properties for lease	35,896,864,916	25,226,637,445
Investment properties held-for-price appreciation	31,760,909,657	31,760,909,657
	67,657,774,573	56,987,547,102

(a) Investment properties for lease

	Land use rights VND	Buildings VND	Total VND
Historical cost			
As at 1 January 2017	27,812,438,744	8,650,204,623	36,462,643,367
Transfer from tangible fixed assets (Note 13(a))	12,350,992,823	-	12,350,992,823
As at 31 December 2017	40,163,431,567	8,650,204,623	48,813,636,190
Accumulated depreciation			
As at 1 January 2017	6,095,034,877	5,140,971,045	11,236,005,922
Charge for the year	962,826,635	359,730,318	1,322,556,953
Transfer from tangible fixed assets (Note 13(a))	-	358,208,399	358,208,399
As at 31 December 2017	7,057,861,512	5,858,909,762	12,916,771,274
Net book value			
As at 1 January 2017	21,717,403,867	3,509,233,578	25,226,637,445
As at 31 December 2017	33,105,570,055	2,791,294,861	35,896,864,916

(b) Investment properties held-for-price appreciation

	Land use rights VND
Historical cost	
As at 1 January 2017 and as at 31 December 2017	34,911,821,575
Accumulated amortisation	
As at 1 January 2017 and as at 31 December 2017	3,150,911,918
Net book value	
As at 1 January 2017 and as at 31 December 2017	31,760,909,657

As at 31 December 2017 and as at 31 December 2016, the fair value of investment properties held-for-price appreciation has not been determined officially. However, the Board of Directors is in the opinion that the fair value of investment properties held-for-price appreciation is higher than the net book value of these properties as at 31 December 2017.

15 CONSTRUCTION IN PROGRESS

	2017 VND	2016 VND
Opening balance	76,866,965,060	80,875,751,437
New purchases	113,579,605,550	153,943,861,597
Transfers to tangible fixed assets (Note 13(a))	(69,271,509,549)	(157,952,647,974)
Other decreases	(5,621,092,203)	-
Closing balance	111,505,655,106	76,866,965,060

Details of construction in progress by nature are as follows:

	2017 VND	2016 VND
Contruction in progress	110,692,262,407	18,305,712,377
New purchase of fixed assets	551,211,429	24,847,827,912
Repair and maintenance of fixed assets	262,181,270	33,713,424,771
	111,505,655,106	76,866,965,060

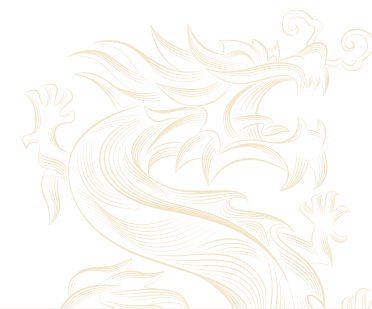
Details of material projects are as follows:

	2017 VND	2016 VND
Project to upgrade the warehouse and to invest in the brewery system at Saigon - Nguyen Chi Thanh Beer Factory	56,970,919,540	16,985,510,914
Project to improve beer quality	24,706,900,911	21,106,276,868
Production line of premium beer project at Saigon -Cu Chi Beer Factory	-	5,795,957,288
Meeting and wedding center at Nha Trang City	-	2,485,484,179
Others	29,827,834,655	30,493,735,811
	111,505,655,106	76,866,965,060

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16 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authorities. The offset amounts were as follows:

	2017	2016
	VND	VND
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	5,080,932,000	12,644,500,066
Deferred income tax assets to be recovered within 12 months	131,741,483,511	108,660,149,303
	136,822,415,511	121,304,649,369
Deferred income tax liabilities:		
Deferred income tax liabilities to be paid within 12 months	17,217,198,238	13,747,487,771

The movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, during the year were as follows:

	2017	2016
	VND	VND
Deferred income tax assets	121,304,649,369	921,325,127,652
Deferred income tax liabilities	(13,747,487,771)	(15,183,406,087)
Opening balance	107,557,161,598	906,141,721,565
Credited to the income statement (Note 38)	12,048,055,675	(798,584,559,967)
Closing balance	119,605,217,273	107,535,141,598
In which:		
Deferred income tax assets	136,822,415,511	121,304,649,369
Deferred income tax liabilities	(17,217,198,238)	(13,747,487,771)

Deferred income tax mainly arises from the allocation of business advantage, unrealized intra-group profit, provisions and tax losses to be carried forward to offset against future taxable income.

17 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2017	2016
	VND	VND
Third parties		
SABECO Song Lam Packaging Joint Stock Company	108,900,145,517	137,409,303,068
Asia Packaging Industries (Vietnam) Limited Company	129,259,408,422	71,121,875,267
Hanaka Group Joint Stock Company	78,791,183,694	51,080,263,953
Thai Tan Trade and Transportation Limited Company	58,746,716,645	67,784,461,002
Others	722,924,236,361	681,747,609,619
Related parties (Note 41(b))	921,777,971,845	1,007,018,530,668
	2,020,399,662,484	2,016,162,043,577

As at 31 December 2017, the Group has payables that are past due of VND6,585,825,917 (as at 31 December 2016: VND6,585,825,917), which were overdue before the equitisation.

18 SHORT-TERM ADVANCES FROM CUSTOMERS

	2017	2016
	VND	VND
Third parties (*)	87,930,849,616	490,164,100,893
Related parties (Note 41(b))	1,319,999,354	131,551,956
	89,250,848,970	490,295,652,849

(*) Short-term advances from third party customers mainly represent the amount received from customers at ten trading companies of the Group.

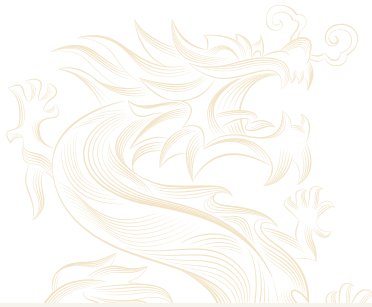
19 TAX AND OTHER PAYABLES TO THE STATE BUDGET

	2017	2016
	VND	VND
		(Restated – Note 44)
Special sales tax	662,818,389,348	566,126,076,445
Personal income tax	404,303,468,506	221,199,924,457
Value added tax	86,312,950,068	156,011,523,718
Personal income tax	53,987,623,398	20,085,738,933
Other taxes	2,334,633,127	7,711,320,370
	1,209,757,064,447	971,134,583,923

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19 TAX AND OTHER PAYABLES TO THE STATE BUDGET (continued)

Movements in tax and other payables to the State Budget during the year were as follows:

	As at 1.1.2017	Incurred during the year	Paid during the year	Net-off/other decrease during the year	As at 31.12.2017
	VND (Restated - Note 44)	VND	VND	VND	VND
Payables					
Value added tax	156,011,523,718	12,065,636,883,692	(1,625,829,800,150)	(10,509,505,657,192)	86,312,950,068
Special sales tax	566,126,076,445	6,771,375,254,626	(6,674,682,941,723)	-	662,818,389,348
Personal income tax	20,085,738,933	191,192,264,339	(157,290,379,874)	-	53,987,623,398
Corporate income tax	221,199,924,457	1,140,540,458,945	(294,736,168,316)	(662,700,746,580)	404,303,468,506
Other taxes	7,711,320,370	62,767,740,608	(68,144,427,851)	-	2,334,633,128
	971,134,583,923	20,231,512,602,210	(8,820,683,717,914)	(11,172,206,403,772)	1,209,757,064,447
Receivables					
Value added tax	133,125,768,230	10,488,572,175,522	-	(10,509,505,657,192)	112,192,286,560
Overpaid bussiness income tax	664,808,325,180	-	-	(662,700,746,580)	2,107,578,600
Other taxes	12,848,811,175	170,031,464	-	(12,165,552,461)	1,084,039,149
	810,782,904,585	10,488,742,206,986	-	(11,184,371,956,233)	115,153,155,338

