



To: Shareholders of SABECO

The Board of Directors ("BOD" or "the Board") of Saigon Beer - Alcohol - Beverage Corporation ("SABECO" or "Corporation") would like to report to the Annual General Meeting of Shareholders ("AGM") on 2022 performance and 2023 orientation.

## I. Assessment of 2022 Performance

### 1. Overview

2022 was a year full of challenges for both the world and the Vietnam economy.

#### Macroeconomics

- The World Economic Outlook report of the International Monetary Fund ("IMF") states that the world has been in a period of many fluctuations, and economic and geopolitical changes to affect the global outlook. Inflation has risen to its highest level in decades, forcing governments to tighten monetary policy, prompting households to squeeze the spending amid declining financial support related to the COVID-19 pandemic. Many low-income countries have been facing financial difficulties. Although the impact of the pandemic has diminished in most countries, the prolonged waves of the pandemic have continued to disrupt economic activities, especially in China.
- According to the World Bank ("WB"), the conflict in Ukraine has significantly disrupted trade and production of energy commodities, exacerbating the existing energy markets, particularly in Europe.

In 2022, the pandemic eased the impact on the supply and demand of goods globally. However, the war between Russia and Ukraine may be prolonged, exacerbating the supply-demand disruption and leading the cost-push inflation.

- According to the IMF, global growth in 2022 reached 3.2% (unchanged from the forecast for July 2022), 0.4 percentage points lower than the forecast given in April 2022. The commodity market has continued to fluctuate strongly. Brent crude oil prices fell mainly due to slowing global economic activities. Metal prices fell sharply due to decreased Chinese demand and weak global growth. Global food price inflation, in evidence in low-income countries, particularly grain prices, was due to the impact of the Ukraine conflict and export restrictions in some countries.
- The IMF also said that the global inflation partly rose due to rising food and energy prices. Inflation in 2022 was forecasted to increase by 6.6% in developed economies and 9.5% in emerging markets.
- The IMF concluded that world economic growth has been hindered by the following significant risks: **(1)** the conflict in Ukraine leading to rising energy prices; **(2)** remaining high inflation, thereby raising interest rates by central banks to control high inflation, rising food and energy prices, causing widespread hardship, hunger and instability; **(3)** tighter financial conditions, causing debt distress in emerging markets and developing economies; **(4)** China's continued slowdown in growth that would affect other economies; and **(5)** dividing the world economy into many other groups.

#### Vietnam Economy and the Beer Market

2022 was however a great year that brought challenges and opportunities for the market in the general beer industry.

- According to the World Bank, Vietnam's economy has been recovering as pandemic restrictions are eased. Vaccination campaigns have been widely deployed but faced domestic challenges and disadvantages from the global economic environment in the short and medium term.
- According to the General Statistics Office of Vietnam ("GSO"), the economic growth rate in Q4 2022 increased by 5.92% compared to the same period last year, higher than

the average rate of 4.7% and 5.17% of the same period in 2020 and 2021 respectively. This proved that production and business activities have been recovering strongly and gradually regaining growth momentum compared to the time before the COVID-19 pandemic, and also showed that the Government's socio-economic recovery and development policies have been effective. Accordingly, the economic growth rate in 2022 reached 8.02%.

- Vietnam is witnessing rapid changes in population and social structure. Its population is expected to grow to 110 million by 2050. Although strongly affected by the COVID-19 wave, the population structure of Vietnam still showed signs of growth. The population structure shifted positively, the population distribution was more reasonable, the population of working age increased rapidly, and the population's quality was improved. According to GSO's latest data, Vietnam's population will reach more than 99.3 million in 2022.
- Vietnam's economy has shown good growth with increasing Gross Domestic Product ("GDP"), rising per capita income, and urbanization. The population is also growing and amongst the youngest in the region. These factors will drive the consumption demand and support future growth for the beer industry in Vietnam.
- Due to the unstable world political situation, the US has "exported" inflation to most countries in the world, but the studies and judgments of the world's major economic groups still show that the potential for strong development and Foreign direct investment ("FDI") will continue to flow to Asia, especially Vietnam in the coming years; thereby, free trade agreements ("FTA"), and exchange rates will be more stable than neighboring countries, economic development focus, and building trust with foreign investors for the future.
- Vietnam's beer industry was affected by the price storm for petroleum, natural gas, and the conflict between Russia and Ukraine that extensively involved the supply of raw materials for the beverage industry, sharply increasing the import price of input materials of 40-50% compared to the same period in 2021 such as malt, aluminum, flavoring, plastic packaging, bottle caps, etc.
- Compared to 2021, in 2022, the COVID-19 pandemic has been under-controlled, food and entertainment services, restaurant services, karaoke, etc., were resumed. The ease of traveling, the resumption of international flights, the gradual return of international tourists, as well as the series of SEA Games 31 events held in Hanoi caused the tourism and service industry to recover strongly, boosting domestic consumer demand, and leading to a strong recovery of entertainment, accommodation, and dining activities, also increasing the consumption of beverage products in general and beer in particular, food and beverage industries such as beer and drinks, have signs of growth again.
- While COVID-19 caused short-term effects, the Law on Alcohol Harm Prevention has a long-term impact. Decree No.100 of the Government, issued on December 30, 2019, imposed heavy penalties for using a vehicle on the road under the influence of alcohol. Moreover, Decree No.24 of Government, issued on February 24, 2020, introduced stricter regulations on alcohol advertising, specifically including (1) governing advertising for alcohol below 15% and beer, (2) restricting the use of actors drinking alcohol in cinematographic, theatrical and television works and (3) taking measures to prevent under 18 from accessing information and buying wine.

