



SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION

**MEETING MINUTES
ANNUAL GENERAL MEETING OF SHAREHOLDERS 2021**

Ho Chi Minh City, April 28, 2021

Name of company: Saigon Beer - Alcohol - Beverage Corporation (SABECO)

Address of Head Office: No. 187 Nguyen Chi Thanh, Ward 12, District 5, Ho Chi Minh City

Enterprise registration number: 0300583659

Time: April 28, 2021 at 8.30 a.m

Venue: Ballroom 2, Intercontinental Saigon Hotel, Corner Hai Ba Trung Street & Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam

PART I: INTRODUCTION ON OPENING CEREMONY

I. Participants:

1. The total number of shareholders and authorized representatives attended the Annual General Meeting of Shareholders (AGM) was 117 persons, represented 607,961,081 shares, equivalent to 94.8041% of voting shares.
2. Delegates and guests invited to the Annual General meeting:
 - The Board of Directors, due to Covid-19, Mr. Koh Poh Tiong – Chairman of the Board of Directors, Mr. Pramoad Phornprapha – Independent Director and Mr. Michael Chye Hin Fah – Board Member could not physically attend 2021 Annual General Meeting of Shareholders. They attend electronically via teleconference. Mr. Nguyen Tien Dung and Mr. Luong Thanh Hai – Board Members could not attend.
 - The Board of Management, SABECO's executives.
 - The Annual General meeting was honored to receive the following delegates:
 - + Representatives of Ministry of Industry and Trade.
 - + Representative of State Capital Investment Corporation (SCIC).
 - + Representatives of Audit Company.

II. Report on the results of shareholders' eligibility examination:

Shareholders' Eligibility Verification Committee:

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|-------------------------|--------------------------------|----------|
| - Mr. Duong Van Minh | - Director of Legal Department | - Head |
| - Mr. Tran Nguyen Trung | - Chief Accountant | - Member |
| - Mr. Nguyen Van Trung | - Shareholder of SABECO | - Member |

Mr. Duong Van Minh - Head of Shareholders' Eligibility Verification Committee reported the results of shareholders' eligibility verification:

Total number of invited shareholders: All shareholders in the list of shareholders as of March 29, 2021, represented 641,281,186 shares with voting rights of SABECO.

At 9 am, April 28, 2021 the total number of shareholders and authorized representatives was 97 persons, represented 600,418,104 shares, equivalent to 93.6279% of voting shares of SABECO. Thus, pursuant to SABECO's charter, constituted a quorum and the 2021 AGM was able to convene.

All shareholders and shareholders' representatives were eligible to attend the Annual General Meeting of Shareholders 2021.

III. Introduce Chairpersons, Secretaries and the Vote Counting Committee

List of Chairpersons of the Meeting:

Because the Chairman of the Board of Directors could not physically attend 2021 Annual General Meeting of Shareholders, the Board of Directors has approved to elect Ms. Tran Kim Nga – Board Member to be the Chairperson of 2021 AGM. List of Chairpersons of the Meeting as follows:

- Ms. Tran Kim Nga	- Member of the BOD	- Chairperson
- Mr. Nguyen Tien Vy	- Independent member of the BOD	- Member
- Mr. Neo Gim Siong Bennett	- General Director	- Member
- Mr. Teo Hong Keng	- Deputy General Director	- Member

AGM's Secretary:

In order to record the minutes and the resolution of the AGM, the Chairperson appointed the following as AGM secretaries:

- Mr. Trang Duc Thinh	- BOD Office
- Mr. Doan Ngoc Nam	- BOD Office

Vote Counting Committee:

- Mr. Duong Van Minh	- Director of Legal Department	- Head
- Mr. Tran Nguyen Trung	- Chief Accountant	- Member
- Mr. Nguyen Van Trung	- Shareholder of SABECO	- Member

The AGM approved the vote counting committee.