20 SHORT-TERM ACCRUED EXPENSES

	2017	2016
	VND	VND
Advertising and promotion expenses	133,081,509,942	109,609,773,944
Transportation and loading costs	4,760,673,355	5,203,280,049
Purchase of fixed assets and construction in progress	7,992,180,846	6,150,864,833
Interest expenses	13,850,566,994	16,163,351,404
Purchase of raw materials	2,606,664,505	5,735,836,630
Damaged bottles and packaging	8,024,138,266	-
Warehouse rental expenses	799,744,000	903,935,413
Maintenance expenses	386,421,818	-
Others	25,024,053,522	82,810,795,110
	196,525,953,248	226,577,837,383

21 OTHER PAYABLES

(a) Other short-term payables

	2017	2016
	VND	VND (Restated – Note 40)
Dividend payable to shareholders of the Company (Note 27) (*)	1,443,498,507,825	207,879,301,875
Estimated land use rights payable to the State in connection with equitisation (**)	735,379,872,700	735,379,872,700
Deposits	187,756,893,824	242,200,647,385
Payables to Enterprise Restructure and Development Assistance Fund (***)	109,965,627,840	-
Dividend payable to the non-controlling interest shareholders	77,890,155,840	14,090,898,196
Social contribution fund	22,340,343,864	29,748,274,634
Payables to related parties (Note 41(b))	862,315,747	823,032,879
Advance from liquidation process of Saigon Securities Investment Fund A2 (****)	15,350,000,000	15,350,000,000
Others	37,136,966,411	24,931,773,453
	2,630,180,684,051	1,270,403,801,122

(*) As at 31 December 2017 and 31 December 2016, dividend payable included the amount payable to a related party as presented in Note 41(b).

(**) Estimated land use rights payable to the State in connection with equitisation was determined in March 2010 by the Equitisation Finalisation Committee consisting of representatives of the Ministry of Industry and Trade and the Ministry of Finance in accordance with the Equitisation Finalisation Minutes dated 6 March 2010 (Note 13(b)).

(***) As at 30 January 2018, the Company settled the amount to the Enterprise Restructure and Development Assistance Fund.

(****) Saigon Securities Investment Fund A2 (SFA2) is in liquidation process. In accordance with Resolution of General Shareholders Meeting 2011 dated 16 December 2011 of SFA2 and the meeting minute of the Board of Trustees of SFA2 No. 01/2012/SFA2-BDDQ dated 19 April 2012, SFA2 transferred VND15,350,000,000 from disposal of assets of this fund to the Company. Amount transferred from disposal of assets of this fund will be finalised and deducted to cost of investment upon completion of liquidation process. As at 31 December 2017, SFA2 has not yet completed its liquidation process.

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21 OTHER PAYABLES (continued)

(b) Long-term other payables

	2017	2016
	VND	VND
Deposits from customers	2,030,200,000	1,174,000,000
Land tax payables to the State	51,602,316,000	51,602,316,000
	53,632,516,000	52,776,316,000

22 BORROWINGS

Short-term borrowings

	2017	2016
	VND	VND
Borrowings from banks	720,042,938,660	1,030,103,966,113
Current portion of long-term borrowings (Note 22(b))	2,861,043,120	12,205,701,757
	722,903,981,780	1,042,309,667,870

	As at 1.1.2017	Increasing	During the year Current portion of long-term borrowings	Decreasing	As at 31.12.2017
	VND	VND	VND	VND	VND
Borrowings from banks (*)	1,030,103,966,113	3,541,517,218,824	-	(3,851,578,246,277)	720,042,938,660
Current portion of long-term borrowings	12,205,701,757	-	2,861,043,120	(12,205,701,757)	2,861,043,120
	1,042,309,667,870	3,541,517,218,824	2,861,043,120	(3,863,783,948,034)	722,903,981,780

(*) Details of short-term borrowings from banks are presented as follows:

	2017	2016
	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade	617,513,612,650	575,471,744,046
Vietnam International Commercial Joint Stock Bank	17,861,043,120	253,978,739,460
Military Commercial Joint Stock Bank	-	23,900,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	59,668,282,890	140,695,605,119
Vietnam Export - Import Commercial Joint Stock Bank	-	36,057,877,488
Vietnam Maritime Commercial Joint Stock Bank	25,000,000,000	-
	720,042,938,660	1,030,103,966,113

Short-term borrowings at banks are in VND with maturity of less than 1 year bearing interest rate ranging from 4.1% to 5.2% per annum. These borrowings are guaranteed by term deposits contracts at banks, inventories, trade accounts receivable and tangible fixed assets.

(b) Long-term borrowings

	2017	2016
	VND	VND
Borrowings from banks	4,802,672,954	176,617,987,315
Current portion of long-term borrowings (Note 22(a))	(2,861,043,120)	(12,205,701,757)
	1,941,629,834	164,412,285,558

Movements of long-term borrowings from banks during the year are as follow:

	During the year			
	As at 1.1.2017	Increase	Decrease	As at 31.12.2017
	VND	VND	VND	VND
Borrowings from banks (*)	164,412,285,558	(2,861,043,120)	(159,609,612,604)	1,941,629,834

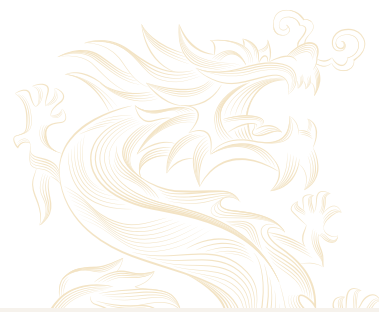
(*) Details of long-term borrowings at banks are presented as follows:

	2017	2016
	VND	VND
Vietnam International Commercial Joint Stock Bank	4,802,672,954	112,025,142,404
Vietnam Joint Stock Commercial Bank for Industry and Trade	-	61,210,000,000
Lien Viet Post Commercial Joint Stock Bank	-	3,382,844,911
	4,802,672,954	176,617,987,315

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23 BONUS AND WELFARE FUNDS

	2017	2016
	VND	VND
Opening balance	330,524,839,871	299,092,046,550
Appropriation from undistributed earnings (Note 25)	317,017,513,338	323,201,222,599
Adjustment of appropriation following approval of shareholders at the Annual General Meeting (Note 25)	76,784,024,196	12,439,543,832
Usage during the year	(427,583,646,445)	(304,207,973,110)
Closing balance	296,742,730,960	330,524,839,871

24 OWNERS' CAPITAL

(a) Number of shares

On 17 April 2008, the Company was equitised and issued 641,281,186 ordinary shares at par value of VND10,000. The State sold 66,762,052 shares to the public on that date. All shares have the same rights whether in regard to voting, dividends, return of capital and otherwise.