## 2. Business Performance in 2022

In 2022, the Board of Directors operated in accordance with the Law, the Corporation's Charter, and relevant regulations and delivered commendable results as follows:

Categories	Unit	2021 Actual	2022 Plan	2022 Actual
Net Sales	Billion VND	26,374	34,791	34,979
Profit After Tax	Billion VND	3,929	4,581	5,500

### Earnings and Dividend:

The accomplishments from our disciplined execution across all business areas included satisfactory earnings and sustainable dividend payouts. Our stable operational performance allowed a dividend payment of up to 35% of par value to shareholders, meeting the plan

approved at the 2022 AGM, and an additional special dividend payment of 15% of par value pending for approval at the 2023 AGM.

### 3. The Board of Directors Activities in 2022

In 2022, the Board of SABECO held five (05) physical meetings and meetings via video conference to facilitate the implementation of the company's strategic plans and to supervise the business activities of SABECO and its group of companies.

Besides regular BOD meetings, the Board also approved resolutions through circular resolutions for urgent business decisions under the authority of the Board of Directors.

#### 3.1 Remuneration:

Remuneration for Board members was approved in the 2022 AGM. Hence, they received the amount in accordance with the Corporation's regulations and policies.

#### 3.2 Performance Assessment of the Board and Committees:

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

Additionally, BOD members have actively participated in training courses organized by the Vietnam Institute of Directors ("VIOD") to improve and strengthen coordination in bilateral activities and constantly update and improve necessary skills for BOD members in Vietnam.

#### Activities of Committees:

- The Audit Committee ("AC") reviewed financial statements and SABECO's internal control system, and related party transactions which might lead to a conflict of interest, supervising compliance and fraud prevention, overseeing and evaluating internal audit performed in accordance with the International Standards for the Professional Practice of Internal Auditing, and approving audit plans as well as assessing independent auditing services.
- Mr. Nguyen Tien Vy, an independent BOD member, oversaw human resources ("HR") activities and ensured remuneration policies were in accordance with the Law and the Corporation's Charter and relevant regulations in order to support the Board on these matters. In this connection, prior to consideration of the Board, he reviewed and put forward the Corporation-specific recommendations related to HR, including, but not limited to, the organizational structure and the appointment of senior executives of SABECO and its group of companies.

#### 3.3 Business transactions between SABECO and its related persons:

All related party transactions ("RPTs") that occurred were subject to strict reviews and approval processes following the pre-defined approval matrix according to SABECO's Charter. AC then reviewed and discussed with the Independent Auditor and the Management any complex and unusual related party transactions, if necessary and required.

Members of the Board and the Management were required to disclose to the Board whether they, directly, indirectly, or on behalf of third parties, had a material interest in any transaction or matter which directly affected the Corporation. The Board must ensure that transactions between related parties are carried out on standard commercial terms and are not detrimental to the interests of the Corporation.

Excluding those transactions between companies within the SABECO group, the RPTs are as follows:

Company	Transaction Detail	Board's approval
TBC-Ball Beverage Can Vietnam Ltd	Buying cans	Resolution No.07/2022/NQ-HDQT dated 15 February 2022. Resolution No.79/2022/NQ-HDQT dated 24 October 2022.
Me Linh Point Limited	Consultant services	Resolution No.30/2022/NQ-HDQT dated 05 April 2022.

### 3.4 Self-assessment of the Board:

As required by Securities Law, the Board performance review by Independent Directors was conducted by circulation based on six (06) assessment criteria such as (1) Board Composition, (2) Strategy and Performance, (3) Governance - Board risk management and internal controls, (4) Board Function - Information management, (5) Top Management Performance and Succession Planning, (6) Director development. The assessment form used contains questionnaires with a 5-level rating scale.

As per the results, in 2022, the overall rating was “*exceed expectations*”. The Board operated in accordance with Law and SABECO’s Charter aimed at achieving positive results for the corporation. The instructions under the Board’s authority regarding governance, strategic supervision, master plans of action, risk management, annual budgets, nomination, and remuneration have been executed professionally. Besides, the Board has ensured adequate communications with shareholders, investors, regulators, and the general public by pursuing a transparent and effective disclosure policy. The suggestions of the Board for performance improvement have been noted for implementation in 2022.