IV. Agenda and Regulations at AGM

1. The main contents of the agenda

Agenda 1:	Audited separate and consolidated financial statements for the fiscal year 2020
Agenda 2:	Report of the Board of Directors on 2020 performance and 2021 orientation
Agenda 3:	Activity report of the Audit Committee in 2020
Agenda 4:	Selection of the independent auditor for the fiscal year 2021 and Q1/2022
Agenda 5:	2020 profit distribution
Agenda 6:	2021 profit distribution plan

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- Agenda 7: Settlement of salary, remuneration, bonus in 2020 for the Board of Directors
- Agenda 8: Plan of salary, remuneration, bonus in 2021 for the Board of Directors
- Agenda 9: Related party transactions within SABECO's group
- Agenda 10: Amendments to the Charter
- Agenda 11: Amendments to the Internal Regulations on Corporate Governance
- Agenda 12: Operation Regulations of the Board of Directors
- Agenda 13: Dismissal of members of the Board of Directors
- Agenda 14: Election for additional members of the Board of Directors

The AGM approved the Agenda.

2. AGM Working Regulations

The AGM approved the Working regulations.

3. Regulations on nomination, self-nomination and election for additional members of the Board of Directors for the term 2018 - 2023

The AGM approved the regulations.

PART II: CONTENTS OF THE MEETING

I. Presentation of the reports and proposals

All agenda items to be voted on today have been posted on SABECO's website for the first time on April 07, 2021 and other updated documents which have been posted later on, are included in the set of documents provided to shareholders and authorized representatives attended AGM and are taken as read.

Mr. Neo Gim Siong Bennett, the General Director, presented 2020 performance and 2021 business plan.

II. Q&A

The Chairperson informed the AGM to start the Q&A session.

1. Question:

Could the Board please share about the performance of Q1 2021 in terms of revenue, product quantity, and profit?

Answer:

The Q1 2021 performance has not been officially announced so it would not be appropriate to mention here. We will, however, disclose 1Q21 business results in the next few days.

2. Question:

Since Bia Saigon Chill was launched in October 2020, how many percentages has Saigon Chill contributed to Q1 2021 revenue? How would you expect it to contribute to 2021 revenue?

Answer:

We do not share the performance breakdown by brands (SKUs) as this is competitive information. Having said that, we expect that Bia Saigon Chill will grow well in the coming years.

3. Question:

Please share about your CAPEX expansion plan for the Bia Saigon Quang Ngai brewery in terms of expenditure value, timeline, and financing sources.

Answer:

Quang Ngai is an important strategic brewery in our system. We cannot disclose the exact capacity, however, we can say that the capacity would be doubled through the expansion project. The cost of expansion was very economical as financing came from internal sources and borrowings. In summary, it was a very good and profitable expansion. The expansion was expected to be completed by the end of the year.

4. Question:

Please share more details about your business plan of 2021. Why would revenue increase by 20% while NPAT increases by only 7%? How would the Board expect the gross profit margin to be in 2021?

Answer:

Firstly, 2020 was the Covid year, so we had to postpone some expenses which we would spend in 2021. Secondly, we would increase our advertising and sales promotion in 2021 to gain market share. Lastly, the raw material prices have recently gone up, which explains why the revenue increases by 20% but NPAT increases by only 7%. The 2021 plan was prepared in January which was before the resurgence of Covid cases in the North, so the 20% revenue growth is not an easy target. Increasing raw material costs and intensifying competition would also affect some of our profit margin. However, we reiterated that 2021 profit would still be the second highest target in SABECO's history. For controllable items, we would continue to push including product mix, pricing, and efficiency. With ongoing projects of improving operational efficiency at SABECO, we will try to mitigate some of the cost impacts. In short, the 2021 target is not easy, but we would work relentlessly to achieve it

5. Question:

Please share more about your marketing plan in 2021. Please share the percentage contributed by modern trade to SABECO's revenue in 2020 and expectations in 2021?

Answer:

We could not reveal this confidential information because if we reveal it here, the competitors would know. In our presentation, we have already given out a lot of information which our competitors could see but we could not see what they are going to do.

6. Question:

SABECO has a huge cash balance so what would you do with the cash in the future?

