

SAIGON BEER – ALCOHOL – BEVERAGE CORPORATION



PRIDE OF VIETNAM

2019 ANNUAL REPORT



AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Development orientation

Key risks

5

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Abbreviations

ABV	Alcohol by Volume
AC	Audit Committee
AGM	Annual General Meeting of Shareholders
BOD/The Board	Board of Directors
BOM/The Management	Board of Management
CSR	Corporate Social Responsibility
EGM	Extraordinary General Meeting of Shareholders
G&A	General and Administrative
GDP	Gross Domestic Product
HNX	Hanoi Stock Exchange
HOSE	Ho Chi Minh Stock Exchange
HR	Human Resource
IA	Internal Audit
IR	Investor Relations
IT	Information Technology
MOIT	Ministry of Industry and Trade
PA	Promoter Agent
Q	Quarter
QCVN	Vietnam Standards
R&D	Research and Development
ROA	Return on Assets
ROE	Return on Equity
RPT	Related Party Transaction
SSC	State Securities Commission of Vietnam
SABECO/The Corporation	Saigon Beer – Alcohol – Beverage Corporation
TVC	Television Commercial
итс	Under the Cap
VND	Vietnamese Dong

General Information

Corporate name TONG CONG TY CO PHAN BIA – RUOU – NUOC GIAI KHAT SAI GON

English name SAIGON BEER – ALCOHOL – BEVERAGE CORPORATION

Abbreviated name SABECO

Charter capital VND6,412,811,860,000

Legal representatives Mr. Koh Poh Tiong – Chairman of the Board of Directors

Mr. Neo Gim Siong Bennett – General Director

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

Headquarters 5th Floor, Vincom Center, 72 Le Thanh Ton, Ben Nghe Ward, District 1,

Ho Chi Minh City, Vietnam

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Fax (+84) 28 3829 6856

Email sabeco@sabeco.com.vn

Website www.sabeco.com.vn

Enterprise Registration Certificate 0300583659 issued by Ho Chi Minh City Department of Planning

and Investment on April 17, 2008. The 9th amendment was made on

August 7, 2018

Business lines Producing and trading beer, alcohol and other beverages



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Share information and shareholder structure

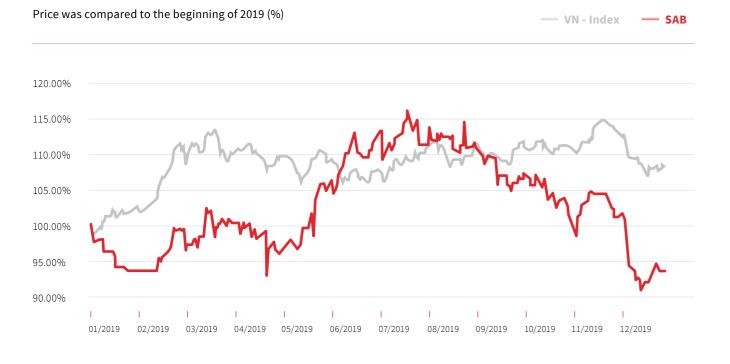
SABECO Annual Report 2019

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Share Information and Shareholder Structure

Stock code	Stock type	Stock exchange	Charter capital
SAB	Common stock	Ho Chi Minh Stock Exchange	VND6,412,811,860,000
Outstanding shares	Treasury shares	Par value	Trading start date
641,281,186 shares	None	VND10,000 per share	December 6, 2016
Change in charter capital	Transaction of treasury sl	hares	
None	None		

Price Movements of SAB vs VN-Index

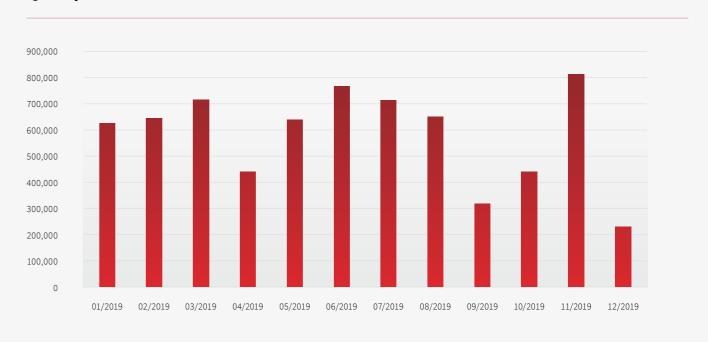


Shareholder structure

As at February 14, 2020

	Number of shares	Ownership	Number of shareholders
Major shareholders	574,519,134	89.5893%	2
• MOIT	230,876,547	36.0024%	1
• Vietnam Beverage Company Limited	343,642,587	53.5869%	1
Other shareholders	66,762,052	10.4107%	1,719
• Local	4,248,622	0.6625%	1,178
o Individuals	1,085,242	0.1692%	1,145
o Institutions	3,163,380	0.4933%	33
• Foreign	62,513,430	9.7482%	541
o Individuals	221,750	0.0346%	394
o Institutions	62,291,680	9.7136%	147
TOTAL	641,281,186	100.0000%	1,721

Quote price transaction volume of SAB



Vision - Mission - Core values SABECO Annual Report 2019 13

Vision - Mission - Core values

Vision 2025

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

Mission

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

Core values















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Chairman's Message

Dear Shareholders,

Despite market challenges arising from potential increases of excise tax and new regulations, as well as intense competition, 2019 was a memorable year of significant improvements for all SABECO stakeholders in general and the Corporation itself in particular.

Under the leadership and direction of the Board of Directors and the Board of Management, SABECO has implemented numerous operational and strategic initiatives, including but not limited to: improving margins by keeping costs and expenses in check while increasing selling prices; raising public awareness of new packaging as part of Bia Saigon and 333 relaunches; along with strengthening the Corporation's competitive advantages by increasing our stake in associates, applying information technology to transform the way of working for SABECO system as a whole, and breweries expansion. At the same time, we have also strived for higher corporate governance standards and rolled out a reasonable and performance-based compensation structure for our employees, all in all to gradually realize our vision of becoming the leading beverage corporation in Vietnam and having a strong presence in international markets.

Moving forward into 2020, however, we are confronted firstly with the implementation of Decree 100 in January which introduced tighter restrictions on marketing and advertising for beer and imposed heavy penalties for operating a vehicle on the road under the influence of alcohol without any allowance of legal limits. As a result, on-trade beer consumption has been seriously affected. Secondly, we are confronted with the COVID-19 pandemic which has seriously affected tourism through travel restrictions, disrupted supply chain and business operations and dampened economic and social activities, including measures to contain the spread such as the closure of bars, pubs, karaokes and night clubs in numerous provinces throughout Vietnam. On top of the impact of Decree 100, these measures have also significantly curtailed beer consumption. Nevertheless, in these unprecedented times, our foremost priority has been to ensure the health and safety of all our staff. At the same time, we are also sparing no efforts to mitigate the financial impact of the twin headwinds we have encountered. I have full confidence and faith in the resilience of our people to rise to the occasion, emerge stronger together and press on to do our utmost best for 2020 and beyond.

Last but not least, I would like to take this opportunity to acknowledge and appreciate the dedication and hard work of our Board members and the Management, as well as all employees. On behalf of the Board, I would also like to extend my heartfelt thanks to our valued Shareholders, valued Customers, and valued Partners for your unwavering support and contributions to SABECO's transformation. We sincerely hope to continue to receive your full support and trust in the years to come.

ours faithfully.

Juin.

Koh Poh Tiong Chairman of the Board of Directors



16 General Director's message SABECO Annual Report 2019 17

General Director's Message



Dear Shareholders,

Good to great transformations do not happen overnight. The pride to our employees, SABECO and Vietnam. 2019 also saw flywheel effect, as depicted in the book "Good to Great" by Jim Collins, described the process of transformation as akin to pushing a giant, heavy flywheel. The initial phase is always tough, going against full weight of the flywheel. Moving an inch at a time, a turn at a time, momentum will be gathered and eventually the flywheel will move with great ease and speed. We are still at the initial stage of transformation and have turned the wheel, gathering momentum along the way.

We ended 2019 well, outperforming previous years and achieved a record profit after tax of VND5,370 billion, 22% above 2018. This was achieved through good top line growth, cost reductions and operational efficiencies.

There were many significant milestones in 2019, including Bia Saigon and 333 relaunches with packaging rejuvenation using the dragon as its core design element, representing power, prosperity and wisdom of a young and progressive Vietnam. Our Supply Chain system was optimized and modernized to enhance cost and operational efficiencies. We improved on the quality and freshness of our beers not only in the breweries but also in the market. Bia Saigon Lager won the gold medal at International Brewing Awards in UK and International Beer Cup in Japan. Bia Saigon Special and 333 also won gold and "Tough times never last, but tough people do!" silver medals at the International Beer Cup. The wins brought

the completion of Saigon Beer - Lam Dong Brewery, a brewery strategically located to serve the growing market. Many cost saving projects were implemented and exceeded planned savings. We also transformed our salary structure to ensure employees are rewarded based on performance.

The World had a challenging start to 2020 with the spread of COVID-19, and Vietnam was not spared. The beer industry was further affected by the implementation of Decree 100, a zero alcohol tolerance policy for operating a vehicle with heavy penalties. We expect the situation to become worse before it will become better, probably towards the second half of 2020. This storm will soon pass, and the sun will be out again. In the meantime, we will focus on weathering through this storm, and be fully prepared to make hay when the sun shines again!