### 3.5 Supervision and Assessment of the Management:

Based on the Corporation’s Charter and relevant regulations, BOD resolutions are then delegated to the Management for execution to be in line with the Corporation’s business plan. The Board adheres to the development goals and orientations approved by the AGM in making decisions and offering solutions to specific issues.

A summary of the Board’s supervising activities is outlined below:

#### 3.5.1. Organizational Structure

- Applied new salary structure from the parent company to trading subsidiaries.
- Implemented Digital transformation project “SABECO 4.0,” aiming to centralize, standardize, and simplify the way of working across SABECO, its breweries and trading companies nationwide in order to strengthen SABECO market leadership in the Vietnam Beer Market.
- Implemented Manual of Authority (“MOA”) to support coordination and alignment between different levels as well as between the Head office and subsidiaries.

#### 3.5.2. Sales and Marketing Activities

- Reviewed product portfolio and improved market share and brand health tracking.
- Satisfied customers’ requirements and needs in each market segment.
- Monitored and guided the sales support programs to increase effectiveness and ensure consistency throughout the system to achieve targeted sales volume.
- Focused on key distributors and distribution channels to meet market demand, considering the pricing strategies and market competitiveness.
- Focused on strengthening its vital market segment, the famous and sub-premium product lines, to create momentum before targetting the premium segment.
- Expanded modern commerce channels and e-commerce channels.
- Leveraged Music Events for Brand Building & Boost Consumer Awareness, such as “Mega Dem Saigon” and the Chill Fest “Runway to New Year.”
- Launched Bia Saigon Coffee Infused Beer - made from the combination of two (02) most beloved familiar beverages in Vietnam, beer and coffee.
- Launched limited edition Saigon Gold (330ml sleek cans), Saigon Lager, and Saigon Export exclusively for SEA Games 2022.
- Be the diamond sponsor for SEA Games 2022.
- Supported the Vietnam Sports Delegation at the 31<sup>st</sup> SEA Games; accompanied and sponsored the national football teams; supported the capacity building program for Vietnam’s outstanding athletes through the Vietnam Win Gold program.
- Sponsored the 7-man football tournament Bia Saigon Cup 2022.
- Signed a new cooperation agreement with VFF and VTVcab Sport. Accordingly, SABECO officially became the leading and exclusive partner of the national football

team, including the men's and national teams. Women's football and U23 team for three years, from July 2022 to July 2025.

- Implemented corporate social responsibility ("CSR") commitments such as sponsoring the Vietnam Food and Culture Festival in Korea in 2022, the 2022 Ooc-Om-Bok festival in Soc Trang, a celebration of 250<sup>th</sup> birthday anniversary of poetess Ho Xuan Huong, Thailand CHAO Art Exhibition 2022, "Together We Make TET" CSR program in collaboration with Vietnam General Confederation of Labour ("VCGL") and Ho Chi Minh Communist Youth Union ("HCYU").
- Launched the collection of beer cans from 63 provinces for Tet 2023.
- Won the MMA Vietnam Smarties Award 2022 for Saigon Beer Program with Tet 2022 in the following categories: Bronze Award for "Brand for Experience," Silver Award for "Technology Experience" in "Geo - Targeting" (marketing by customer location), and Silver Award for "Communication Impact" for the category "Cross Platform" (multimedia marketing).
- Became the first beverage company awarded the Vietnam Glory Award 2022 by the Vietnam General Confederation of Labour.
- Named the Top 10 prestigious Food and Beverages Companies by Vietnam Report Joint Stock Company.
- Honored in the category of "Corporate Excellence Award" and "Brand Inspirational Award" at the Asia Pacific Enterprise Award ("APEA") 2022.
- Received the Sustainable Business Award (Philip Kotler Award).
- Hold the position of Top 25 leading Food and Beverage ("F&B") company brands as voted by Forbes Vietnam Magazine.

### **3.5.3. Production and Supply Chain Activities**

- Maintained the highest standards for product quality by improving the procurement process of raw materials and production process.
- Closely monitored the price movement of raw materials and ensured timely purchasing of production materials to optimize production costs as well as ensuring sufficient supply.
- Enhanced efficiency and capabilities for the supply chain within SABECO system.
- Strengthened quality management, machinery, and equipment management programs, improved expertise and training for workers to ensure quality and food safety.
- Managed research and beer analysis activities at testing laboratories of the Corporation's system, developed documentation, and maintained and improved the laboratory management system ISO 17025:2005.
- Invested in R&D activities and applied innovative technologies to diversify product portfolio, improve product quality and reduce manufacturing costs: the brewery's operational procedures center health, the environment, and sustainable development.
- Restructured warehousing processes and network, developed transportation roadmap and progressively optimized transport activities, centralized the operation of long-range transport, diversified transportation methods, and ensured adequate supply during peak occasions.
- Achieved remarkable achievements in the international arena such as **(1)** Silver Award for Saigon Gold Beer product line recognized by Monde Selection International Quality Institute, Belgium, **(2)** Gold Award for Bia Saigon Chill recognized by the Asia Brewers Network, Singapore, **(3)** Silver Award for Bia Saigon Special recognized by Beer Communication & Events ("Becomev"), **(4)** Bronze Award for Bia Saigon Export recognized by Monde Selection International Quality Institute, Belgium, **(5)** Silver Award or Bia Lac Viet Beer recognized by Monde Selection International Quality Institute, Belgium, **(6)** Silver Award for 333 recognized by Monde Selection International Quality Institute, Belgium, and many other significant awards.