	2017	2016
	Ordinary shares	Ordinary shares
Number of shares registered	641,281,186	641,281,186
Number of shares issued	641,281,186	641,281,186
Number of existing shares in circulation	641,281,186	641,281,186

(b) Details of owners' shareholding

The structure of the Company's shareholders was as follows:

	2017		2016	
	Ordinary shares	%	Ordinary shares	%
The Ministry of Industry and Trade (*)	230,876,547	36	574,519,134	89.59
Vietnam Beverage Company Limited (*)	343,642,587	53.59	-	-
Other shareholders	66,762,052	10.41	66,762,052	10.41
	641,281,186	100	641,281,186	100

(*) According to Decision No. 1034/QĐ-BCT dated 9 November 2017 of the Ministry of Industry and Trade, during the year 2017, the Ministry of Industry and Trade divested the ownership at the Company. On 27 December 2017, the investor settled the amount of VND109,965,627,840,000 to obtain the ownership of 343,642,587 shares equivalent to 53.59% of share capital of the Company.

On 29 December 2017, Vietnam Beverage Company Limited, a company established in Vietnam, with the ownership of 343,642,587 shares equivalent to 53.59% of share capital of the Company, officially became the largest shareholder of the Company; and the Ministry of Industry and Trade now only owns 36.0024% of share capital of the Company.

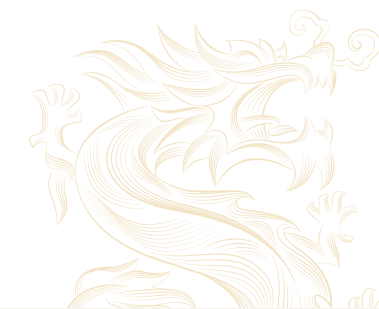
(c) Movement of share capital

	Number of share capital
At 1 January 2016	641,281,186
New shares issued	-
At 31 December 2016	641,281,186
New shares issued	-
At 31 December 2017	641,281,186

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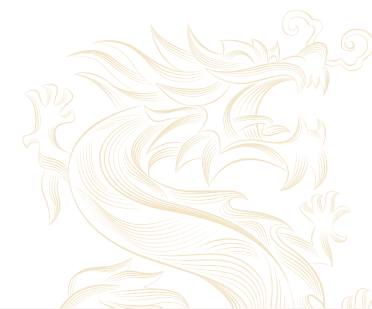
25 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital	Owners' other capital	Treasury shares	Foreign exchange differences		Investment and development fund	Other funds	Undistributed earnings	Total equity attributable to owners of the Company	Non- controlling interests	Total
	VND	VND	VND	VND		VND	VND	VND	VND	VND	VND
								(Restated – Note 44)			
As at 1 January 2016 (Restated – Note 44)	6,412,811,860,000	3,208,666,226	(25,550,000,000)	14,239,683,180		1,100,003,125,251	6,108,534,627	3,583,247,906,218	11,094,069,775,502	995,617,570,458	12,089,687,345,960
Profit for the year (Restated – Note 44)	-	-	-	-		-	-	4,338,773,356,882	4,338,773,356,882	178,570,083,758	4,517,343,440,640
Appropriation to funds	-	-	-	-		18,278,639,620	1,000,000,000	(19,278,639,620)	-	-	-
Sales of treasury shares	-	-	2,100,000,000	-		-	-	-	2,100,000,000	-	2,100,000,000
Foreign currency differences	-	-	-	2,766,916,899		-	-	-	2,766,916,899	-	2,766,916,899
Dividends paid (Note 27)	-	-	-	-		-	-	(3,846,349,230,840)	(3,846,349,230,840)	(97,479,390,440)	(3,943,828,621,280)
Appropriation to bonus and welfare fund (Note 23)	-	-	-	-		-	-	(297,100,139,757)	(297,100,139,757)	(26,101,082,842)	(323,201,222,599)
Adjustments of bonus and welfare fund (Note 23)	-	-	-	-		-	-	(10,616,440,498)	(10,616,440,498)	(1,823,103,334)	(12,439,543,832)
Appropriation to social contribution fund	-	-	-	-		-	-	(31,736,999,999)	(31,736,999,999)	(30,774,072)	(31,767,774,071)
Adjustments of social contribution fund	-	-	-	-		-	-	(2,262,000,000)	(2,262,000,000)	-	(2,262,000,000)
Other decreases	-	-	-	-		-	(1,067,797,588)	(1,035,282,458)	(2,103,080,046)	-	(2,103,080,046)
Changes in proportion of non-controlling interests	-	-	-	-		116,530,439	-	84,211,209	200,741,648	(598,831,647)	(398,089,999)
As at 31 December 2016 (Restated – Note 44)	6,412,811,860,000	3,208,666,226	(23,450,000,000)	17,006,600,079		1,118,398,295,310	6,040,737,039	3,713,726,741,137	11,247,742,899,791	1,048,154,471,881	12,295,897,371,672
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 funds	-	-	-	-		565,187,330	687,800,000	(1,252,987,330)	-	-	-
Sales of treasury shares	-	-	23,450,000,000	-		-	-	-	23,450,000,000	-	23,450,000,000
Foreign currency differences	-	-	-	2,107,171,896		-	-	-	2,107,171,896	-	2,107,171,896
Dividends paid (Note 27)	-	-	-	-		-	-	(2,244,484,151,000)	(2,244,484,151,000)	(239,876,818,585)	(2,484,360,969,585)
Appropriation to bonus and welfare fund (Note 23)	-	-	-	-		-	-	(277,761,723,609)	(277,761,723,609)	(39,255,789,729)	(317,017,513,338)
Adjustments of bonus and welfare fund (Note 23)	-	-	-	-		-	-	(72,078,210,228)	(72,078,210,228)	(4,705,813,968)	(76,784,024,196)
Appropriation to social contribution fund	-	-	-	-		-	-	(47,311,058,568)	(47,311,058,568)	-	(47,311,058,568)
Adjustments of social contribution fund	-	-	-	-		-	-	(10,892,000,000)	(10,892,000,000)	-	(10,892,000,000)
Other (decrease)/increase	-	-	-	-		-	(1,401,424,375)	52,472,083,591	51,070,659,216	34,987,070,710	86,057,729,926
Changes in proportion of non-controlling interests	-	-	-	-		-	-	-	-	743,075,277	743,075,277
As at 31 December 2017	6,412,811,860,000	3,208,666,226	-	19,113,771,975		1,118,963,482,640	5,327,112,664	5,823,903,898,574	13,383,328,792,079	1,037,160,242,869	14,420,489,034,948

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26 NON-CONTROLLING INTERESTS

	2017	2016
	VND	VND
Owners' capital	607,132,123,276	607,313,627,176
Share premium	5,350,004,931	5,350,004,931
Owners' other capital	2,948,820,296	2,948,820,295
Treasury shares	(506,764,236)	(497,854,236)
Investment and development funds	204,887,168,483	204,512,652,374
Other funds	7,734,726,350	5,077,271,969
Undistributed earnings	209,614,163,769	223,449,949,372
	1,037,160,242,869	1,048,154,471,881

27 DIVIDENDS

	2017	2016
	VND	VND
Opening balance	207,879,301,875	10,297,038,425
Dividend payable during the year (Note 25)	2,244,484,151,000	3,846,349,230,840
Payment in cash	(1,008,864,945,050)	(3,648,766,967,390)
Closing balance (Note 21a))	1,443,498,507,825	207,879,301,875

28 OFF BALANCE SHEET ITEMS

(a) Foreign currencies

	2017	2016
Foreign currencies:		
USD	2,757,372	762,958
Euro	12,397	65,014

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating leases were VND1,114,768,207,340 and VND1,368,122,525,081 for the year ended 31 December 2017 and 31 December 2016, respectively (Note 42(a)).