Lastly, I would like to extend my appreciation to our Board of Directors for the wise guidance, my Management for their unwavering commitment, our employees for their selfless hard work and our partners for their continuous support. In this period of crisis, I would like to borrow a quote from Robert H. Schuller:

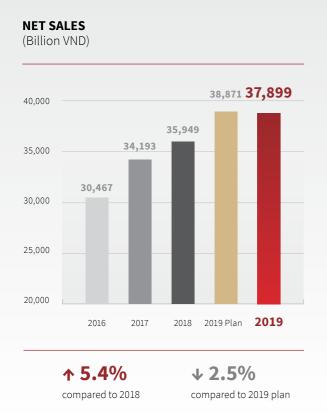
Sincerely yours,



Neo Gim Siong Bennett General Director

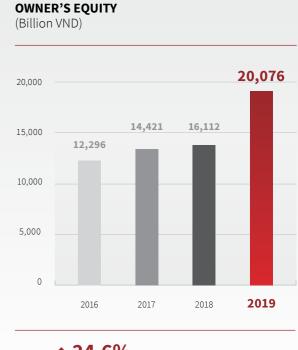
18 2019 Financial highlights SABECO Annual Report 2019 19

2019 Financial Highlights







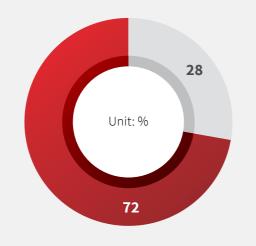


↑ 24.6% compared to 2018

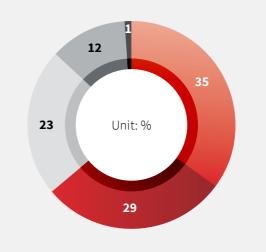
Overview of Labor Force

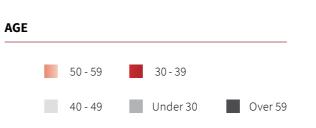
8,017 employees

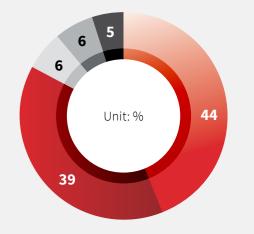
According to the most recent Audited Consolidated Financial Statements, in which 790 employees are directly under the Corporation.

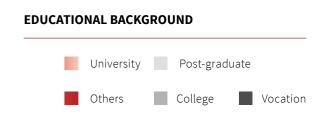












20 2019 Awards 211

2019 Awards

Corporate Awards







VIETNAM'S 50 BEST LISTED COMPANIES IN 2019

Forbes Vietnam



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VIETNAM'S 50 BEST PERFORMING COMPANIES IN 2019

Nhip Cau Dau Tu Magazine and Thien Viet Securities



Forbes Asia

NO.1 BEVERAGE BRAND IN RURAL VIETNAM

Kantar Worldpanel

TOP 10 LISTED REPUTATION AWARD 2019

Vietnam Report

THE 3RD MOST VALUABLE

2019 Forbes Vietnam

VIETNAMESE BRAND IN

TOP 100 LARGEST PUBLIC COMPANIES

Forbes Vietnam



Vietnam Listed Company Awards 2019

Product Awards







BIA SAIGON LAGER - GOLD MEDAL "International Smallpack Lager Competition", Class 1

From: The International Brewing Awards 2019

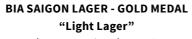
By: The National Brewery Centre, UK











From: The International Beer Cup 2019 By: The Craft Beer Association, Japan





BIA SAIGON LAGER - CHAMPION "German Heritage"

From: The International Beer Cup 2019 By: The Craft Beer Association, Japan











BIA SAIGON SPECIAL - GOLD MEDAL "International Style Pilsener"

From: The International Beer Cup 2019 By: The Craft Beer Association, Japan







333 - SILVER MEDAL "International Style Pilsener Runner-up"

From: The International Beer Cup 2019 By: The Craft Beer Association, Japan



Key Milestones

1875

A small beer workshop was set up by Mr. Victor Larue, a Frenchman in Saigon.

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

The establishment of Saigon Beer Brewery.

On May 17, 1977, the Minister of Food and Foodstuff issued the Decision No. 845/LTTP to place the BGI Company Brewery under management of the Southern Brewery Company. From June 1, 1977, the brewery was renamed as Saigon Beer Brewery.

The launch of Saigon Export cans.

In October 1985, Saigon Beer Brewery installed the first canning production line in Vietnam and launched Saigon Export cans with the size of 330ml as part of the Saigon Premium Export brand.



1989

The launch of 333 Export cans.

In October 1989, 333 Export cans were produced with the size of 330ml.



1992

The launch of Saigon Lager bottles.

In February 1992, Saigon Beer Brewery completely installed and put into operation a new brewing line with a capacity of 30,000 bottles/hour and started using plastic tanks instead of wooden ones. At the same time, 450ml beer bottles with a better-looking and more durable design were launched to replace the old size of 500ml.

2008

The establishment of Saigon Beer - Alcohol - Beverage Corporation as a joint stock company through equitization.

The establishment of Saigon Beer - Cu Chi Brewery, which was the most modern brewery in Southeast Asia.

SABECO was awarded the Labor Hero of the Renovation Period.

2003

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

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



2000

The launch of Saigon Special bottles.

In July 2000, 330ml Saigon Special bottles were launched with a signature design of green glass bottle for high-income consumers.



1996 **O**

The launch of Saigon Export bottles.

In June 1996, Saigon Export bottles were initially produced for export purposes, yet due to the increasing domestic demand, these 355ml bottles were then sold in the domestic market.

1993

Changing from Saigon Beer Brewery to Saigon Beer Company.

Saigon Beer Brewery became Saigon Beer Company after merging with Saigon Ice Factory, Beer - Alcohol Mechanical Factory and Da Kai Mineral Water Factory.

SABECO achieved an annual beer consumption rate of 1 billion liters.

2016

Listing on HOSE.



2017

The launch of Saigon Gold cans.

SABECO launched Saigon Gold cans with the size of 330ml and 5% ABV, which represented the most premium beer of SABECO and were produced in limited quantities.

MOIT successfully sold 53.59% of SABECO shares to Vietnam Beverage Company Limited and continues to hold 36% of shares.



The change in structure of managerial organization of SABECO.

Audit Committee was established to replace the Board of Supervisors.



2019

Bia Saigon and 333 relaunches.

In August 2019, SABECO relaunched Bia Saigon brand including Bia Saigon Special, Bia Saigon Lager and Bia Saigon Export.

In December 2019, SABECO relaunched 333 cans.

24 2019 Journey SABECO Annual Report 2019 25

2019 Journey

01/2019

SABECO Distributor Conference 2019

The conference was organized with the participation of 10 Saigon Beer trading companies and almost 700 nationwide distributors. This occasion was an opportunity for the Management to share the overall picture of SABAECO in 2018, to listen and respond to all queries from distributors as well as to award outstanding trading companies and distributors. In addition, issues in sales and distribution policies were also addressed in order to find relevant solutions for the coming years.





AI CŨNG PHẢI NGƯỚC NHÌN

05/2019

UTC Promotion 2019 "Open Bia Saigon Special, rise up billions"

Following the successful UTC promotion in 2018, SABECO rolled out another one with a larger scale and an attractive prize scheme worth almost VND100 billion. This event emblematized the non-stop efforts of SABECO in winning in the Vietnam market as well as reaching out to the world.

06/2019

Saigon Beer - Lam Dong Brewery

TRỊ GIA 3 TÝ ĐỒNG

The Saigon Beer - Lam Dong Brewery officially commenced operation with a designed capacity of 100 million liters per year. This investment project helped SABECO increase quality and production to meet the greater market demand.



Bia Saigon Relaunch - New Packaging

Bia Saigon packaging was redesigned with the images of a rising Dragon and Bia Saigon wordmark right in the center, representing relentless efforts of the young generation in Vietnam. The sub-brands of Bia Saigon, including Bia Saigon Special, Bia Saigon Export and Bia Saigon Lager, were dressed in totally new outfits, showing their differentiating features while retaining their signature recipes, ingredients and alcohol contents. Such packaging changes have embodied parts of the intense transformation and the willingness to reach new heights of SABECO.

Bia Saigon Relaunch - Saigon Night

As part of the promotion campaign for Bia Saigon relaunch, Saigon Night was held in 8 big cities to showcase the new Bia Saigon experiential platform, spread the unique Saigon street culture as well as to create dynamic entertaining places for the young generation. In addition, the spreading of a new slogan "1, 2, 3, Up" has helped Bia Saigon convey a strong message to consumers that from now on, the only way is up.







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11/2019



Sponsorship for Vietnam Olympic Committee (VOC)

Bia Saigon was proud to be the official sponsor for Vietnam sports delegation while participating in the 30th SEA Games in Philippines, and to accompany young athletes to conquer new heights and bring glory to the country.



333 Relaunch - Monsoon Music Festival 2019

In order to start the relaunch of 333, SABECO collaborated with Vietnam Monsoon Music Festival 2019 to bring about a great music festival with performances from young and talented artists from both domestic and international regions. Moreover, 333 also introduced a unique and interactive experiential platform as well as an exhibition of 333 in the event to help the audience understand the brand's origin and long history.

12/2019

Bia Saigon Relaunch - International Food Festival 2019

Going along with the 14th International Food Festival which was organized by the Department of Tourism of Ho Chi Minh City, SABECO aimed to bring about the experiential platform of typical Saigon street food in combination with the special flavor of Bia Saigon, thereby preserving and promoting Vietnamese cuisine to international friends. During the festival, Bia Saigon was officially honored as Beer of Vietnamese cuisine.







333 Relaunch - New Packaging

The new packaging of 333 brand was officially introduced to the public. Being the main focus of this transformation, the redesigned logo has brought in a breath of modern air, reflecting openness and individualism yet retaining the long-standing brand heritage. In addition, three new symbols were added on the packaging which have represented three credentials from the origins of Germany, France, and Vietnam. The refreshed design has helped SABECO not only honor the favorite consumers taste for over a decade but also reaffirmed that SABECO would continue to inherit, preserve and develop the legendary flavor of Vietnamese beer in years to come.