### **3.5.4. Investment Activities**

- Ensured compliance with the Law and SABECO's regulations while implementing capital investment projects.

- Invested in projects for expansion of production capacity in order to meet business needs.
- Inaugurated the expansion ceremony for Quang Ngai Brewery.

### **3.5.5. Human Resources Activities**

- Reviewed and developed the Corporation's structure to streamline the organization and increase the effectiveness of business management and operation by reviewing the functions and duties of various sections of the corporation and subsidiaries and standardizing job descriptions to evaluate staff capabilities properly.
- Strengthened the management structure by combining international management experience, understanding local practices and networks, and further developing expertise throughout the organization.
- Issued the "Corporate Occupational Health and Safety Policy", "Human Right Policy", "Whistleblowing Policy", and "Anti-Corruption Policy" to perform SABECO's business and strengthen future compliance and sustainable development with fairness and commit to the "Business Ethics and Code of Conduct" of SABECO.

### **3.5.6. Subsidiaries, Associates, and Joint Ventures' Activities**

- As of 31<sup>st</sup> December 2022, SABECO has 26 subsidiaries with over 50% of ownership, 18 associates, and joint ventures.
- Most of SABECO's subsidiaries and associates in main business activities (beer manufacturing and trading) and supporting industries (packaging, transportation, mechanical) had recorded positive results despite being impacted by the COVID-19 pandemic and barriers of law and relevant regulations, improving returns on SABECO's capital investment.

## **II. 2023 Orientation**

### **1. Macroeconomics Overview and the Beer Market in 2023**

#### **1.1 Overview**

- According to forecasts from IMF, the world's three largest economies, including China, European Community, and the United States, are forecasted to slow down in 2023, reflecting risks that have become realities: **(1)** tightening global financial conditions in most regions, **(2)** expectations of more robust interest rate by major central banks to mitigate the effects of inflation; **(3)** a more pronounced decline in growth in China due to the prolonged lockdown and the worsening real estate market crisis; **(4)** effects from the conflict in Ukraine with gas supplies from Russia to Europe tightening.
- The World Bank argues that the growth of exports and domestic demand will slow down. Vietnam's exports are hit by weaker external demand. Post-Covid consumption may not recover quickly as earlier anticipated. Besides, tighter financial mobilization conditions and rising inflation may affect the domestic market as well.
- The Organization for Economic Cooperation and Development ("OECD") stated that the global outlook is also increasingly tilted in favor of Asia's emerging large-market economies, accounting for nearly three-quarters of global GDP growth by 2023, reflecting a slowdown in the economic outlook for the United States and Europe.
- With regard to Vietnam's economic growth forecast for 2023, international organizations state that Vietnam's economy is still developing at a reasonable rate, although it has been forecasted to decrease compared to the previous one: IMF forecasts that Vietnam's economic growth in 2023 will reach 6.2%; The World Bank estimates that Vietnam's economic growth in 2023 will reach 6.7%; The Asian Development Bank ("ADB") estimates that Vietnam's economic growth in 2023 will get 6.3%.
- The National Assembly of Vietnam has set a growth target of 6.5% in 2023, lower than the 2022 result of 8.02%, but this is also a challenge in the context of common difficulties around the world as well as in Vietnam.
- According to the U.S. Federal Reserve System – Fed report, domestic growth is expected to be around 4.0% (compared to 3.2% in 2022), while the borrowing rates are expected to rise to 1.5%. Foreign exchange (USD/VND) will remain volatile in 2023.

- According to the World Bank, Vietnam remains an attractive destination for investors in the medium term. Vietnam's strong fundamentals will help investors hedge against short-term volatility caused by the COVID-19 pandemic. Internally, domestic consumption and public investment will still play an essential role in the recovery of economic growth in 2023.
- With the newly amended Enterprise Law, Investment Law, Securities Law, and other regulations to enhance transparency in the investing environment, especially for foreign investors, Vietnam hopes to increase the stock market's capitalization equal to the country's GDP in 2023. Larger market capitalization would help Vietnam move from a frontier market to an emerging market.