29 BASIC EARNINGS PER SHARE

(a) Earning per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the amount appropriated to bonus and welfare fund by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares:

	2017	2016
		(Restated – Note 44)
Net profit attributable to shareholders (VND)	4,711,485,204,581	4,338,773,356,882
Amount appropriated to bonus and welfare fund (VND) (*)	(277,761,723,609)	(369,178,349,985)
	4,433,723,480,972	3,969,595,006,897
Weighted average number of ordinary shares in issue (shares)	641,164,932	640,916,186
Basic earnings per share (VND)	6,915	6,194

(*) Amount appropriated to bonus and welfare fund estimated for the year ended 31 December 2017 is based on the budgeted amount appropriated from undistributed earnings planned for year 2017 which was approved in the Resolution of Annual General Meeting of the Group.

Amount appropriated to bonus and welfare fund for the year ended 31 December 2016 is adjusted based on the actual appropriation from undistributed earnings of previous years which was approved in the above Resolution. Accordingly, basic earnings per share for the year ended 31 December 2016 has been recalculated based on the adjusted amount appropriated to bonus and welfare fund (as previously reported: VND6,442/share).

(b) Diluted earnings per share

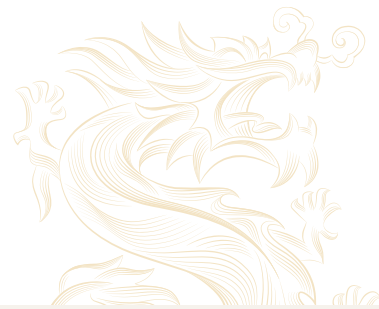
Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Company has no diluted earnings per share during the year and on the reporting date. Therefore, the diluted earnings per share is equal to the basic earnings per share.

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30 SALES

	2017	2016
	VND	VND
		(Restated – Note 44)
Gross sales		
Sales of beer	29,838,464,041,901	26,333,316,845,272
Raw materials	4,058,768,492,587	3,635,340,700,918
Sales of beverages	356,907,769,842	450,140,918,836
Sales of alcohol and wine	88,467,592,781	69,968,351,663
Others	95,563,151,481	113,679,499,867
	34,438,171,048,592	30,602,446,316,556
Sale deduction		
Trade discounts	(244,231,824,563)	(134,615,130,113)
Sales returns	(548,669,790)	(1,137,449,600)
	(244,780,494,353)	(135,752,579,713)
Net sales	34,193,390,554,239	30,466,693,736,843

31 COST OF SALES

	2017	2016
	VND	VND
Beer	21,180,245,329,075	18,468,615,975,505
Raw materials	3,801,459,739,918	3,467,732,511,424
Beverages	257,893,112,663	293,472,023,753
Alcohol and wine	87,810,235,302	67,592,108,571
Others	464,072,704	2,241,990,402
	25,327,872,489,662	22,299,654,609,655

32 FINANCIAL INCOME

	2017	2016
	VND	VND
Interest income from deposits at banks, lending	453,751,364,352	469,858,298,854
Gain from divestments	22,725,562,057	215,654,467,486
Dividend income	28,363,184,875	55,393,932,322
Realised foreign exchange gains	1,233,543,639	5,244,111,551
Others	33,975,631	4,890,259,776
	506,107,630,554	751,041,069,989

33 FINANCIAL EXPENSES

	2017	2016
	VND	VND
Interest expenses	42,111,534,689	82,182,081,908
Realised foreign exchange losses	2,869,281,870	1,409,348,052
Reversal of provision for diminution in value of investments	(74,325,545,861)	(15,274,107,480)
Net loss from foreign currency translation at year-end	105,642,811	1,405,639
Others	3,433,411,813	345,472,666
	(25,805,674,678)	68,664,200,785

34 SELLING EXPENSES

	2017	2016
	VND	VND
Advertising and promotion costs	1,221,293,670,173	1,299,656,777,159
Staff costs	675,630,943,373	585,136,328,177
Material costs	322,630,442,134	314,743,401,156
Rental expenses	127,579,848,648	149,388,381,079
Depreciation and amortisation expenses	23,318,760,712	24,623,933,631
Transportation expenses	127,175,923,147	114,414,212,333
Other expenses	313,482,286,313	183,943,317,236
	2,811,111,874,500	2,671,906,350,771

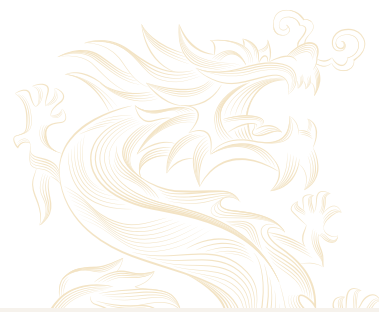
35 GENERAL AND ADMINISTRATION EXPENSES

	2017	2016
	VND	VND
		(Restated – Note 44)
Staff costs	415,949,482,135	355,127,609,643
Depreciation and amortisation expenses	40,776,445,925	32,059,090,031
Rental expenses	43,476,539,135	37,672,386,587
Material costs	12,990,107,606	12,349,220,976
Others	422,782,222,735	343,702,719,495
	935,974,797,536	780,911,026,732

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36 OTHER INCOME AND OTHER EXPENSES

	2017	2016
	VND	VND
Other income		
Scrap sales and compensations for broken bottles	79,231,349,400	68,391,050,691
Gain from fixed assets disposals	3,948,840,535	20,635,059,577
Goodwill	-	26,754,870,177
Others	22,959,273,282	22,833,349,499
	106,139,463,217	138,614,329,944
Other expenses		
Cost of scrap sales and compensations for broken bottles	(53,028,914,505)	(82,675,001,544)
Others	(38,237,525,742)	(30,844,218,506)
	(91,266,440,247)	(113,519,220,050)
Net other income	14,873,022,970	25,095,109,894

37 COST OF GOODS MANUFACTURED BY FACTOR

	2017	2016
	VND	VND
		(Restated – Note 44)
Raw materials	5,248,509,369,102	5,395,301,012,939
Labor cost	1,571,080,669,900	1,390,903,406,074
Depreciation and amortisation expenses	625,353,451,649	632,464,161,880
Outside service expenses	2,543,568,917,242	2,331,825,527,941
Others	500,989,752,000	363,504,938,887
	10,489,502,159,893	10,113,999,047,721

Cost of goods manufactured by factor represents the cost of manufacturing activities of the Group.

38 BUSINESS INCOME TAX

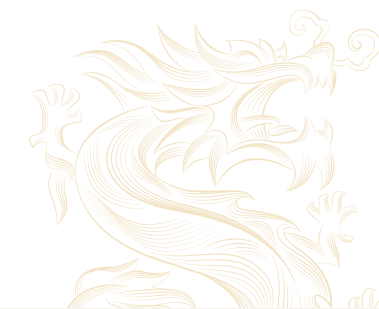
The business income tax (“BIT”) rates applicable to the Company and its subsidiaries within the Group are 20%.

The subsidiaries are entitled to BIT incentives, exemption and reduction based on the terms mentioned in Enterprise registration certificates, investment certificates and current BIT regulations.