"Coming Home for Tet 2020, Bond Like a Dragon"

This was a comprehensive campaign for Tet 2020, which aimed to preserve and constantly develop traditional and cultural values of Vietnam as well as encourage Vietnamese people to keep moving forward and reach out to outstanding achievements. SABECO and the Central Committee of the Ho Chi Minh Communist Youth Union continued the program of awarding 1,000 air tickets and 1,000 bus tickets to outstanding workers from various industrial parks and processing zones.





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Product Portfolio

BEER







Bia Saigon Export



Bia Saigon Lager



333

NON-ALCOHOLIC DRINKS



Sa Xi Chuong Duong



Aloe Vera



Orange Soda Chuong Duong Chuong Duong Chuong Duong



Bottled Drinking Water Chuong Duong

ALCOHOLIC DRINKS



Nang Huong Premium Liquor



Nang Huong Premium Vodka



Nang Huong Liquor



Vina Vodka Standard



Vina Vodka Pure Grain



Vina Vodka Special



De Liquor



John Saigon Whisky



Ngoc Luong Tuu Liquor



Napoleon Brandy



Linh Chi Hong Sam Liquor

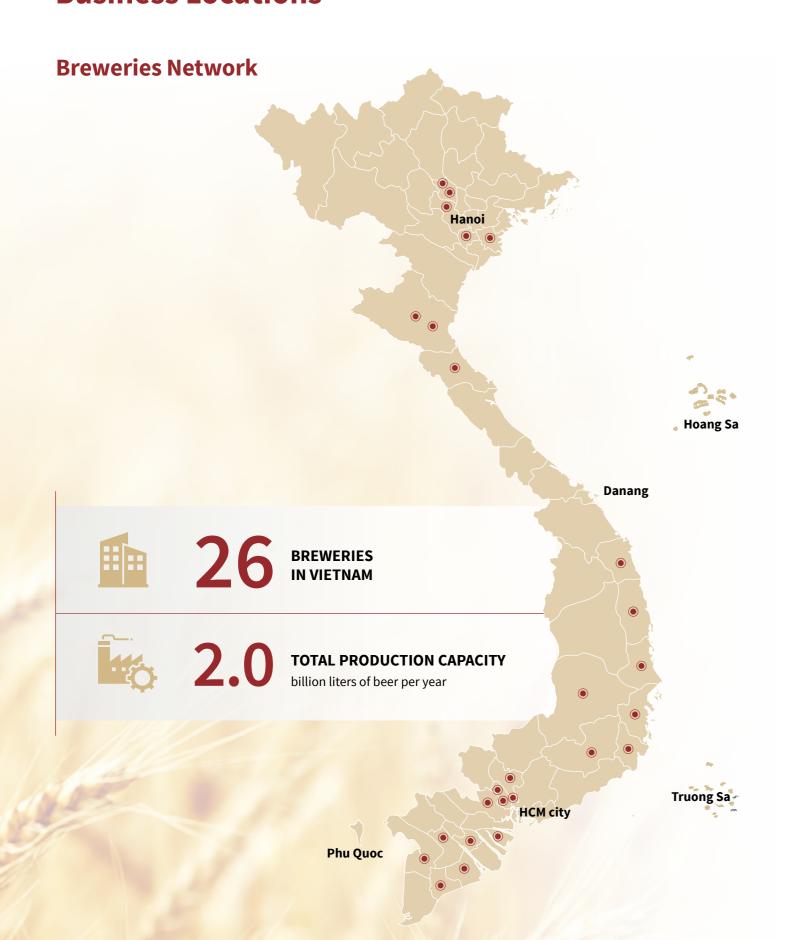


Caravelle Red Rhum

Business locations

Business Locations

30



Distribution Network

01 master trading company

10 regional trading company

More than 145,000 product consumption channels

63 provinces in Vietnam

38 countries overseas

No.	Name	Location
1	Northern Sai Gon Beer Trading Joint Stock Company	Hanoi
2	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Nghe An
3	Sai Gon Beer Center Trading Joint Stock Company	Ho Chi Minh City
4	Bia Saigon Mien Trung Trading Joint Stock Company	Da Nang
5	Sai Gon Beer Tay Nguyen Trading Joint Stock Company	Dak Lak
6	Saigon Beer Nam Trung Bo Trading Joint Stock Company	Khanh Hoa
7	Sai Gon Beer Eastern Trading Joint Stock Company	Binh Duong
8	Saigon Song Tien Beer Trading Joint Stock Company	Vinh Long
9	Saigon Song Hau Beer Trading Joint Stock Company	Can Tho
10	Sai Gon Beer Northeast Trading Joint Stock Company	Quang Ninh

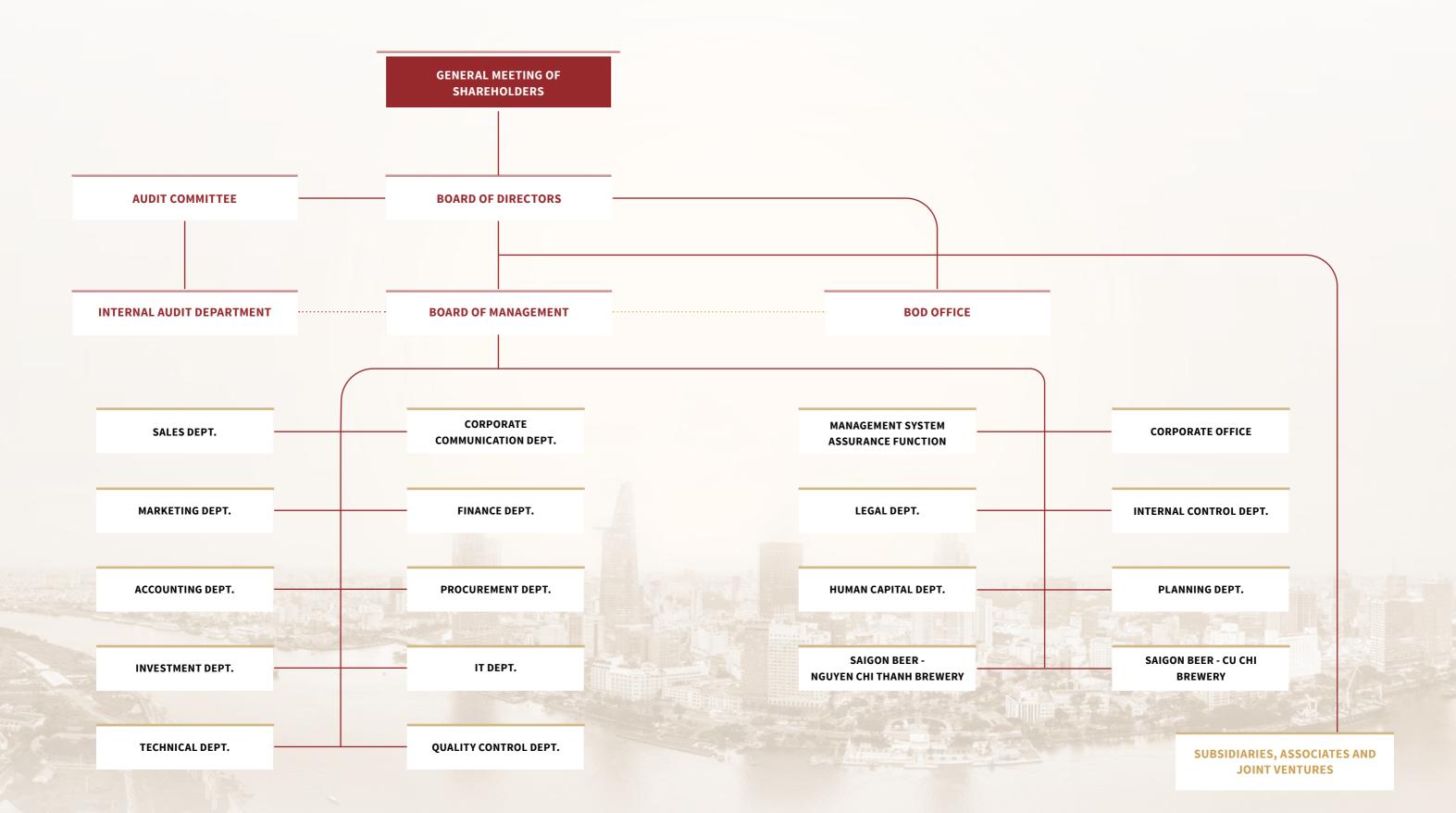
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SABECO Annual Report 2019



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Organizational Chart



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List of Subsidiaries, Associates and Joint Ventures

In November 2019, Saigon – Lamdong Beer Joint Stock Company, an associated company of SABECO completed a VND100 billion increase in charter capital to a total charter capital amount of VND200 billion. As a result, SABECO increased its shareholding and now holds 52.91% stake at Saigon – Lamdong Beer Joint Stock Company.