### 1.2 Beer Market in 2023

- In 2022, when the COVID-19 pandemic has gradually been controlled along with supporting policies from the Government, it has helped beverage businesses (including Beer, Alcohol/ Wine, and Beverage) to recover. However, in recent times, companies are facing significant impacts on production and business activities from the energy crisis and rising raw and fuel prices as a result of the conflict between Russia and Ukraine when input costs have increased sharply, the decline in demand for export markets due to the global economic downturn cycle, high inflation, etc. Therefore, the Vietnam Beer - Alcohol - Beverage Association ("VBA") sent a letter to the Government in December 2022 on the consideration of continuing to extend the 2% VAT reduction policy according to Resolution No.43/2022/QH15 and Decree No.15/2022/ND-CP until 2023 and can be considered applying it to all businesses to continue supporting businesses to recover.
- In order to realize the goal of reducing traffic accidents involving drivers of vehicles violating alcohol content when participating in traffic, the Prime Minister signed Public Power No.488/CD-TTg on 03/06/2022 on the observance of regulations on prevention, against the harmful effects of alcohol, beer. In particular, the Public Power clearly stated that ministries, state agencies, and relevant units **(1)** strengthen the implementation and strict implementation of the Law on Prevention and Control of Harmful Effects of Alcohol and Beer and Decree 100/2019/ND-CP **(2)** strictly handle drivers of vehicles with alcohol content in their blood and breath, **(3)** strengthen the handling of violations of the Law on Prevention and Control of Harmful Effects of Alcohol and Beer in accordance with Decree No.117/2020/ND-CP, **(4)** strengthen propaganda on the Law on Prevention and Control of Harmful Effects of Alcohol, Beer and Traffic Accidents due to alcohol content violations to raise people's awareness, earnestly implement "Drink beer – don't drive."
- The trend of consuming mass premium beer brands will continue to grow over the long run. However, potential consumers' downtrading may impact 2022 sales due to their income being affected by the lingering COVID-19 pandemic.
- 2023 marks "golden" opportunities for Vietnam's beer industry: **(1)** Golden population structure, fast income, **(2)** great potential of segment "non-alcoholic beer," **(3)** potential for the export market.
- The competition continues to intensify, with every beer manufacturer vying for a higher market share.
- Alcoholic beverages in Vietnam are subject to 3 taxes: import tax (from 5-80% depending on the type of FTA), value added tax - VAT (10%), and special consumption tax - SST (an increase from 50% to 65% in 2018).

### 2. 2023 Planning

Recognizing the opportunities and challenges ahead, in 2023, SABECO's Board of Directors will set sustainable growth goals to create tangible action for the long-term development of SABECO. Hence, the Board would like to propose the following business plan for 2023:

Categories	Unit	2022 Actual	2023 Plan	% Growth Rate
Net Sales	Billion VND	34,979	40,272	15.1%
Profit After Tax	Billion VND	5,500	5,775	5.0%

Additionally, to achieve the proposed 2023 business plan, the Board guides in the following areas:

- Implementing resolutions of the General Meeting of Shareholders, including achieving the 2023 business plan.
- Focusing resources on branding and marketing activities, including developing brand positioning, production and distribution strategies to meet market needs, professional distribution network restructuring, and effective supporting channels and product segment control.
- Maintaining the domestic market and reaching out to the international market.
- Promoting research and development initiatives to improve product quality and new product offerings.
- Applying SABECO 4.0 digital system in administrative and business activities for SABECO and its group of companies.
- Enhancing capabilities and efficiency of SABECO's supply chain system.
- Integrating effective methods of HR management and applying the Key Performance Indicators ("KPIs") reward system.
- Focusing on radical reforms to increase investment and operational efficiencies and reduce costs, thereby increasing productivity.
- Focusing on E-commerce/online and the on-off premise channels according to the changing trend.
- Adopting renewable and solar energy systems for cost-effectiveness and reducing the effects of climate change.
- Committing to a sustainable development model revolving around four key objectives: Consumption, Conservation, Country and Culture ("4Cs") encompassing social activities, community support, and environmental protection programs.
- Leveraging both local and international expertise to preserve SABECO values and the Corporation's brands while constantly adapting to the dynamic market with its ever-changing business environment.

The Board respectfully proposes the BOD report to the 2023 General Meeting of Shareholders for approval.

Sincerely yours,

Ho Chi Minh City, 03 April 2023

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN



Koh Poh Tiong







## SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION

### REPORT ON ACTIVITIES OF THE INDEPENDENT DIRECTORS IN THE AUDIT COMMITTEE IN 2022

To: Shareholders of Saigon Beer – Alcohol – Beverage Corporation

In compliance with the provisions of the Enterprise Law 2020, the Charter and Internal Regulations on corporate governance approved by the General Meeting of Shareholders of Saigon Beer – Alcohol - Beverage Corporation, the Independent Directors in the Audit Committee would like to report the activities of the Audit Committee in 2022 to the Annual General Meeting of Shareholders (“AGM”).

#### I. Organizational structure of the Audit Committee

The Audit Committee (“AC”) under the Board of Directors (“BOD”) of Saigon Beer – Alcohol - Beverage Corporation (“SABECO”) comprises three Directors as follows:

- Mr. Pramoad Phornprapha – Independent member of the BOD, AC Chairman;
- Mr. Nguyen Tien Vy – Independent member of the BOD, AC member;
- Mr. Michael Chye Hin Fah – BOD member, AC member.