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the current tax rate.

	2017	2016
	VND	VND
		(Restated – Note 44)
Net accounting profit before tax	6,077,091,655,134	5,727,343,407,406
Tax calculated at a rate of 20%	1,215,418,331,027	1,145,468,681,481
Effect of:		
Different tax rates applicable for the Company and subsidiaries within the Group	(16,414,547,642)	5,916,222,092
Income not subject to tax	(73,470,690,139)	(81,739,526,356)
Expenses not deductible for tax purposes	13,704,739,068	161,864,905,762
Impact of tax incentives	(14,137,538,269)	(23,543,784,256)
Utilisation of tax losses carried forward	-	(481,010,731)
Under-provision in previous years	2,925,904,804	960,284,243
Others	466,204,414	1,554,194,531
Business income tax charge (*)	1,128,492,403,270	1,209,999,966,766
(Credited)/charged to consolidated income statement:		
Business income tax – current	1,140,540,458,945	411,415,406,799
Business income tax – deferred (Note 16)	(12,048,055,675)	798,584,559,967
	1,128,492,403,270	1,209,999,966,766

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.



39 SEGMENT REPORTING

Business activity segments

	2017			
	Sales of finished goods	Sales of merchandises and raw materials	Others	Total
	VND	VND	VND	VND
Net revenue	30,043,508,607,902	4,058,768,492,587	91,113,453,750	34,193,390,554,239
Cost of sales	(21,525,948,677,040)	(3,801,459,739,918)	(464,072,704)	(25,327,872,489,662)
	8,517,559,930,862	257,308,752,669	90,649,381,046	8,865,518,064,577

	2016			
	Sales of finished goods	Sales of merchandises and raw materials	Others	Total
	VND	VND	VND	VND
Net revenue	26,717,673,536,058	3,635,340,700,918	113,679,499,867	30,466,693,736,843
Cost of sales	(18,829,680,107,829)	(3,467,732,511,424)	(2,241,990,402)	(22,299,654,609,655)
	7,887,993,428,229	167,608,189,494	111,437,509,465	8,167,039,127,188

40 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions affecting the consolidated statement of cash flows

	2017	2016
	VND	VND
Purchase fixed assets and other long-term assets but not yet paid	72,791,861,507	115,994,615,607

(b) Amount of loan withdrawn during the year

	2017	2016
	VND	VND
Proceeds from borrowings following normal borrowing contracts	3,500,552,247,054	3,880,680,269,651

(c) Amount of loan principle repaid during the year

	2017	2016
	VND	VND
Repayments for borrowings following normal borrowing contracts	3,982,428,588,868	4,336,074,219,633

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40 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(d) Money held by the Company but restricted to use

	2017	2016
	VND	VND
Cash held on behalf of the Ministry of Industry and Trade to settle costs relating to the divestment of the Ministry of Industry and Trade (Note 3)	115,117,546,210	-

(e) Cash received from share transfer collected on behalf of the Ministry of Industry and Trade

	2017	2016
	VND	VND
Cash received from share transfer from Vietnam Beverage Company Limited	109,965,627,840,000	-
Cash received from share transfer from other investor	640,000,000	-

(f) Payment received from share transfer collected on behalf of the Ministry of Industry and Trade

	2017	2016
	VND	VND
Cash transferred to the Enterprise Restructure and Development Assistance Fund relating to the share transfer	109,851,150,293,790	-

41 RELATED PARTY DISCLOSURES

Before 29 December 2017, the Company was controlled by the Ministry of Industry and Trade which owns more than 89% of the voting shares of the Company. Since 29 December 2017, the Company is controlled by Vietnam Beverage Company Limited which owns 53.59% voting shares of the Company. The ultimate parent company is Thai Beverage Public Company Limited, a company established in Thailand.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	2017	2016
	VND	VND
i) Sales of raw materials		
Associates		
Saigon - Phu Ly Beer Joint Stock Company	371,340,153,370	378,279,534,950
Saigon - Phu Tho Beer Joint Stock Company	352,585,150,375	140,229,677,833
Saigon - Tay Do Beer - Beverage Joint Stock Company	297,944,729,394	285,023,319,714
Malaya Vietnam Glass Limited Company	107,079,000	-
San Miguel Phu Tho Packaging Company Limited	1,287,936,000	298,144,919,288
Saigon - Binh Tay Beer Joint Stock Company	612,064,805,592	661,577,735,653
Saigon - Mien Trung Beer Joint Stock Company	410,463,186,342	111,863,060,890
Saigon - Bac Lieu Beer Joint Stock Company	101,472,242,985	107,968,370,275
Saigon - Ninh Thuan Beer Joint Stock Company	401,579,818,523	417,305,672,478
Saigon - Vinh Long Beer Joint Stock Company	270,582,272,060	265,027,999,771
Saigon - Kien Giang Beer Joint Stock Company	393,321,044,804	155,416,871,305
Saigon - Khanh Hoa Beer Joint Stock Company	408,627,837,332	-
Other related party		
Saigon Beer Packaging Joint Stock Company	4,168,790	-
	3,621,380,424,567	2,680,859,321,671
ii) Other revenue		
Associates		
Saigon - Mien Trung Beer Joint Stock Company	17,167,999	-
Saigon - Kien Giang Beer Joint Stock Company	15,000,000	-
Other related party		
Saigon Beer Transportation Joint Stock Company	-	100,617,176
	32,167,999	100,617,176
iii) Sales of acohol		
Associates		
Saigon - Binh Tay Beer Joint Stock Company	13,081,553,660	-
iv) Other income		
Associates		
Saigon - Phu Ly Beer Joint Stock Company	147,112,500	-
Saigon - Phu Tho Beer Joint Stock Company	203,825,000	-
Saigon - Tay Do Beer - Beverage Joint Stock Company	864,512,510	-
Saigon - Binh Tay Beer Joint Stock Company	2,388,979,176	-
Saigon - Mien Trung Beer Joint Stock Company	2,632,422,269	-
Saigon - Bac Lieu Beer Joint Stock Company	3,468,279,757	-
Saigon - Vinh Long Beer Joint Stock Company	4,656,215,908	1,600,858,098
Saigon - Kien Giang Beer Joint Stock Company	1,622,951,580	-
Saigon - Khanh Hoa Beer Joint Stock Company	200,000,000	-
	16,184,298,700	1,600,858,098