26 SUBSIDIARIES

18 ASSOCIATES AND JOINT VENTURES

Subsidiaries

No Name	Address	Type of Business	Paid-up capital (VND)	% of Voting Right	% of Ownership
1 Sai Gon Beer Trading Company Limited	12 Dong Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City	Trading beer, alcohol and beverages	700,000,000,000	100.00%	100.00%
2 Sa Be Co Mechanical CO., LTD	215 Dao Duy Tu Street, Ward 6, District 10, Ho Chi Minh City	Manufacturing equipment used in food, manufacturing, installing and maintaining machinery system and equipment	59,365,663,690	100.00%	100.00%
3 Sai Gon - Ha Tinh Beer One Member Company Limited	12 th Kilometer, Ha Tinh Ring Road, Thach Tan Commune, Thach Ha District, Ha Tinh Province	Producing and trading beer, yeasty malt, mineral water, bottled purified water	120,000,000,000	100.00%	100.00%
4 Saigon Beer Company Limited	187 Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City	Wholesale of beer, alcohol and beverages	10,000,000	100.00%	100.00%
5 Saigon Beer Group Company Limited	187 Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City	Wholesale of beer, alcohol and beverages	10,000,000	100.00%	100.00%
6 Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Dong Vinh Small Industrial Zone, Dong Vinh Ward, Vinh City, Nghe An Province	Trading beer, alcohol and beverages; providing transportation and warehousing services	40,000,000,000	95.07%	95.07%
7 Northern Sai Gon Beer Trading Joint Stock Company	Lot CN 01-05, Ninh Hiep Industrial Cluster, Ninh Hiep Commune, Gia Lam District, Hanoi	Trading beer, alcohol and beverages; providing transportation and warehousing services	39,719,500,000	94.72%	94.72%
8 Saigon Beer Center Trading Joint Stock Company	5 th - 6 th Floor - Lion Tower, 29 Nguyen Khac Nhu Street, Co Giang Ward, District 1, Ho Chi Minh City	Wholesale of beer, alcohol drinks; wholesale of non-alcohol drinks, wholesale of other chemicals, alcohol; trading packaging; providing cargo transportation by car	90,000,000,000	94.42%	94.42%
9 Binh Tay Liquor Joint Stock Company	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	Producing and trading alcohol	140,000,000,000	93.47%	93.32%
10 Bia Saigon Mien Trung Trading Joint Stock Company	No.7, 1 st Street, An Don Industrial Park, An Hai Bac Ward, Son Tra District, Da Nang City	Trading beer, alcohol and beverages; providing warehousing and cargo transportation by car services	60,000,000,000	91.24%	91.24%
11 Sai Gon Beer Eastern Trading Joint Stock Company	46/19 D1 Street, Binh Phu Hamlet, Binh Chuan Commune, Thuan An District, Binh Duong Province	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	40,210,000,000	90.68%	90.68%
12 Sai Gon Beer Northeast Trading Joint Stock Company	No.2A, Cai Lan Industrial Park, Bai Chay Ward, Ha Long City, Quang Ninh Province	Trading beer, alcohol and beverages; providing warehousing and cargo transportation services	40,000,000,000	90.45%	90.45%
13 Saigon Beer Nam Trung Bo Trading Joint Stock Company	No.1 National Highway, Dien Phu Commune, Dien Khanh District, Khanh Hoa Province	Trading beer, alcohol and beverages; providing warehousing and cargo transportation services	60,000,000,000	90.14%	90.14%
14 Sai Gon Beer Tay Nguyen Trading Joint Stock Company	190 Nguyen Van Linh Street, Ea Tu Commune, Buon Me Thuot City, Dak Lak Province	Trading beer, alcohol and beverages; providing warehousing and transportation services	39,761,600,000	90.00%	90.00%

List of subsidiaries, associates and joint ventures

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No	Name	Address	Type of Business	Paid-up capital (VND)	% of Voting Right	% of Ownership
15 S	aigon Song Tien Beer Trading Joint Stock Company	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	Trading beer, alcohol and beverage; providing warehousing and cargo transportation by road services	40,000,000,000	90.00%	90.00%
16 S	aigon Song Hau Beer Trading Joint Stock Company	No.15 - 25, 26 Vo Nguyen Giap Street, Phu Thu Ward, Cai Rang District, Can Tho City	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	40,290,000,000	90.00%	90.00%
17 S	ai Gon Beer Packaging Joint Stock Company	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	Producing and trading tin lid rings and metal packaging, packaging for food and beverage industry	71,770,160,000	76.81%	76.81%
18 S	aigon - Songlam Beer Joint Stock Company	Block 1, Hung Dao Commune, Hung Nguyen District, Nghe An Province	Producing and trading beer and beverages; importing and exporting related materials	450,000,000,000	68.78%	68.78%
19 S	ai Gon - Quang Ngai Beer Joint Stock Company	Quang Phu Industrial Park, Quang Phu Commune, Quang Ngai City, Quang Ngai Province	Producing and trading beer	450,000,000,000	66.56%	66.56%
20 C	huong Duong Beverages Joint Stock Company	606 Vo Van Kiet Street, Cau Kho Ward, District 1, Ho Chi Minh City	Producing and trading beverages, canned food and accessories	85,000,000,000	62.06%	62.06%
21 S	ai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Zone 6, Thanh Ba Town, Thanh Ba District, Phu Tho Province	Producing and trading beer, alcohol and soft drinks	30,000,000,000	56.24%	55.90%
22 S	aigon - Nghetinh Beer Joint Stock Company	54 Phan Dang Luu Street, Truong Thi Ward, Vinh City, Nghe An Province	Producing and trading beer, alcohol and beverages	105,000,000,000	54.73%	54.73%
23 S	aigon - Lamdong Beer Joint Stock Company	Lot CN 5, Loc Son Industrial Park, Loc Son Ward, Bao Loc City, Lam Dong Province	Producing beer, alcohol and beverages	200,000,000,000	52.91%	52.91%
24 S	ai Gon - Ha Noi Beer Corporation	A2 - CN8, Tu Liem Industrial Cluster, Phuong Canh Ward, Nam Tu Liem District, Hanoi	Producing and trading beer and beverages; importing and exporting related materials	180,000,000,000	52.11%	52.11%
25 V	Vestern - Sai Gon Beer Joint Stock Company	Tra Noc Industrial Park, Tra Noc Ward, Binh Thuy District, Can Tho City	Producing and trading beer	145,000,000,000	51.00%	51.00%
26 S	aigon Soc Trang Beer One Member Limited Company	Lot S, An Nghiep Industrial Park, An Hiep Commune, Chau Thanh District, Soc Trang Province	Producing and trading beer, yeasty malt, mineral water, bottled purified water	90,000,000,000	100.00%	51.00%

Associates and joint ventures

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No	Name	Address	Type of Business	Paid-up capital (VND)	% of Voting Right	% of Ownership
1 V	ietnam Spirits and Wine LTD.	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	Producing and trading alcohol and alcohol - related products	65,461,973,000	45.00%	45.00%
2 T	ruong Sa Food - Food Business Joint Stock Company	6A Truong Sa Street, Ward 17, Binh Thanh District, Ho Chi Minh City	Producing agricultural products and foods	17,700,000,000	38.98%	38.62%
.3	San Miguel Yamamura Phu Tho Packaging Company Limited	1 Le Van Khuong Street, Hiep Thanh Ward, District 12, Ho Chi Minh City	Manufacturing and trading metal packaging	51,882,792,000	35.00%	35.00%
4 M	Me Linh Point Limited	2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City	Providing office building leasing and management services	221,066,150,400	25.00%	35.00%
5 S	Sai Gon - Mien Trung Beer Joint Stock Company	1 Nguyen Van Linh Street, Tan An Ward, Buon Me Thuot City, Dak Lak Province	Producing and trading beer, alcohol, beverage and spare parts	298,466,480,000	32.41%	32.40%
6 S	Saigon - Phutho Beer Joint Stock Company	Trung Ha Industrial Park, Hong Da Commune, Tam Nong District, Phu Tho Province	Producing beer, alcohol and beverages	125,000,000,000	33.85%	30.84%

38 List of subsidiaries, associates and joint ventures 39

No	Name	Address	Type of Business	Paid-up capital (VND)	% of Voting Right	% of Ownership
7	Crown Beverage Cans Saigon Limited	Hanoi Highway, Hiep Phu Ward, District 9, Ho Chi Minh City	Manufacturing aluminium cans	256,369,900,000	30.00%	30.00%
8	Malaya - Vietnam Glass Limited	Room 11.1, Floor 11, REE Tower, 9 Doan Van Bo Street, Ward 12, District 4, Ho Chi Minh City	Manufacturing glass products	322,209,160,000	30.00%	30.00%
9	Tan Thanh Investment Trading Company Limited	66 Tan Thanh Street, Ward 12, District 5, Ho Chi Minh City	Construction and real estates	250,000,000,000	29.00%	29.00%
1()	Thanh Nam Consultant Investment - Engineering And Technology Transfer Joint Stock Company	50A Bui Thi Xuan Street, Ben Thanh Ward, District 1, Ho Chi Minh City	Providing consulting construction and designing services	1,400,000,000	28.57%	28.57%
11	Saigon Tay Do Beer - Beverage Joint Stock Company	Lot 22, Tra Noc 1 Industrial Park, Tra Noc Ward, Binh Thuy District, Can Tho City	Producing and trading beer, alcohol, beverage, soya milk and fruit juice	200,000,000,000	34.92%	27.62%
12	Mechanical and Industrial Construction Joint Stock Company	929 - 931 1A National Highway, Thoi An Ward, District 12, Ho Chi Minh City	Manufacturing, installing machinery, bridges and roads and industrial construction products	35,999,480,000	26.00%	26.00%
13	Sai Gon - Khanh Hoa Beer Joint Stock Company	Dien Phu Industrial Park Cluster, Dien Phu Commune, Dien Khanh District, Khanh Hoa Province	Producing and trading beer, alcohol, beverage and spare parts	100,000,000,000	26.00%	26.00%
14	Saigon Binh Tay Beer Group Joint Stock Company	8 Nam Ky Khoi Nghia Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City	Producing, processing and trading food, beverage, beer and alcohol drinks	875,245,360,000	22.18%	21.80%
15	Sai Gon - Vinh Long Beer Joint Stock Company	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	Producing beer, alcohol and beverages	150,000,000,000	20.00%	20.00%
16	Sai Gon - Kien Giang Beer Joint Stock Company	D1 - D2 Street, Thanh Loc Industrial Park, Thanh Loc Commune, Chau Thanh District, Kien Giang Province	Producing and trading beer, alcohol, beverage and spare parts	115,000,000,000	20.00%	20.00%
17	Saigon - Bentre Beer Joint Stock Company	Phuoc Hau Hamlet, An Phuoc Commune, Chau Thanh District, Ben Tre Province	Producing beer, alcohol and beverages	100,000,000,000	20.00%	20.00%
18	Saigon - Baclieu Beer Joint Stock Company	Lot B5, Tra Kha Industrial Zone, Ward 8, Bac Lieu City, Bac Lieu Province	Producing beer, alcohol and beverages	120,120,000,000	20.00%	10.20%