#### II. Remuneration, operation expenses, and other benefits of the Audit Committee

The AC members had received remuneration, operation expenses, and other benefits in accordance with the Law on Enterprises, the Charter, and the regulations of the company.

#### III. Meetings of the Audit Committee

During the fiscal year ended 31<sup>st</sup> December 2022, the AC held five meetings, and each committee member’s attendance is presented below:

No	Members of the Audit Committee	Position	Number of meetings attended	Attendance rate	Voting rate	Reasons for absence
1	Mr. Pramoad Phornprapha	Chairman	5/5	100%	100%	
2	Mr. Nguyen Tien Vy	Member	5/5	100%	100%	
3	Mr. Michael Chye Hin Fah	Member	4/5	80%	80%	Absence due to personal reasons

#### IV. The supervision of the BOD and Management

- Supervising the activities of the BOD and Management directly through meetings, discussions, and communications with them as well as with Internal Audit and the Independent Auditor.
- Having regular meetings with Internal Audit and Management to discuss SABECO’s issues.
- Supervising Management’s activities in terms of compliance with the BOD’s resolutions (if any).

#### V. Coordination between the Audit Committee and the BOD, Management, and shareholders

- The Audit Committee always coordinates well with BOD members and Management within the scope of work of the AC.



- The Audit Committee received full support from the BOD and Management to fulfill its duties for 2022.
- The Audit Committee periodically reports the supervision results to the BOD.
- The Audit Committee supervises the periodic financial statements and financial performance results.

## **VI. The Audit Committee's supervision results**

### **1. Financial Statements**

The AC had reviewed quarterly, semi-annual, and annual financial statements before Management submitted them to the BOD, and then to shareholders at the AGM, or for public release as required by the law, and assessed whether they were presented fairly, completely, and timely in accordance with current accounting standards and regulations and legal requirements. For 2022, the results of the review showed that:

- Quarterly and annual financial statements were prepared and disclosed in accordance with current accounting standards and regulations.
- Although it is not required by the law, Q1/2022 and Q3/2022 Financial Statements were reviewed by the Independent Auditor, who helped improve the reliability and credibility of the reports before being disclosed.
- There were no major changes in accounting policies, accounting standards, or tax policies during the year, which had material impact(s) on the financial position and Financial Statements.
- No material errors were found regarding accounting estimates (provisions, goodwill valuation, etc.).
- Some comments in the management letter to improve SABECO's internal control system, which were made by the Independent Auditor, had been reviewed and considered by the AC as not having a significant impact on the preparation and disclosure of the Financial Statements. The AC also agreed with Management and relevant stakeholders on measures for improvement.

### **2. Related Party Transactions**

The AC reviewed related party transactions that SABECO had entered into, which might lead to conflicts of interest. Such transactions were undertaken on an arm's length basis, reasonably, on standard commercial terms, and in the best interest of the Corporation with appropriate approval procedures, including information being disclosed sufficiently, accurately, and completely.

### **3. Compliance and Fraud Prevention**

The AC would supervise the effectiveness of SABECO's internal controls to prevent fraud and ensure compliance with the law and the Corporation's charter and regulations. The AC would focus on the efficiency of internal audit and risk management systems. The AC reviewed SABECO's internal control system every quarter based on the audit report of the Internal Audit Department. The report included recommendations to improve some internal controls so that the Corporation's business operations would be adequate, effective, and appropriate. In addition, the AC supported SABECO in reviewing the whistleblowing policy, amending the Internal Audit Charter, and other compliance procedures.

### **4. Internal Audit function**

The AC had oversight of the Corporation's internal audit activities, including approving the annual audit plan, evaluating internal audit performance, and ensuring that the Internal Audit Department independently performed its duties by having it report directly to the AC and providing advice to be in accordance with the International Standards for the Professional Practice of Internal Auditing and the approved audit plan. The AC found that the internal audit activities had achieved established goals and plans.



### 5. Independent Audit Services

The AC found that the proposed 2022 audit plan and its implementation by the Independent Auditor were suitable to meet the Corporation's requirements in terms of scope, objectives, methodology, and timeline while ensuring the auditing service quality and independence with no conflict of interest.

In implementing the 2022 audit plan, KPMG successfully fulfilled its tasks as the Independent Auditor, met the AC's expectations, and ensured the reliability and integrity of the financial statements disclosed to shareholders and relevant stakeholders.

For the financial year 2023, the BOD will submit the proposal of selecting an independent auditing firm to the AGM for approval.