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	2017	2016
	VND	VND
v) Dividend income		
<i>Associates</i>		
Saigon - Phu Ly Beer Joint Stock Company	12,230,750,000	4,892,300,000
Saigon - Phu Tho Beer Joint Stock Company	10,579,500,000	10,579,500,000
Công ty Cổ Phần Cơ khí và Xây lắp Công nghiệp	1,591,200,000	-
Saigon - Tay Do Beer - Beverage Joint Stock Company	6,983,307,000	6,692,500,000
Me Linh Centre Company Limited	26,431,342,966	-
Crown Saigon Limited	146,158,925,378	64,947,951,667
San Miguel Phu Tho Packaging Company Limited	7,962,500,000	3,893,750,000
Saigon - Binh Tay Beer Joint Stock Company	31,831,553,660	12,540,300,000
Saigon - Mien Trung Beer Joint Stock Company	24,043,407,500	15,487,500,800
Saigon - Bac Lieu Beer Joint Stock Company	8,408,400,000	5,005,000,000
Saigon - Ninh Thuan Beer Joint Stock Company	4,950,000,000	1,980,000,000
Saigon - Vinh Long Beer Joint Stock Company	7,500,000,000	3,000,000,000
Saigon - Kien Giang Beer Joint Stock Company	4,300,000,000	5,000,000,000
<i>Other related party</i>		
Saigon Beer Transportation Joint Stock Company	7,000,000,000	8,000,000,000
	299,970,886,504	142,018,802,467
vi) Purchases of merchandises and raw materials		
<i>Associates</i>		
Saigon - Phu Ly Beer Joint Stock Company	981,122,936,950	949,900,735,220
Saigon - Phu Tho Beer Joint Stock Company	942,437,850,200	786,467,044,879
Saigon - Tay Do Beer - Beverage Joint Stock Company	888,092,819,660	878,149,676,756
Crown Saigon Limited	1,759,433,695,486	1,412,992,733,830
Malaya Vietnam Glass Limited Company	198,239,602,180	180,906,456,360
San Miguel Phu Tho Packaging Company Limited	160,605,672,400	162,247,328,000
Saigon - Binh Tay Beer Joint Stock Company	2,157,066,418,550	2,275,264,260,690
Saigon - Mien Trung Beer Joint Stock Company	1,498,068,655,780	636,327,969,388
Saigon - Bac Lieu Beer Joint Stock Company	586,428,120,500	624,941,031,340
Saigon - Ninh Thuan Beer Joint Stock Company	1,071,582,114,019	1,065,835,361,517
Saigon - Vinh Long Beer Joint Stock Company	1,099,241,068,520	1,004,725,847,050
Saigon - Kien Giang Beer Joint Stock Company	1,345,905,441,695	732,924,109,440
Saigon - Khanh Hoa Beer Joint Stock Company	1,064,942,558,317	-
	13,753,166,954,257	10,710,682,554,470

	2017	2016
	VND	VND
vii) Purchase of transportation services		
<i>Other related party</i>		
Saigon Beer Transportation Joint Stock Company	1,775,280,631,715	1,666,176,445,857
viii) Historical cost of tangible assets, investment properties that are leased by associates		
Saigon - Bac Lieu Beer Joint Stock Company	63,606,926,486	63,606,926,486
Saigon - Vinh Long Beer Joint Stock Company	61,026,543,585	61,026,543,585
	124,633,470,071	124,633,470,071
ix) Investments in cash		
<i>Associates</i>		
Saigon - Ben Tre Beer Joint Stock Company	20,000,000,000	
Saigon - Lam Dong Beer Joint Stock Company	20,000,000,000	
Saigon - Kien Giang Beer Joint Stock Company	-	3,000,000,000
	40,000,000,000	3,000,000,000
x) Compensation of key management		
Gross salaries and other benefits	16,441,814,751	10,811,235,903

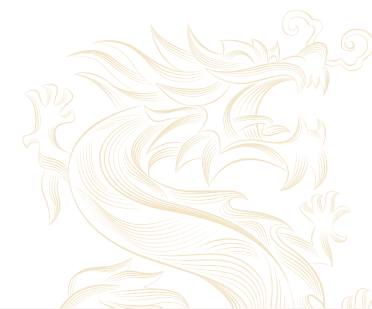
(b) Year end balances with related parties

	2017	2016
	VND	VND
Short-term trade accounts receivable (Note 5)		
<i>Associates</i>		
Truong Sa Food Joint Stock Company	2,319,240,000	-
Saigon - Phu Ly Beer Joint Stock Company	13,417,740,094	41,023,814,802
Saigon - Phu Tho Beer Joint Stock Company	5,648,817,406	36,840,775,892
Saigon - Tay Do Beer - Beverage Joint Stock Company	3,831,030,858	119,517,097,392
Malaya Vietnam Glass Limited Company	108,220,200	-
San Miguel Phu Tho Packaging Company Limited	185,116,800	107,008,000
Vietnam Spirits and Wine Company Limited	-	1,855,700,000
Saigon - Binh Tay Beer Trading Joint Stock Company	7,915,048,569	59,678,523,859
Saigon - Mien Trung Beer Trading Joint Stock Company	3,933,250,925	12,733,083,100
Saigon - Bac Lieu Beer Trading Joint Stock Company	617,388,182	7,283,525,880
Saigon - Ninh Thuan Beer Trading Joint Stock Company	2,589,344,877	33,177,905,304
Saigon - Vinh Long Beer Trading Joint Stock Company	4,450,827,166	36,297,384,678
Saigon - Kien Giang Beer Trading Joint Stock Company	12,046,298,380	28,820,242,068
Saigon - Khanh Hoa Beer Trading Joint Stock Company	3,653,742,102	28,347,828,030
<i>Other related party</i>		
Saigon Beer Transportation Joint Stock Company	17,949,417	-
	60,734,014,976	405,682,889,005

Notes to the consolidated financial statements

For the year ended 31 december 2017

Form B 09 - DN/HN



41 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties (continued)

	2017	2016
	VND	VND
Short-term prepayments to suppliers (Note 6)		
Related party		
Saigon Beer Transportation Joint Stock Company	1,659,200	1,659,200
Other short-term receivables (Note 7(a))		
<i>i) Receivables from land use right capital contribution from a related party</i>		
Associates		
Tan Thanh Investment Trading Joint Stock Company	277,230,733,543	277,230,733,543
<i>ii) Dividend receivables</i>		
Associates		
Saigon - Bac Lieu Beer Joint Stock Company	3,025,172,453	-
Saigon - Vinh Long Beer Joint Stock Company	734,911,676	325,000,000
Other related party		
Saigon Beer Transportation Joint Stock Company	8,289,369	162,062,575
	3,768,373,498	487,062,575
<i>iii) Other short-term receivables</i>		
Associates		
Saigon - Vinh Long Beer Joint Stock Company	691,210,488	10,675,771,029
Saigon - Khanh Hoa Beer Joint Stock Company	89,868,378	83,916,000
Saigon - Vinh Long Beer Joint Stock Company	-	930,696,260
Saigon - Tay Do Beer Beverage Joint Stock Company	-	496,718,521
Saigon - Mien Trung Beer Joint Stock Company	-	1,114,686,039
Other related party		
Saigon Beer Transportation Joint Stock Company	-	348,526,333
	781,078,866	13,632,314,182
Short-term trade account payables (Note 17)		
Associates		
SABECO Food Joint Stock Company	664,446,000	769,765,500
Saigon - Phu Ly Beer Joint Stock Company	19,571,068,000	45,929,503,334
Saigon - Phu Tho Beer Joint Stock Company	24,891,438,000	16,276,994,800
Saigon - Tay Do Beer - Beverage Joint Stock Company	26,368,874,356	109,676,927,840
Crown Saigon Company Limited	262,095,508,855	236,759,057,331
Malaya Vietnam Glass Limited Company	40,077,461,556	23,422,863,420
San Miguel Phu Tho Packaging Company Limited	21,639,640,000	15,290,440,000
Saigon - Binh Tay Beer Joint Stock Company	56,286,113,565	134,379,078,637
Saigon - Mien Trung Beer Joint Stock Company	32,647,521,270	36,631,119,635
Saigon - Bac Lieu Beer Joint Stock Company	18,116,463,860	10,899,273,770
Saigon - Ninh Thuan Beer Joint Stock Company	29,045,628,311	19,889,645,500
Saigon - Vinh Long Beer Joint Stock Company	8,908,347,338	10,055,674,640
Saigon - Kien Giang Beer Joint Stock Company	31,049,297,290	25,921,757,290