Profile of the Board of Directors and the Management

SABECO Annual Report 2019

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Profile of the Board of Directors and the Management



Year of birth: 1946 **Nationality:** Singaporean

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Date of first appointment: April 23, 2018

Date of last re-election: July 21, 2018

Academic and Professional Qualifications

· Bachelor of Science, University of Singapore, Singapore

Work Experiences

Current positions include:

- Chairman, Bukit Sembawang Estates Limited
- Director/Chairman Remuneration Committee/Member
 Audit Committee/Member Nominating Committee/
 Member Risk Management Committee/Member Market
 Sustainability and Strategy Committee, Delfi Limited
- Director and Adviser of the Board/Chairman Executive Committee/Chairman - Sustainability and Risk Management Committee, Fraser and Neave Limited
- Independent Director, Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad

- · Chairman, BeerCo Limited
- · Chairman, National Kidney Foundation
- Lead Independent Director/Member Audit and Risk Committee/Member - Nomination and Compensation Committee, Raffles Medical Group Ltd
- · Chairman, Singapore Kindness Movement
- · Chairman, Times Publishing Limited
- Chairman, Yunnan Yulinguan Liquor Co Ltd

Past positions include:

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



Independent member of Board of Directors
Chairman of Audit Committee

Year of birth: 1966 Nationality: Thai

Date of first appointment: July 21, 2018

Academic and Professional Qualifications

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

Work Experiences

Current positions include:

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

- Audit Committee/Independent Director, Univanich Palm Oil Public Company Limited
- Independent Director/Member of the Audit Committee,
 Thai Summit Harness Public Company Limited
- Chairman, Talaypu Natural Products Co., Ltd
- Managing Partner/Director, Claris Co., Ltd
- Managing Director, myDNA Co., Ltd
- · Director, EcoFuture Co., Ltd
- Director, P Garden Co., Ltd
- Director, P Landscape Co., Ltd
- · Director, Plim369 Co., Ltd
- Director, Plimboonluck Co., Ltd
- · Director, Pornmit Co., Ltd
- Managing Director, Wanwarin and Associate Co., Ltd

- Partner/Managing Director, The Boston Consulting Group
- Director, Progress Watch Company Limited

Profile of the Board of Directors and the Management SABECO Annual Report 2019 43



Year of birth: 1955 Nationality: Vietnamese

Date of first appointment: July 21, 2018

Academic and Professional Qualifications

Master of Laws

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Work Experiences

Current positions include:

- Independent Member, Vietnam Engine and Agricultural Machinery Corporation - JSC
- Independent Lawyer, Hanoi Bar Association
- Vice Chairman, Vietnam Beer Alcohol Beverage Association

Past positions include:

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



Year of birth: 1961 Nationality: Vietnamese

Date of first appointment: May 9, 2018 Date of last re-election: July 21, 2018

Academic and Professional Qualifications

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

Work Experiences

Current positions include:

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

Past positions include:

• Business Development Manager, BJC Resident in Hanoi



Year of birth: 1959 Nationality: Singaporean

Date of first appointment: July 21, 2018

Academic and Professional Qualifications

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

Work Experiences

Current positions include:

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

- Director, Chang Holding Co., Ltd
- Non-Executive Director, DECCO 235
- Alternate Director, Fraser and Neave, Limited
- · Director, F&N Retail Connection Co., Ltd
- · Director, Havi Food Distribution (Thailand) Co., Ltd
- · Director, Havi Logistics (Thailand) Limited
- Non-Executive Director, Heritas Capital Management Pte Ltd
- Director, InterBev (Singapore) Limited
- Director, InterBev (Singapore) 2019 Limited
- Director/Group Chief Financial Officer, International Beverage Holdings Limited
- Director, International Beverage Holdings (Singapore)
 Pte Limited
- Director, International Beverage Holdings (UK) Limited
- Director, International Beverage Trading (Hong Kong) Limited
- Director, International Breweries Limited
- Director, InterF&B Pte Ltd
- Director, Inver House Distillers Limited
- Director, Inver House Distillers (ROI) Limited
- Non-Executive Director, IMC Pan Asia Alliance Corporation
- Non-Executive Director, Marketing Magic Pte Ltd
- Director, Max Asia Food and Beverage (Thailand) Co., Ltd
- Director, Grand Royal Group International Company Limited
- Director, Myanmar Supply Chain and Marketing Services
 Company Limited
- · Non-Executive Director, Prudence Holdings Limited
- Director, Siam Breweries Limited
- · Director, So Water Company Limited
- Executive Director, Super Brands Company Pte Ltd
- Director, Thai Breweries Limited
- Director/Legal representative, Vietnam Beverage Company Limited
- Director, Wellwater Limited
- Executive Vice President of Finance and Accounting Group/ Deputy Group CFO/Chief Finance Officer – International Business, Thai Beverage Public Company Limited
- Legal representative/Chairman of Board of Management,
 Vietnam F&B Alliance Investment Joint Stock Company

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

Profile of the Board of Directors and the Management

SABECO Annual Report 2019

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Year of birth: 1973 Nationality: Vietnamese

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Date of first appointment: July 21, 2018

Academic and Professional Qualifications

- Bachelor of Finance Credit
- Certificate of Chief Accountant Training
- · Master of Finance Banking

Work Experiences

Current positions include:

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

Past positions include:

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



Year of birth: 1964 Nationality: Vietnamese

Date of first appointment: July 21, 2018

Academic and Professional Qualifications

• PhD of Economics

Work Experiences

Past positions include:

- Chairman, Sai Gon Beer Tay Nguyen Trading Joint Stock Company
- Chairman, Saigon Beer Nam Trung Bo Trading Joint Stock Company
- Chairman, Saigon Beer Center Trading Joint Stock Company
- Deputy General Director, Sai Gon Beer Trading Company Limited
- Managing Director, Sai Gon Beer Trading Company Limited
- Director, Saigon Beer Center Trading Joint Stock Company
- Head of Sales and Distribution Department, Sai Gon Beer Trading Company Limited
- Head of Sales Department, Saigon Beer Alcohol Beverage Corporation



Year of birth: 1969 Nationality: Singaporean

Date of appointment: August 1, 2018

Academic and Professional Qualifications

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

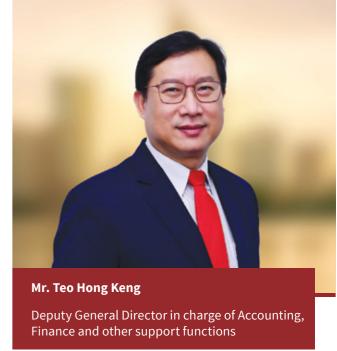
Work Experiences

Current positions include:

- Chairman, Saigon Song Hau Beer Trading Joint Stock Company
- Chairman, Chuong Duong Beverages Joint Stock Company
- Chairman, Western Saigon Beer Joint Stock Company
- Chairman, Saigon Beer Company Limited
- Chairman, Me Linh Point Limited
- Director, Ebenezer NDT Service Pte Ltd
- Director, Koi Marine Engineer & Services Pte Ltd
- Board Member, National Kidney Foundation (Singapore)

Past positions include:

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



Year of birth: 1972 Nationality: Singaporean Date of appointment: May 9, 2018

Academic and Professional Qualifications

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

Work Experiences

Current positions include:

- Chairman, Saigon Song Tien Beer Trading Joint Stock Company
- · Chairman, Sai Gon Quang Ngai Beer Joint Stock Company
- Chairman, Saigon Lamdong Beer Joint Stock Company
- Chairman, Saigon Beer Group Company Limited
- Director, Sai Gon Kien Giang Beer Joint Stock Company

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

Profile of the Board of Directors and the Management SABECO Annual Report 2019 47



Year of birth: 1969 **Nationality:** Singaporean Date of appointment: May 9, 2018

Academic and Professional Qualifications

· Bachelor of Business in Marketing, Monash University, Australia

Work Experiences

Current positions include:

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

Past positions include:

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



Year of birth: 1967 Nationality: Vietnamese

Date of appointment: October 12, 2017

Academic and Professional Qualifications

· Mechanical Engineer, University of Technology

Work Experiences

Current positions include:

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

Past positions include:

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



Year of birth: 1973 Nationality: Vietnamese

Date of appointment: October 1, 2018

Academic and Professional Qualifications

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

Work Experiences

Current positions include:

• Chairman, Sai Gon Beer Eastern Trading Joint Stock Company

Past positions include:

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



Year of birth: 1967 Nationality: Vietnamese

Date of appointment: September 1, 2018

Academic and Professional Qualifications

· Bachelor of Economics

Work Experiences

Current positions include:

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

Past positions include:

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



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Year of birth: 1966 **Nationality:** Vietnamese

Date of appointment: August 6, 2018

Company Limited (SATRACO)

Academic and Professional Qualifications

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

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

Work Experiences

Current positions include:

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

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



Development orientation SABECO Annual Report 2019 51

Development Orientation

SABECO has continued to boost business activities towards effective and sustainable development to affirm its market leadership position.