Respectfully yours,

**INDEPENDENT DIRECTOR**



Nguyen Tien Vy

**INDEPENDENT DIRECTOR**



Pramoad Phornprapha





## SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION

### PROPOSAL ON SELECTING THE INDEPENDENT AUDITOR FOR THE FISCAL YEAR 2023 AND Q1 2024

Ho Chi Minh City, April 03, 2023

To: Shareholders of Saigon Beer – Alcohol – Beverage Corporation

Pursuant to the Enterprises Law No. 59/2020/QH14 passed on June 17, 2020;  
Pursuant to the Charter of Saigon Beer - Alcohol - Beverage Corporation (“SABECO”);  
The Board of Directors would like to submit to shareholders for approval the list of auditing companies to audit financial statements for the fiscal year 2023, Q1 2024 and all relevant periods as deemed necessary for SABECO as follows:

1. **Criteria for selecting an independent auditing company:**

- Selecting an international auditing firm that is authorized to operate in Vietnam and approved by the State Securities Commission for provide audit service for security issuers and listing organizations.
- Be one of the leading international auditing companies, Which has audit quality reputation and extensive experience in auditing financial statements for consumer good company in accordance with the accounting standards of Vietnam Accounting System (VAS) and International Financial Reporting Standards (IFRS) in general and for the Corporation in particular.
- Highly qualified and experienced auditors who meet the Corporation’s requirements on the work scopes, audit timelines and reasonable audit fees in consistent with the audit quality based on valuating all of audit proposals and audit work scopes.

2. **List of audit companies:**

Based on the above selection criteria, the Board proposes the following four prestigious international auditing firms to be selected as SABECO’s independent auditor:

- Ernst & Young Vietnam Limited;
- KPMG Vietnam Company Limited;
- PWC (Vietnam) Limited;
- Deloitte Vietnam Company Limited.

3. **Objectives, work scopes on audit and review of financial statements for the fiscal year 2023, Q1 2024:**

- Objectives:
  - Separate financial statements of the parent company and its subsidiaries.
  - Consolidated financial statements.
  - Other business upon request.
- Period:
  - For the fiscal year 2023, Q1 2024 and all relevant periods as deemed necessary.

4. **Proposal on the selection of audit company:**

Assigning the Board of Directors to decide on selecting one of the four independent auditing companies as proposed in this proposal and assigning the General Director to sign the audit contract with the selected company to perform the audit and review of SABECO’s financial statements.

Respectfully yours,



CHAIRMAN

Koh Poh Tiong



**SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION**

**PROPOSAL ON TRANSACTIONS BETWEEN SABECO AND ITS  
SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATES WITHIN  
SABECO SYSTEM**

Ho Chi Minh City, April 03, 2023

To: Shareholders of Saigon Beer – Alcohol – Beverage Corporation

Pursuant to the Law on Enterprises No. 59/2020/QH14 passed on June 17, 2020;  
Pursuant to the Law on Securities No. 54/2019/QH14 passed on November 26, 2019;  
Pursuant to the Charter of Saigon Beer - Alcohol - Beverage Corporation (“SABECO”),  
To make the business operations of SABECO more flexible but still in compliance with related laws and internal regulations in relation to related party transaction, the Board of Directors would like to submit to the General Meeting of Shareholders for approval of the followings:

1. Approve the contracts and transactions within SABECO system including but not limit to transactions between SABECO and (i) Saigon Beer Trading Limited Company (SATRACO), SA BE CO Mechanical Co., Ltd (MESAB), regional Saigon Beer Trading Joint Stock Companies; (ii) Co-production units and (iii) joint ventures, associates in SABECO system with respect to the followings:
  - a. Sale and purchase of SABECO's beer products;
  - b. Sale and purchase of the packaging printed with SABECO trademark;
  - c. Sale and purchase of raw materials for producing SABECO's beer;
  - d. Sale and purchase of the point of sales material (POSM) for marketing and consumption of SABECO's beer products;
  - e. Providing transportation services to transport SABECO's raw materials and/or SABECO's beer products, packages, crates, pallets, point of sales material for SABECO's beer production and consumption.

(all contracts, transactions mentioned above are referred as “Transactions”)

The above Transactions are conducted based on the following conditions:

- These Transactions serve regular business activities and/or are essential for daily business operations of SABECO, SATRACO, MESAB, regional Saigon Beer Trading Joint Stock Companies; subsidiaries, joint ventures, associates and other companies contributing capital to SABECO within SABECO system.
  - These Transactions must be carried out in accordance with normal commercial terms and conditions and do no harm to the interests of SABECO.
2. Assign the Board of Directors and permit the Board of Directors to re-assign the General Director and Deputy General Directors of SABECO for the following implementations:
    - a. Decide specific terms and conditions of the Transactions and contracts, agreements, documents related to the Transactions, including agreements of amendment, supplement, replacement, termination of the Transactions (if any) in accordance with conditions prescribed in Section 1 mentioned above; and
    - b. Sign and execute the Transactions and other documents related to the Transactions, including agreements of amendment, supplement, replacement, termination of the Transactions (if any) in accordance with conditions prescribed in Section 1 mentioned above.