Answer:

We would look at the optimal capital structure including cash management. We would continue to review that and update shareholders. It is subjected to the Board, and we would not discount the possibility of giving more dividend in the future.

7. Question:

Since the raw material prices have increased, could it impact the company's margins significantly?

Answer:

The cost of materials is a key component in the beer production. Raw materials include malt, hops, and packaging materials, such as cans, bottles, cartons. For some of the key materials, we have done some hedging which would help mitigate the cost impacts in 2021. However, the cost trend would depend on the global market supply and demand in the long term. We also improve the production efficiency, which would be led by Mr. Lam Du An, Deputy General Director of Production, to help improve all production efficiency and manage and control the cost.

8. Question:

Could SABECO share the reasons why net profit growth is much lower than revenue growth? What are the key drivers of profit margin in 2021? Does SABECO expect a higher selling price in 2021? Would the 20% revenue growth be due to the change of sales mix or pricing increases?

Answer:

We would like to emphasize that the gross margin is not low. There has been growth in gross margin in the past few years. In terms of revenue, if there are opportunities to increase prices, the we would do so. The other way to improve the revenue is the product mix which is to sell higher-priced products with higher margins.

9. Question:

SABECO does well with margins improvement by pursuing cost efficiencies. How would you expect margins to be over the next 1 to 2 years?

Answer:

Margin is the result of factors such as prices, raw materials, and some production costs. As mentioned before, on the revenue side, we would increase prices and improve the product mix. However, the raw materials are slightly hard to control. In terms of production and operating expenses, we would look into cost efficiencies. We will continue to pursue controllable items such as pricing, product mix, and efficiency. Therefore, we would pursue the gross margin improvement over the next few years.

10. Question:

SABECO has a strong and growing net cash position with good cash built up. Are there any plans to issue special dividends or increase the payout ratio?

Answer:

Regarding the strong growth of net cash position, we would evaluate and ensure not to discount the possibility of higher dividends in the future.

11. Question:

Would SABECO share the outlook of beer consumption in the remaining quarters? When does SABECO think the consumption would return to the pre-Covid level?

Answer:

Vietnam does not exist alone. Our fate is related to the rest of the world. For Vietnam alone, SABECO is able to do well and recover to pre-Covid conditions. However, SABECO depends on the outside world for the economy, including export products and tourist arrivals. Hopefully, the vaccination will be administrated quickly and effectively globally. In that case, SABECO could go back to the normal or near-normal level in the next 1 or 2 years. Moreover, it is important to be self-prepared for the Covid situation that might happen again. The company would adapt to any changes in consumption that might happen in the future.

12. Question:

Many companies in Vietnam issued ESOP to align interests of the Management and shareholders. Why does SABECO not carry out the ESOP plan up to now?

Answer:

It is one of the things we are considering. However, we think the more important thing at the moment is to get the salary structure right. The salary structure would impact the short term and medium term, while ESOP would impact the medium term to long term. SABECO has not completed the salary structure yet, which is our priority to finish in the next 1 or 2 years. In the meantime, SABECO would evaluate ESOP. With or without ESOP, we are trying to complete the salary restructuring to ensure that SABECO is competitive for retaining and attracting talents.

13. Question:

Has the competition softened after your competitors were investigated by the government?

Answer:

In terms of investigation on anti-competitive behaviors, the competitors have stopped doing it during the course of the investigation. The competitors have also tried other means of doing the same thing, but we think that they have stopped as well.

14. Question:

Can you share more about the A&P expenses trend?

Answer:

Regarding the advertising and promotion spend, competitors increased A&P spend by a lot and we have to respond. That is why we will invest more, and you can see our A&P percentage of revenue will go up. There are two points. One of them is that our A&P spend is still relatively healthy compared to a lot of international markets. Secondly, as mentioned, we are pursuing a lot of efficiency programs. Those cost savings could help plow back to finance a part of the A&P increase. This is what the company will do to help protect the margin.