Key focus

SALES

- Focus on maintaining domestic position, boost the export and move into new markets.
- Diversify distribution channels, improve the capacity and operational efficiency of the distribution system.

PRODUCTION

- Ensure and improve product quality.
- · Increase the efficiency of breweries.
- Increase production management capacity and rationalize production and consumption areas.

PERSONNEL

- Build employee engagement, increase the effectiveness of the employees and turn human capital into a core competitive element.
- Develop open and transparent communication.
- Develop policies to manage and evaluate the effectiveness of work.
- Strengthen employee's performance through annual training programs.
- Implement pay-for-performance salary structure.

BRAND

- · Review brand positioning.
- Develop brand architecture.
- · Conduct brand health measurement.

EXPENSES

- · Simplify organizational structure.
- · Strict control of expenses.
- Shared service across the system and consider the joint purchasing cooperation with the group of companies.

BOD AND MANAGEMENT ACTIVITIES

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

SUPPLY CHAIN

- Rationalize warehousing and transportation.
- Optimize route planning.
- Improve delivery service levels.

IT

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





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Key Risks

Raw material risks

Key risks



Climate change has been one of the most significant factors affecting price and volume of raw materials, mainly malts and hops. As malts and hops are agricultural products, if farmers are not proactive with their harvest plans, there could be shortages of raw materials in case of unfavorable weather.

In addition, the price of aluminum cans with aluminum being the main material also fluctuates unexpectedly. This price fluctuation depends on various factors, mainly due to supply and demand, oil price, and political factors. In order to limit the negative impacts of price and volume fluctuations, SABECO has actively sought for solutions to reduce materials cost such as:

- Proceeding with advance procurements to meet volume needs to ensure sufficient amount of raw materials used for production.
- Maintaining various suppliers from different regions to minimize risks on volume shortage and give an opportunity to obtain the most reasonable price.
- Coordinating with SABECO group of companies to conduct joint procurements for better prices and quality consistency.
- Improving packaging to lower costs and minimize the impact on environment.



Market risks



One of the most significant market challenges is the competition with well branded and financially capable competitors from overseas, who possess vast international experience and expertise. They have continued to invest heavily in marketing and sales activities to capture more market share. The mainstream segment, which has always been one of SABECO's strengths, has faced intense competition from high-end players recently.

In addition, the current consumption trend has seen many changes, such as the movement into premium beer products as a result of the increasing average income while SABECO still lacks competitive products for the premium segment.

High-income, young people now prefer imported beer and consumers have been increasingly concerned about health safety, so they tend to consume more non-alcohol and healthy beverage products. These may lead to a change in competitive dynamics in the beer market. Despite being the leader in Vietnam market, SABECO has come up with plans to counter this market risk by improving product quality, promoting R&D to diversify the Corporation's product portfolio, and further strengthening Bia Saigon brand.

Exchange rate risks



Raw materials account for a large portion of the cost structure, which are heavily dependent on the supply of foreign markets while end products are being consumed mainly in the domestic market. Therefore, when the exchange rate fluctuates, it would directly affect the cost of imported raw materials and SABECO's

profit. However, given positive macroeconomic prospects and a policy of stabilizing the domestic currency (expected to fluctuate within 1% per year) maintained by the State Bank of Vietnam, the risks of exchange rate for SABECO has been lessened.

Policy risks



SABECO has been directly impacted by changes from government policies and regulations in response to specific socioeconomic situations as follows:

• In late 2019, Decree No. 100/2019/ND-CP on Penalties for Road Traffic and Rail Transport Offences was recently passed

- In 2018, the excise tax rate increased from 60% to 65% on liquor of 20% ABV and above as well as beer, and increased from 30% to 35% on liquor of under 20% ABV, which has greatly affected the bottom lines of SABECO and the Corporation's group of companies.
- In 2019, the National Assembly of Vietnam adopted Law No. 44/2019/QH14 on Prevention and Fighting against the Negative Effects of Alcohol ("Alcohol Law") with the effective date of January 1, 2020. Specifically, drunk driving/riding would be prohibited with zero tolerance for any amount of alcohol content in blood or breath, which has a huge impact on beer and liquor consumption behaviors in Vietnam, as well as sales volume of the beer industry in general and SABECO in particular. Besides, the Alcohol Law also enacted various restrictions on beer and liquor promotions and advertising, which has imposed challenges on marketing alcoholic products since then.
- In late 2019, Decree No. 100/2019/ND-CP on Penalties for Road Traffic and Rail Transport Offences was recently passed with the effective date of January 1, 2020, including strong and strict law enforcements in order to reduce the number of traffic accidents caused by irresponsible use of liquor and beer. However, this would also lead to a significant decline in beer and liquor consumption.
- In 2020, due to the COVID-19 pandemic around the world, the
 government has taken drastic measures to minimize health
 risks for all citizens. Particularly, since mid-March 2020,
 many provinces have asked their people to stay at home,
 avoid public gatherings, suspend entertaining activities and
 festivals, as well as closed down all non-essential services
 such as restaurants, karaoke bars, and night clubs to prevent
 the spreading of COVID-19. As a result, on-trade channels of
 SABECO would be significantly affected, thus further drives
 down the Corporation's revenue and profit for the year
 of 2020.

54 Operation report SABECO Annual Report 2019 55



SABECO Annual Report 2019 57

Report of the Board of Directors

Assessment of 2019 performance

OVERVIEW



2019 was a transformation year with lots of opportunities and challenges for both the Vietnam beer market and SABECO.

- Global trade grew slower than forecast as the U.S. changed its strategy to bilateral negotiations. In particular, the U.S. – China trade tensions which are complicated adversely affected trade growth and very likely to continue for quite some time. The National Financial Supervisory Commission of Vietnam (NFSC) said that the world economy in 2019 was expected to decelerate or at best maintain the 2018 growth rate.
- According to the General Statistics Office of Vietnam, the economic growth in 2019 reached 7.02% which facilitated the growth of SABECO.
- Vietnam economy had been growing rapidly with increasing GDP, increasing per capita income and increasing urbanization. Population is amongst the youngest in the region. These factors will drive the consumption demand and support future growth for the beer industry in Vietnam.
- Vietnam ranks first (1st) in Southeast Asia, and third (3rd) in Asia, next to China and Japan in terms of annual beer consumption. These ranks reflect the market attractiveness which comprises almost 98 million people, drawing participations from a variety of leading beer companies around the world.

- With the main intention of adding value for consumers, SABECO has constantly enhanced its technology and capability to improve and ensure product quality. At the same time, SABECO has been investing in marketing activities to promote its image and brands, which is an integral pillar of a long-term sustainable development strategy and also in human resources by creating a fair and competitive working environment for employees and encouraging them to constantly improve their skill and expertise.
- Compared to 2018, SABECO and its group of companies in 2019 faced various difficulties and challenges, including a false rumor circulating among consumers that SABECO is a Chinese company because it was sold to a Chinese entity, and that Bia Saigon now carries Chinese brands which significantly tarnished the well-known reputation of SABECO and Bia Saigon with a history of 144 years in Vietnam.

BUSINESS PERFORMANCE IN 2019

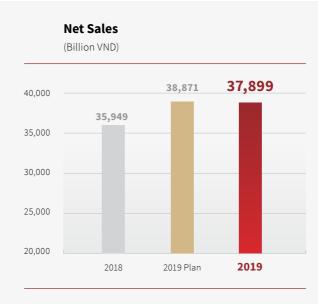
PROFIT AFTER TAX

5,370

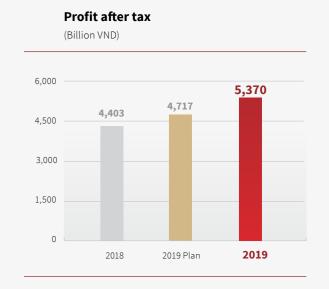
billion VND



After nearly two years of transformation, SABECO's business performance has improved significantly, as shown by its financial metrics. In 2019, the Board operated in accordance with the Law, the Corporation's Charter, and relevant regulations and delivered commendable results as follows:







↑ 22.0% compared to 2018

Earnings and dividends

The accomplishments from our disciplined execution across all business areas include strong earnings and sustainable dividend payouts, in which our strong operational performance allowed a dividend payment of up to 35% of par value to shareholders, thereby meeting the plan approved at the 2019 AGM.

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Report of the Board of Directors

THE BOARD OF DIRECTORS' ACTIVITIES IN 2019

In 2019, the Board held four meetings to facilitate the implementation of company strategic plans and to supervise the business activities of SABECO and its group of companies.

Apart from regular BOD meetings, the Board also approved resolutions through circulation for urgent business decisions.

Remuneration

Remuneration for Board members was approved in the 2019 AGM. Hence, they received this amount in accordance with the Corporation's regulations and policies.

Performance assessment of the Board and Committees

In response to SABECO's expanding operating scale, business activities have to be adjusted regularly to adapt to complex market conditions and changes in the economic environment. Therefore, the Board 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.

Activities of Committees

The AC reviewed financial statements and the Group's system of internal controls, and related party transactions which might lead to conflict of interest, supervising compliance and fraud prevention, overseeing and evaluating internal audit performance in accordance with the International Standards for the Professional Practice of Internal Auditing, and approving audit plans as well as assessing independent auditing services.

On March 18, 2019, the Board appointed Mr. Nguyen Tien Vy, an independent BOD member, to oversee HR activities and ensure 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 to the Corporation certain 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.

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.

Summary of the Board's supervising activities are outlined below:

Organizational Structure

Applied new salary structure from the parent company to subsidiaries.

Restructured the organization chart of SABECO, SATRACO • and other subsidiaries.

Investment Activities

- Ensured compliance with the Law and SABECO's regulations during implementation of capital investment projects.
- Invested in projects for expansion of production capacity in order to meet business needs.
- Setting up of SABECO 4.0 function in progress.