Respectfully yours,

ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN



  
Koh Poh Tiong



## SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION

### PROPOSAL TO APPROVE THE SHARES ISSUANCE PLAN TO EXISTING SHAREHOLDERS TO INCREASE SHARE CAPITAL FROM OWNER'S EQUITY

Ho Chi Minh City, April 03, 2023

To: Shareholders of Saigon Beer – Alcohol – Beverage Corporation

Pursuant to the Law on Enterprises 59/2020/QH14 dated 17 June 2020 and the documents guiding the implementation of Law on Enterprise;

Pursuant to the Law on Securities 54/2019/QH14 dated 26 November 2019 and the documents guiding the implementation of Securities Law;

Pursuant to Decree No. 155/2020/ND-CP dated 31 December 2020 of the Government detailing the implementation of a number of articles of the Law on Securities;

Pursuant to Circular 118/2020/TT-BTC dated 31 December 2020 providing guidance on offering and issuance of securities, tender offer, share repurchase, registration and delisting of public companies.

Pursuant to the Charter of Saigon Beer - Alcohol - Beverage Corporation ("SABECO" and/or "the Company").

The Board of Directors of Saigon Beer – Alcohol – Beverage Corporation would like to submit to the General Meeting of Shareholders to vote and approve on the following contents:

#### **I. PROPOSAL ON THE SHARES ISSUANCE TO EXISTING SHAREHOLDERS TO INCREASE SHARE CAPITAL FROM OWNERS' EQUITY:**

- Name of share: Share of Saigon Beer – Alcohol – Beverage Corporation;
- Par value: VND10,000/share;
- Type of issued share: Common share;
- The Company's share capital: VND 6,412,811,860,000 (In word: Six thousand four hundred and twelve billion, eight hundred eleven million, eight hundred and sixty thousand Vietnamese Dong);
- Number of treasury shares: 0 share;
- Number of outstanding shares: 641,281,186 shares (In words: Six hundred and forty-one million, two hundred and eighty-one thousand, one hundred and eighty-six shares);
- Number of expected issued shares: 641,281,186 shares (In words: Six hundred and forty-one million, two hundred and eighty-one thousand, one hundred and eighty-six shares);
- Total par value of issuance: VND 6,412,811,860,000 (In word: Six thousand four hundred and twelve billion, eight hundred eleven million, eight hundred and sixty thousand Vietnamese Dong);
- Total number of shares after issuance: 1,282,562,372 shares;
- The expected share capital after issuance: VND 12,825,623,720,000;
- Issuance ratio (number of expected issued shares/number of outstanding shares): 100%;
- Conducting ratio: 1:1 (at the closing date of shareholders list to exercise rights, shareholders owning 01 (one) existing share will receive 01 (one) new additional share);
- Issuance type: Issuing shares to increase share capital from owner's equity;
- Subject of Issuance: Existing shareholders named at the last registration date close the list of shareholders. The time to close the shareholder list will be authorized by the General Meeting of Shareholders for the Board of Directors to decide;
- The plan of dealing with odd shares: No odd shares;



- Transfer restrictions: Shares that are restricted from being transferred (if any) are still entitled to receive additional shares. Additional shares are not subject to transfer restrictions. The right to receive additional shares issued from equity is not transferable;
- Sources to issuing shares: Accumulated retained earnings as of 31 December 2022 according to the Audited Separate Financial Statements ("FS"), detailed as follows:

Sources to issuing shares	According to the audited separate FS 2022	Total value of shares expected to be offered at par value
Accumulated retained earnings as of 31 December 2022	13,073,315,740,285	6,412,811,860,000

- Expected offering time: In 2023, after the issuance is approved by the State Securities Commission.

## II. REGISTRATION OF LISTING AND DEPOSITORY OF ALL ADDITIONAL SHARES ISSUED

All additional shares issued will be registered for listing at Ho Chi Minh City Stock Exchange and depository at the Vietnam Securities Depository after completion of shares issuance in accordance with current law and regulation.

## III. AUTHORIZING THE BOARD OF DIRECTORS ON ISSUES RELATED TO INCREASING SHARE CAPITAL

The General Meeting of Shareholders assigns the Board of Directors to decide all matters related to the shares issuance to increase share capital from owners' equity, specifically:

- Perform necessary procedures to register the shares issuance at the State Securities Commission (SSC) and explain them to SSC (if any);
- Supplement or amend the issuance plan at the request of the SSC or other competent state agencies (if any);
- Develop a plan to ensure that the foreign ownership ratio is consistent with the provisions of law;
- Select the time to finalize the list of shareholders exercising rights and deploy appropriate issuance;
- Perform procedures for registration of new charter capital increase at the Department of Planning and Investment of Ho Chi Minh City after the end of the share issuance;
- Amendments relating to charter capital, shares and stocks in the Charter of organization and operation of the Company after the completion of the share issuance to be in line with the issuance result;
- Perform necessary procedures for registration of listing and depository of all additional issued shares at the Ho Chi Minh Stock Exchange and the Vietnam Securities Depository;
- Other relevant issues to complete the assigned task;
- On a case-by-case basis, the Board of Directors can assign the General Director to perform one or more of the specific tasks mentioned above.

Respectfully submitted to the General Meeting of Shareholders.

Sincerely yours,



ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN

Koh Poh Tiong