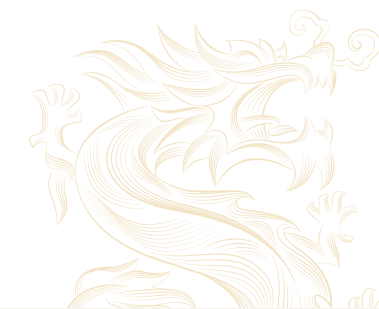
	2017	2016
	VND	VND
Saigon - Khanh Hoa Beer Joint Stock Company	10,606,197,800	22,027,600,100
Related party		
Saigon Beer Transportation Joint Stock Company	339,809,965,644	299,088,828,871
	921,777,971,845	1,007,018,530,668
Shor-term advances from customers		
Associates		
Saigon - Mien Trung Beer Joint Stock Company	633,089,405	73,831,956
Saigon - Bac Lieu Beer Joint Stock Company	686,909,949	-
Saigon - Vinh Long Beer Joint Stock Company	-	57,720,000
	1,319,999,354	131,551,956
Other short-term payables (Note 21(a))		
<i>i) Dividend payables</i>		
Parent company		
Vietnam Beverage Company Limited	1,202,749,054,500	-
<i>ii) Other payables</i>		
Associates		
Thanh Nam Consulting and Transferring Technology Joint Stock Company	340,000,000	340,000,000
Me Linh Center Company Limited	39,282,868	
Saigon - Binh Tay Beer Joint Stock Company	287,780,949	287,780,949
Other related party		
Saigon Beer Transportation Joint Stock Company	195,251,930	195,251,930
	862,315,747	823,032,879

42 COMMITMENTS

(a) Commiments under operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	Office and land lease	
	2017	2016
	VND	VND
Within one year	166,960,962,117	209,349,783,071
Between one and five years	424,934,364,668	540,541,563,562
Over five years	522,872,880,555	618,231,178,448
	1,114,768,207,340	1,368,122,525,081



42 COMMITMENTS (continued)

(b) Capital commitments

Capital expenditure contracted for at the consolidated balance sheet date but not recognised in the consolidated financial statements is as follows:

	2017	2016
	VND	VND
Property, plant and equipment	41,655,955,772	70,433,335,200

43 CONTINGENT LIABILITIES

According to Notice No. 155/KTNN-TH dated 8 February 2018 of the State Audit in relation to the audit results of the financial statements for the year ended 31 December 2016 and activities relating to the management and the usage of the capital and assets of the State in 2016 of the Company and its subsidiaries, the State Audit requested the Company to make dividend payment for the undistributed post-tax profits up to 2016 (after the State Audit's adjustments) to the Ministry of Industry and Trade at the ownership of 89.59% with the amount of VND2,495 billion and to non-controlling interest shareholders at the ownership of 10.41% with the amount of VND289 billion.

According to Decision No. 1034/QĐ-BCT dated 9 November 2017 of the Ministry of Industry and Trade, during the year 2017, the Ministry of Industry and Trade divested the ownership at the Company. On 27 December 2017, the investor settled the amount of VND109,965,627,840,000, to obtain the ownership of 343,642,587 shares equivalent to 53.59% of share capital of the Company. On 29 December 2017, Vietnam Beverage Company Limited, a company established in Vietnam, with the ownership of 343,642,587 shares equivalent to 53.59% of share capital of the Company, officially became the largest shareholder of the Company; and the Ministry of Industry and Trade now only owns 36.0024% of share capital of the Company.

According to Article 135 of Corporate Law No. 68/2014/QH13 dated 26 November 2014 ("Corporate Law"), the Annual General Meeting has the highest authority in a joint stock company and has the power to decide the annual dividend payout ratio for each kind of share.

Accordingly, the Board of Directors of the Company is of the view that the dividend payout ratio to the Ministry of Industry and Trade and to the non-controlling interest shareholders has not yet been approved at the Annual General Meeting. Therefore, the Company did not have sufficient basis on which to recognise these dividend payables. As a result, the Company only disclosed the matter as contingent liability on the consolidated financial statements. As at the date of the consolidated financial statements, the Company is still in the process to seek guidance from relevant authorities about this matter.

44 RESTATEMENTS AND COMPARATIVE FIGURES

Based on the Notice No. 155/KTNN-TH dated 8 February 2018 of the State Audit in relation to the audit results of the financial statements for the year ended 31 December 2016 and activities relating to the management and the usage of the capital and assets of the State in 2016 of the Company and its subsidiaries, the Board of Directors decided to restate certain items on the consolidated financial statements for the financial year ended 31 December 2016.

Additionally, certain comparative figures have been reclassified to conform to the current year's presentation following guidances of Circular No.200/2014/TT-BTC ("Circular 200") dated 24 December 2014 issued by the Ministry of Finance.

a) The impact of the reclassifications and restatements on the consolidated balance sheet as at 31 December 2016 is as follows:

Code	Items	As previously reported	Reclassified	Restated	As restated
		VND	VND	VND	VND
100	CURRENT ASSETS	10,714,345,997,642	8,144,087,115	(19,897,282)	10,722,470,187,475
130	Short-term receivables	1,090,133,038,030	-	351,086,615	1,090,484,124,645
136	Other short-term receivables	401,803,944,623	-	351,086,615	402,155,031,238
140	Inventories	2,126,217,402,717	8,144,087,115	-	2,134,361,489,832
149	Provision for decline in value of inventories	(44,827,866,537)	8,144,087,115	-	(36,683,779,422)
150	Other short-term assets	878,848,938,176	-	(370,983,897)	878,477,954,279
152	Value Added Tax to be reclaimed	133,496,752,127	-	(370,983,897)	133,125,768,230
200	NON CURRENT ASSETS	8,478,519,181,688	(8,144,087,115)	1,902,427,454	8,472,277,522,027
210	Short-term receivables	38,348,696,296	(20,868,879,905)	-	17,479,816,391
219	Provision for doubtful debts long-term	(17,472,127,344)	(20,868,879,905)	-	(38,341,007,249)
220	Fixed assets	5,462,593,961,444	9,493,862,491	1,802,343,852	5,473,890,167,787
221	Tangible fixed assets	4,478,036,884,064	9,493,862,491	1,323,502,888	4,488,854,249,443
222	Historical cost	9,163,284,050,415	23,319,969,545	-	9,186,604,019,960
223	Accumulated depreciation	(4,685,247,166,351)	(13,826,107,054)	1,323,502,888	(4,697,749,770,517)
227	Intangible fixed assets	984,557,077,380	-	478,840,964	985,035,918,344
228	Historical cost	1,098,567,100,615	-	423,000,000	1,098,990,100,615
229	Accumulated amortisation	(114,010,023,235)	-	55,840,964	(113,954,182,271)
230	Investment properties	66,481,409,593	(9,493,862,491)	-	56,987,547,102
231	Historical cost	94,694,434,487	(23,319,969,545)	-	71,374,464,942
232	Accumulated depreciation	(28,213,024,894)	13,826,107,054	-	(14,386,917,840)
240	Long-term assets in progress	76,788,901,460	-	78,063,600	76,866,965,060
242	Construction in progress	76,788,901,460	-	78,063,600	76,866,965,060
250	Long-term investments	1,938,640,880,750	20,868,879,905	-	1,959,509,760,655
254	Provision for long-term investments	(447,509,484,884)	20,868,879,905	-	(426,640,604,979)
260	Other long-term assets	895,665,332,145	(8,144,087,115)	22,020,002	887,543,265,032
262	Deferred income tax assets	121,282,629,367	-	22,020,002	121,304,649,369
263	Long-term substituted equipment, supplies and spare parts	18,027,097,333	(8,144,087,115)	-	9,883,010,218
270	TOTAL ASSETS	19,192,865,179,330	-	1,882,530,172	19,194,747,709,502