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Sales and Marketing Activities

- · Reviewed Group's product portfolio and market · Approved change of packaging design for rejuvenation of its share tracking.
- Satisfied customer's requirements and needs in each market segment.
- Monitored and guided the sales support programs to increase effectiveness and ensure consistency throughout the system for achievement of targeted sales volume.
- · Focused on key distributors and distribution channels to meet market demand, taking into consideration the pricing strategies and market competitiveness.
- · Focused on strengthening its key market segment, the popular and sub-premium product lines, to create momentum before targeting the premium segment.
- Developed a strategy to drive sales through stimulating sales to consumers (such as Bia Saigon Relaunch Promotions for Bia Saigon Special product, Bia Saigon Export product, Bia Saigon Lager product).

- iconic 333 brand.
- Raised Vietnam's pride by winning a gold medal for the "International Smallpack Lager Competition", Class 1 (Lager 2.9% - 4.4% ABV) category at The International Brewing Awards 2019.
- Honored in the ranking for the third consecutive year in the list of "50 Best Listed companies in 2019" organized by Forbes Vietnam.
- · Honored in the list of Forbes Asia's 200 Best over a Billion 2019. SABECO is proud to be among 7 Vietnamese representatives honored in the list, together with big companies in the Asia-Pacific region.
- · Official sponsor of National Sports Federation of Vietnam at the 30th Southeast Asia Games (SEA Games 30) in Philippines.

Production and Supply Chain Activities

- Maintained highest standards for product quality by improving procurement process of raw materials and production process.
- · Closely monitored price movement of raw materials and ensure timely purchasing of production materials to optimize production costs.
- Enhanced efficiency and capabilities for 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, maintained and improved the laboratory management system ISO 17025:2005.
- Invested in R&D activities and applied innovative technologies to diversify product portfolio, improve product quality and reduced manufacturing costs. The brewery's operational procedures are centered on 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 methods of transportation and ensured adequate supply during peak occasions.

Human Resources Activities

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

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Report of the Audit Committee

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Report of the Audit Committee

The Audit Committee under the Board of Directors of SABECO comprises three members as follows:

Mr. Pramoad PhornpraphaIndependent member of the Board,
AC Chairman

Mr. Nguyen Tien Vy Independent member of the Board, AC Member Mr. Michael Chye Hin Fah Member of the Board, AC Member

During the fiscal year ended December 31, 2019, the AC held four meetings in which the attendance of each committee member is presented in the Corporate Governance Report section. The proceedings from each AC meeting were reported to the Board all of which can be summarized as follows:

REVIEW OF FINANCIAL STATEMENTS

The AC had reviewed quarterly, semi-annual and annual financial statements before the Management submitted them to the Board, and then to shareholders at the AGM, or for public releases as required by the law, and assessed whether they were fairly, completely and timely presented in accordance with current accounting regulations, accounting standards and legal requirements. For 2019, the result of 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, Q1/2019 and Q3/2019 financial statements were reviewed by the Independent Auditor who helped improve the reliability and credibility of the reports before being disclosed.
- During the year, there were no changes in accounting policies, accounting standards nor tax policies which had a material impact on the disclosed financial position and financial statements.

- No material or irrational errors were found regarding accounting estimates (e.g. provisions, goodwill valuation, etc.).
- Some comments in the management letter to improve SABECO's internal control system, which were made by the Independent Auditor, have been reviewed and considered by the AC as not having significant impact on financial statements preparation and disclosure, and the AC has also agreed with Management and relevant stakeholders on measures for improvement.

REVIEW OF RELATED PARTY TRANSACTIONS

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

OVERSIGHT OF 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. Initially, 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 results reported by the IA Department. The results indicated that there were some internal controls that needed to be improved so that the Corporation's business operations would be adequate, effective and appropriate.

OVERSIGHT OF INTERNAL AUDIT

The AC oversaw the Corporation's internal audit activities including approving the annual audit plan, evaluating internal audit performance, ensuring that the IA Department independently performed its duties by having it report directly to the AC and providing advice on its performance 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.

OVERSIGHT OF INDEPENDENT AUDITING SERVICES

The AC found that the proposed 2019 audit plan and its execution made by the Independent Auditor were suitable to meet the Corporation's requirements on the scope, objects, methodology and timeline while ensuring the auditing service quality, independence with no conflicts of interest.

Regarding execution of the 2019 audit plan, KPMG as the Independent Auditor successfully fulfilled its tasks, met AC's expectations, ensured the reliability and integrity of the financial statements which were disclosed to shareholders and relevant stakeholders.

For the financial year 2020, the Board (AC) will submit the proposal of selecting an independent auditing firm to the AGM for approval.



Report of the Board of Management

Evaluation of 2019 business performance

Vietnam is the 3rd largest country in Asia in terms of beer consumption, behind China and Japan. 2019 was another year of robust growth. The growth of the Vietnamese beer market has attracted interests and investments by international beer companies.

FACTORS AFFECTING SABECO'S BUSINESS PERFORMANCE IN 2019

NET SALES

37,899 billion VND 15.4%



PROFIT AFTER TAX

5,370 billion VND

Sales performance

In 2019, sales volume of all kinds of beer was higher than 2018. However, due to the occurrence of fake news that SABECO was a Chinese company circulating around Q3, the Corporation's top line in the last few months of 2019 was impacted severely. The Corporation swiftly took action to mitigate the fake news to manage the damage.

Net sales

Net sales was VND37,899 billion, equivalent to an increase of 5.4% compared to 2018. The increase in revenue mainly came from the increase in sales volume and higher selling prices for various products during the year.

Consumers demand and purchasing power

Beer accounted for 93% of all alcoholic consumption in Vietnam. The country has a young and growing educated workforce and is now in a period of golden population structure, where 45% are under 30 years of age. Therefore, a large pool of potential consumers will continue to drive the growth of beer consumption.

Gross profit

The gross profit margin increased from 22.5% to 25.2%, resulting from lower cost of goods sold due to cost savings from transportation and packaging (cans and cartons).

Operating expenses

G&A expenses were VND1,048 billion and increased by nearly 15% compared to 2018 because of provision for investments. Selling expenses was VND3,003 billion, increased by 10% compared to 2018, mainly due to higher investment in marketing activities and trade promotion.

Profit after tax

Profit after tax reached VND5,370 billion, increased by 22% compared to 2018, mainly due to the increase in gross profit and higher financial income.

CONSOLIDATED FINANCIAL INDICATORS

Financial	Ratio	2018	2019
Growth ratio	Unit		
Net sales		5.1%	5.4%
Gross profit		-8.8%	18.1%
Net profit	%	-11.0%	22.0%
Total asset		1.6%	20.5%
Equity		11.7%	24.6%
Liquidity Ratio			
Current Ratio		2.48	3.15
Quick Ratio	Time	2.16	2.81
Cash Ratio		2.03	2.71
Turnover Ratio			
Inventory Turnover Ratio		13.43	13.49
Receivable Turnover Ratio		173.06	188.66
Payable Turnover Ratio	Time	13.77	12.73
Total Asset Turnover Ratio		1.62	1.54
Operating Profitability Ratio			
Gross Margin		22.5%	25.2%
Net Margin		12.2%	14.2%
ROE		28.8%	29.7%
ROA	%	19.8%	21.8%
Cost of goods sold/Net Sales		77.5%	74.8%
G&A expenses/Net Sales		2.5%	2.8%
Selling expense/Net Sales		7.6%	7.9%
Risk Ratio			
Debt Equity Ratio		0.45	0.36
Interest Coverage Ratio	Time	171.95	197.25

Assets

As of December 31, 2019, due to the effect of consolidating the Saigon – Lamdong Beer Joint Stock Company which has become a subsidiary of SABECO since October 2019, the total assets were VND26,962 billion, increased by 20.5% from last year.

The current assets increased by VND4,474 billion, mainly due to the increase in deposits while the long-term assets increased by VND121 billion, of which, fixed asset increased by VND118 billion resulting from consolidation of Saigon – Lamdong Beer Joint Stock.

The ROA increased from 19.8% in 2018 to 21.8% in 2019 and the ROE was slightly higher than 2018, which increased from 28.8% to 29.7% mainly due to higher profit after tax in 2019.



Liabilities

As of December 31, 2019 the total liabilities were VND6,886 billion. The increase in liabilities mainly came from higher long-term loan and borrowings due to the consolidation of Saigon - Lamdong Beer Joint Stock Company.

The debt equity ratio decreased from 0.45 in 2018 to 0.36 in 2019 while the current ratio increased from 2.48 to 3.15, thus reflecting SABECO's low gearing and liquidity.



Investment in subsidiaries, associates and joint ventures

As of December 31, 2019, SABECO wholly owned 5 companies, 21 subsidiaries with more than 51% ownership, and 18 associates and joint ventures.

In 2019, the Board approved the increase in charter capital at Saigon – Lamdong Beer Joint Stock Company and as a result of the increase in SABECO's ownership at Saigon – Lamdong Beer Joint Stock Company, it became a subsidiary of the Corporation.

SABECO's subsidiaries, associates and joint ventures, which operated in the main business segments (e.g. beer production and sales) and related business areas (e.g. packaging and mechanic), generally achieved positive results compared to 2018, thereby increasing the Corporation's effectiveness in capital investments.

2019 Highlights



SALES

In order to increase brand visibility throughout the country, SABECO conducted the Streetlight project as part of the Bia Saigon relaunch in crowded places such as airports, walking streets and restaurants.

In addition, SABECO implemented three price increases in March, August and September.

The distribution system was reviewed and improved. Clear requirements were built to evaluate each distributor and a new distributor incentive scheme was launched in order to help build stronger ties with distributors. In addition, stronger focus has been placed on outlet management by implementing more trade promotions for outlets and consumers.