15. Question:

SABECO stock price has underperformed in VN30 significantly since Jan 2020. The stock price is high in absolute term, yet liquidity is dry. Retail investors favor stock split, and they hold 80% liquidity. We suggest carrying out a stock split of 2:1 or 1:1 in 2021

Answer:

We think this is a good point, which we have been evaluating. For now, our priority is to keep business fundamentals right, especially during this challenging time. In short, we are evaluating it and will present it to the Board.

16. Question:

There were questions from Zing and Vietnam Investment Review.

Answer:

As this is AGM for shareholders and hence it would not be appropriate to answer such questions. We would answer these questions during the upcoming press conference.

17. Question:

Please share about your strategic plan in 2021.

Answer:

As Bennett already presented earlier, we would not answer it again.

18. Question:

The current stock price of SABECO is lower than the beginning price. What is your plan to increase the stock price of SABECO?

Answer:

First of all, the business has to do well, and of course, there must be liquidity. As mentioned before, our priority is doing the business well. In terms of liquidity, we are evaluating some options.

19. Question:

After ThaiBev became SABECO's shareholder, senior workers and employees of SABECO have left the company while salary and bonus were reduced. What is the solution to this?

Answer:

We had the highest total remuneration in 2019, so what was mentioned is not true. However, because of the new salary structure, some people get more while some people get less. In the past,

those who were in the same job grade got the same basic salary, same allowances and bonuses, regardless if they performed well or not. The second thing is the basic salary has been changed because of the new salary structure. The number of months for salary has decreased whereas the absolute amount of basic salary has been higher. It is essential to take all into consideration. Lastly, we would like to reiterate that the new salary structure has been performance-based. The better you perform, the more you get.

20. Question:

What is the estimated revenue of Q1/2021?

Answer:

As a listed company, we have to announce our performance to the Stock Exchange at the end of the quarter, which will be done in a few days.

21. Question:

How many months is SABECO currently storing raw materials used for production?

Answer:

It is important to ensure a sufficient amount of raw materials in the supply chain to fulfill all production requirements rather than a number of months. We work very closely with our suppliers to have a good balance between storage costs and a sufficient amount of raw materials for production. It is also about finished goods supplied to the market, not only raw materials. There is nothing to worry about, and we have even prepared for ample supply to the market during the Covid situation.

22. Question:

The Covid situation is quite complicated now as many cases were found in Cambodia, Laos, and Thailand, etc. Do you have any strategic plans to be proactive in case the situation occurs? If that situation occurs again in Vietnam, how can you achieve your business plan in 2021?

Answer:

As mentioned, some of our core strategies or tactics are market intelligence which cannot be announced here. Last year, we learned a lot about running the business under the Covid situation. We have some weaknesses which were addressed. One of our strengths is the network of 26 breweries. If anything happens to one of our breweries, we have 25 breweries for backup. Our competitors do not have such breweries network. Thanks to our investments in provincial breweries and trading companies, we have very good relationships with provincial authorities, which is also our advantage during the Covid situation. In short, we have learned from 2020, and we have prepared for any situations which may occur.

PART III: VOTING AND ELECTING**I Voting:**

Mr. Duong Van Minh – Head of Vote Counting Committee reported the voting results as follows:

1. Audited separate and consolidated financial statements for the fiscal year 2020

Approve	607,868,591 shares	99.9848%	of the voting rights attending at the AGM
Disapprove	0 shares	0.0000%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

2. Report of the Board of Directors on 2020 performance and 2021 orientation

Approve	607,868,591 shares	99.9848%	of the voting rights attending at the AGM
Disapprove	0 shares	0.0000%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

3. Activity report of the Audit Committee in 2020

Approve	607,868,591 shares	99.9848%	of the voting rights attending at the AGM
Disapprove	0 shares	0.0000%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

4. Selection of the independent auditor for the fiscal year 2021 and Q1/2022

Approve	606,648,321 shares	99.7841%	of the voting rights attending at the AGM
Disapprove	37,400 shares	0.0062%	of the voting rights attending at the AGM
Abstain	272,910 shares	0.0449%	of the voting rights attending at the AGM
Invalid	996,960 shares	0.1640%	of the voting rights attending at the AGM