44 RESTATEMENTS AND COMPARATIVE FIGURES (continued)

a) The impact of the reclassifications and restatements on the consolidated balance sheet as at 31 December 2016 is as follows (continued):

Code	Items	As previously reported VND	Reclassified VND	Restated VND	As restated VND
300	LIABILITIES	6,759,685,108,734	-	VND	
310	Short-term liabilities	6,473,888,596,700	-	139,127,829,096	6,898,812,937,830
311	Short-term trade accounts payable	1,876,185,779,562	144,057,086,869	139,127,829,096	6,613,016,425,796
313	Tax and other payables to the State Budget (*)	803,768,788,712	-	(4,080,822,854)	2,016,162,043,577
314	Payable to employees	265,148,741,919	-	167,365,795,211	971,134,583,923
315	Short-term accrued expenses	375,961,711,691	(144,057,086,869)	(340,742,718)	264,807,999,201
319	Other short-term payables	1,288,893,414,226	-	(5,326,787,439)	226,577,837,383
400	OWNERS' EQUITY	12,433,180,070,596	-	(18,489,613,104)	1,270,403,801,122
410	Capital and reserves	12,433,142,670,596	-	(137,245,298,924)	12,295,934,771,672
421	Undistributed earnings	3,852,925,251,055	-	(137,245,298,924)	12,295,897,371,672
421a	- Undistributed post-tax profits of previous years	2,229,887,250,407	(593,029,168,372)	(139,198,509,918)	3,713,726,741,137
421b	- Post-tax profit of current year	1,623,038,000,648	593,029,168,372	-	1,636,858,082,035
429	Non-controlling interest	1,046,201,260,887	-	(139,198,509,918)	2,076,868,659,102
440	TOTAL RESOURCES	19,192,865,179,330	-	1,953,210,994	1,048,154,471,881
				1,882,530,172	19,194,747,709,502

(*) The adjustment of VND167,365,795,211 mainly included the additional business income tax that the Company is required to pay. In the view of the State Audit, the additional special income tax ("SST") that the Company had paid for its subsidiaries and associates for the years from 2007 – 2009 was not deductible for business income tax calculation for 2016 because the Ministry of Finance instructed the Company to use the undistributed post-tax profits as of 2015 to make the payment to the State Budget for the additional SST of the years from 2007 - 2009. However, the Company treated the entire amount of additional SST of the years from 2007 – 2009 as deductible for business income tax of 2016.

Code	Items	As previously reported VND	Reclassified VND	Restated VND	As restated VND
01	Sales	30,603,273,412,475	-	(827,095,919)	30,602,446,316,556
02	Less sales	(34,595,644,700)	(101,156,935,013)	-	(135,752,579,713)
10	Net sales	30,568,677,767,775	(101,156,935,013)	(827,095,919)	30,466,693,736,843
11	Cost of sales	(22,301,142,642,021)	-	1,488,032,366	(22,299,654,609,655)
20	Gross profit	8,267,535,125,754	(101,156,935,013)	660,936,447	8,167,039,127,188
25	Selling expenses	(2,781,731,453,998)	101,156,935,013	8,668,168,214	(2,671,906,350,771)
26	General and administration expenses	(781,828,733,942)	-	917,707,210	(780,911,026,732)
30	Net operating profit	5,692,001,485,641	-	10,246,811,871	5,702,248,297,512
31	Other income	128,295,160,294	-	10,319,169,650	138,614,329,944
32	Other expense	(112,898,420,059)	-	(620,799,991)	(113,519,220,050)
40	Net other income	15,396,740,235	-	9,698,369,659	25,095,109,894
50	Net accounting profit before tax	5,707,398,225,876	-	19,945,181,530	5,727,343,407,406
51	Business income tax - current	(254,202,906,344)	-	(157,212,500,455)	(411,415,406,799)
52	Business income tax - deferred	(798,606,579,969)	-	22,020,002	(798,584,559,967)
60	Net profit after tax	4,654,588,739,563	-	(137,245,298,923)	4,517,343,440,640
In which:					
61	Profit after tax attributable to the Company	4,477,971,866,799	-	(139,198,509,917)	4,338,773,356,882
62	Profit after tax attributable to non- controlling interests	176,616,872,764	-	1,953,210,994	178,570,083,758

The impact of the restatement on the consolidated cash flows statement for the financial year ended 31 December 2016 is as follows:

Code	Items	As previously reported VND	Restated VND	As restated VND
CASH FLOWS FROM OPERATING ACTIVITIES				
1	Net accounting profit before tax	5,707,398,225,876	19,945,181,530	5,727,343,407,406
Adjustments for:				
02	Depreciation and amortisation	633,843,505,732	(1,379,343,852)	632,464,161,880
08	Operating profit before changes in working capital	5,362,990,363,421	18,565,837,678	5,381,556,201,099
09	Increase in receivables	(106,157,403,769)	19,897,282	(106,137,506,487)
11	Decrease in payables	(2,728,864,307,435)	(186,915,733,057)	(2,915,780,040,492)
17	Other payments on operating activities	(347,987,375,203)	43,779,402,093	(304,207,973,110)
20	Net cash inflows from operating activities	843,923,832,739	(124,550,596,004)	719,373,236,735
CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases of fixed assets and other long-term assets	(280,897,550,560)	124,550,596,004	(156,346,954,556)
30	Net cash outflows from investing activities	(1,128,007,854,530)	124,550,596,004	(1,003,457,258,526)
50	Net decrease in cash and cash equivalents	(4,491,141,016,519)	-	(4,491,141,016,519)

Apart from restatements of the consolidated financial statements for the year ending 31 December 2016 following the State Audit's result, the Group also restated disclosure for cost of goods manufactured by factor as follows:

	As previously reported	Restated	As restated
	VND	VND	VND
Raw material costs	19,389,038,176,140	(13,993,737,163,201)	5,395,301,012,939
Labour cost	1,440,162,367,017	(49,258,960,943)	1,390,903,406,074
Depreciation and amortisation expenses	633,843,505,732	(1,379,343,852)	632,464,161,880
Outside service expenses	2,294,642,444,456	37,183,083,485	2,331,825,527,941
Others	2,440,751,983,587	(2,077,247,044,700)	363,504,938,887
	26,198,438,476,932	(16,084,439,429,211)	10,113,999,047,721

According to Circular 200, for trading companies, disclosure for cost of goods manufactured by factor does not include mechandise costs. The Group has restated this disclosure for the year ended 31 December 2016 as required by Circular 200.

The consolidated financial statements were approved by the Board of Directors on 2 April 2017.



Hoang Thanh Van
Preparer



Nguyen Tien Dung
Chief Accountant



Nguyen Thanh Nam
General Director
2 April 2018.