5. 2020 profit distribution

Approve	607,867,691 shares	99.9846%	of the voting rights attending at the AGM
Disapprove	0 shares	0.0000%	of the voting rights attending at the AGM
Abstain	1,500 shares	0.0002%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

6. 2021 profit distribution plan

Approve	607,867,691 shares	99.9846%	of the voting rights attending at the AGM
Disapprove	0 shares	0.0000%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	87,300 shares	0.0143%	of the voting rights attending at the AGM

7. Settlement of salary, remuneration, bonus in 2020 for the Board of Directors

Approve	605,421,551 shares	99.5823%	of the voting rights attending at the AGM
Disapprove	1,344,030 shares	0.2211%	of the voting rights attending at the AGM
Abstain	1,103,610 shares	0.1815%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

8. Plan of salary, remuneration, bonus in 2021 for the Board of Directors

Approve	604,920,651 shares	99.4999%	of the voting rights attending at the AGM
Disapprove	1,844,030 shares	0.3033%	of the voting rights attending at the AGM
Abstain	1,104,510 shares	0.1817%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

9. Related party transactions within SABECO's group

Approve	606,061,961 shares	99.6876%	of the voting rights attending at the AGM
Disapprove	1,806,630 shares	0.2972%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

10. Amendments to the Charter

Approve	591,319,761 shares	97.2628%	of the voting rights attending at the AGM
Disapprove	16,361,210 shares	2.6912%	of the voting rights attending at the AGM
Abstain	188,220 shares	0.0310%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

11. Amendments to Internal Regulations on Corporate Governance

Approve	591,206,861 shares	97.2442%	of the voting rights attending at the AGM
Disapprove	16,337,100 shares	2.6872%	of the voting rights attending at the AGM
Abstain	188,220 shares	0.0310%	of the voting rights attending at the AGM
Invalid	223,410 shares	0.0367%	of the voting rights attending at the AGM

12. Operating Regulations of the Board of Directors

Approve	607,251,441 shares	99.8833%	of the voting rights attending at the AGM
Disapprove	617,150 shares	0.1015%	of the voting rights attending at the AGM
Abstain	600 shares	0.0001%	of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142%	of the voting rights attending at the AGM

13. Dismissal of position of members of the Board of Directors

Approve	606,435,341 shares	99.7490%	of the voting rights attending at the AGM
Disapprove	211,210 shares	0.0347%	of the voting rights attending at the AGM

Abstain	1,222,640 shares	0.2011% of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142% of the voting rights attending at the AGM

14. Election for additional members of the Board of Directors

Approve	605,502,971 shares	99.5957% of the voting rights attending at the AGM
Disapprove	136,370 shares	0.0224% of the voting rights attending at the AGM
Abstain	2,229,850 shares	0.3668% of the voting rights attending at the AGM
Invalid	86,400 shares	0.0142% of the voting rights attending at the AGM

⇒ As a result, all agenda items were approved by the General Meeting of Shareholders with the above approval rates.

II Election

Mr. Duong Van Minh – Head of Vote Counting Committee reported the electing results as follows:

No.	Name	Total shares of election	% elected of the total voting rights attending the AGM
1	Le Thanh Tuan	605,510,981	99.5970%
2	Ngo Minh Chau	605,504,751	99.5960%

⇒ List of elected candidates:

- Mr. Le Thanh Tuan
- Ms. Ngo Minh Chau

PART IV: NOTICE OF RESOLUTION AND MINUTES OF THE MEETING

Mr. Trang Duc Thinh presented the Minutes of the 2021 AGM.

The AGM approved the Minutes and the Resolution of the 2021 AGM with 100 % of votes.

This Minutes were made in two copies and were kept at SABECO's office.

The 2021 AGM ended at 12 p.m. the same day.

SECRETARIAT**ON BEHALF OF CHAIRPERSONS
CHAIRPERSON**

-signed-

-signed-

-signed-

Trang Duc Thinh

Doan Ngoc Nam

Tran Kim Nga