The Corporation also launched the Promoter Agent program to enhance the selling skills of PAs. They were provided with knowledge related to their assigned products, sales techniques, problem solving and deportment through training sessions and a newly updated handbook. The uniform was also retouched and reintroduced with a more modern and energetic look to be consistent with the new packaging of Bia Saigon.



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BRAND INVESTMENT

2019 was the year of transformation for SABECO. In order to reach new heights, the Corporation increased brand investment through innovative and inspiring marketing campaigns. One of the most outstanding campaigns was the UTC promotion named "Open Bia Saigon Special, rise up billions" with a much larger scale and more attractive prizes compared to 2018. This was the biggest promotion in 2019 to show SABECO's appreciation to all consumers as well as part of the Corporation's development strategy to affirm the leading position in Vietnam market.

Strengthening beer brands in the domestic market has always been the Corporation's main goal. In order to achieve this, brand positioning and product portfolio were reviewed to maximize the strengths of each product. As a result, SABECO implemented a comprehensive relaunch for its flagship brand – Bia Saigon, which was initiated by introducing packaging transformation and a new slogan called "Soar Like A Dragon". By using the Dragon image which represents power and prosperity of Vietnam, the new look not only ensures the aesthetics and consistency of all sub-brands but also represents the rising spirit of young and progressive Vietnamese. With that in mind, SABECO introduced the thematic TVC which was inspired by Vietnamese youth legends with the iconic song "Journey to glory" to celebrate great achievements for the youth. Besides, the Corporation also brought about a complete Bia Saigon experiential platform to both local people and visitors through the "Saigon Night" and "International Food Festival 2019" event.

In our efforts to rejuvenate the Corporation's key brands, SABECO collaborated with the Monsoon Music Festival 2019, an international music festival, featuring our refreshed 333 as the sponsoring brand. In December 2019, the Corporation officially introduced the new packaging for 333, which reflected the modernity, openness and individualism but still maintained the brand's heritage value of "Open to the World. True to Yourself". The new look promises to attract more young consumers.

SUPPLY CHAIN

SABECO introduced a competitive bidding scheme for both local and international transport contractors. This helped the Corporation procure more professional services at a lower cost.

A control tower with "Track & Trace" system was also established to monitor real-time activities of trucks movements and thus improved transportation process.

A new warehouse management system was piloted in the end of 2019 in order to boost productivity, improve warehouse service, control inventory and date of finished goods, reduce operational errors, save operational costs as well as coordinate better with stakeholders. This project is expected to be completed by mid 2020.

PRODUCTION

During 2019, SABECO invested in the following projects:

- Construction of Saigon Beer
 Lam Dong Brewery.
- Tự HÀO VIỆT NAM VƯỚN XA THẮNG LỚN

 Chức mùng Bia Sia Đôn Lugar thống huy chương vàng Giái Thường Bia Guốc W 2019 lại Ach Guốc

 BIA SAIGON

 LUCIS

 Các dom si nhiệt lật chức mùng thành lạy Bia Sia Đôn Lugar

 Các dom si nhiệt lật chức mùng thành lạy Bia Sia Đôn Lugar

 Các dom si nhiệt lật chức mùng thành lạy Bia Sia Đôn Lugar
- Beer filtration system in membrane filtration technology at Saigon Beer – Nguyen Chi Thanh Brewery which is put into use from December 2019.
- Building and renewing fermentation workshop equipment at Saigon Beer – Nguyen Chi Thanh Brewery which is fully operational in December 2019.

Thanks to the great taste, fresh beer flavor, and a superior production process, SABECO 's beers are now appreciated and recognized globally. One of the notable achievements was the gold medal won by Bia Saigon Lager in Smallpack Lager - Class 1 (2.9% - 4.4% ABV) at the International Brewing Awards 2019 in UK. SABECO was the first brewery from Vietnam to achieve this prestigious award, elevating pride of Vietnam and the reputation of Vietnam brewing industry in general. Another highlight included SABECO winning a number of awards in the International Beer Cup 2019 hosted by Craft Beer Association of Japan with one gold medal for Bia Saigon Special and one silver medal for 333 in the International-Style Pilsener category and last but not least, one gold medal for Bia Saigon Lager in the Light Lager category. Those awards came from the Corporation's relentless efforts to create and deliver the best beer products to consumers as well as bring pride to Vietnam.

COST

In our efforts to reduce packaging costs, SABECO implemented downgauging of cans and ends and weight reduction for boxes without compromising on the integrity of can and carton quality. In addition, joint procurement within the Corporation's group of companies created complementary strength during the negotiation process due to large purchasing quantities.

HUMAN CAPITAL

In 2019, SABECO restructured functional departments to streamline the apparatus in accordance with production and business requirements to ensure competitiveness.

Meanwhile, as a part of human capital initiatives, SABECO applied a new performance-based salary structure for all employees in the headquarters. For the purpose of creating a fair and competitive working environment for employees to thrive, the new salary structure was benchmarked against the market to ensure its competitiveness.

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2020 Orientation

Macroeconomics overview and the beer market in 2020



OVERVIEW

- According to the General Statistics Office of Vietnam ("Office"), Q1 2020 GDP is estimated to grow by 3.82% yearover-year, which is the lowest growth within the last 11 years.
 Due to the global COVID-19 pandemic, major economies such as the U.S., China, Japan, and Europe are also witnessing declines in economic growth.
- In addition, the Office has quickly come up with two scenarios based on assumptions that the COVID-19 pandemic will last through Q2 and Q3 of 2020. In scenario 1 where the COVID-19 pandemic will last until the end of Q2, GDP growth for 2020 is forecast at over 5%. Whereas in scenario 2 where the COVID-19 pandemic will last until the end of Q3, GDP growth for 2020 is also forecast at over 5%, but lower than that of scenario 1.
- Vietnam's open trade network makes it an attractive destination for foreign direct investments. However, this also makes Vietnam vulnerable to slowing global demand, which may affect Vietnam's exports. However, with the implementation of structural and fiscal reforms in recent years, Vietnam would still be able to meet growth expectations in key sectors.
- With the newly amended Securities Law and other regulations to enhance transparency in the investing environment, especially for foreign investors, Vietnam hopes to make the stock market's size equal to the country's GDP in 2020. Larger market capitalization would help Vietnam move from a frontier market to an emerging market.

BEER MARKET IN 2020

- The trend of consuming more premium beer brands will continue due to the increase of income over the past few years.
- The competition continues to be stiff with every beer manufacturer vying for higher market share.
- The industry was confronted with the implementation of Decree No. 100/2019/NĐ-CP dated December 30, 2019 which was effective in January, and Decree No. 24/2020/NĐ-CP dated February 24, 2020 which introduced tighter restrictions on marketing and advertising for beer and imposed heavy penalties for operating a vehicle on the road under the influence of alcohol without any allowance of legal limit.
- The COVID-19 pandemic has also adversely affected tourism through travel restrictions, disrupted supply chain and business operations and dampened economic and social activities, resulting in measures to contain the spread by the closure of bars, pubs, karaoke and night clubs in numerous provinces throughout Vietnam.
- The Vietnam beer industry suffered significantly as a result from the two unprecedented incidents.

2020 planning

In spite of major challenges from the recently effective Decree No. 100/2019/NĐ-CP dated December 30, 2019 on prohibiting drunk driving and the COVID-19 pandemic, the innovation that will be the driving force for economic growth in 2020 is the stabilization of production and business segments that exploit domestic consumption with the growing purchasing power of millions of Vietnamese.





The Board provides guidance in the following areas:

- Implementing resolutions of the General Meeting of Shareholders including achieving 2020 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 segments control.
- Growing domestic market share and increasing exports to key markets.
- Promoting R&D initiatives to improving product quality and new product offerings.
- Enhancing systems and improve the ways of working through SABECO 4.0 initiative.
- 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 reforms to increase investment and operational efficiencies and reducing costs, thereby increasing productivity.
- Adopting the renewable, solar energy systems for costeffectiveness and reduce effects of climate change.
- Committing to a sustainable development model revolving around four key objectives: Consumption, Conservation, Country and Culture 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 everchanging business environment.
- Improving corporate governance practices by adopting the recently issued Vietnam Corporate Governance Code of Best Practices and applying advanced international standards to efficiently leverage SABECO values and strengths, thereby building strong relations and trust among shareholders and investors.

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Report on Corporate Governance

Responsibilities of the Board of Directors

PRINCIPLE 1

Establishing clear roles, responsibilities and commitments of the Board



The Board has overseen the Corporation's businesses and affairs in accordance with shareholders' resolutions and applicable laws. The Board must always carry out reasonable business judgments and act in good faith in the Corporation's best interest.

As of December 31, 2019, the Board included the following members:

1	Mr. Koh Poh Tiong	• Chairman
2	Mr. Pramoad Phornprapha	Independent memberChairman of the AC
3	Mr. Nguyen Tien Vy	Independent memberMember of the AC
4	Mr. Michael Chye Hin Fah	MemberMember of the AC
5	Ms. Tran Kim Nga	• Member
6	Mr. Nguyen Tien Dung	• Member
7	Mr. Luong Thanh Hai	• Member

The Board has recognized its crucial duty to administer SABECO businesses and oversee operations in the best interest of the Corporation. This includes the administration of subsidiaries to be in line with the Corporation's core business plans to ensure legal compliance and commitment to shareholders' resolutions, relevant laws and regulations, and the Corporation's business objectives. The Board has also been responsible for determining SABECO's vision and business strategies, monitoring the Management's performance in accordance with the Corporation's policies, and reporting financial statements and general information to shareholders and investors in an accurate and timely manner.

For the year ended December 31, 2019, a total of four Board meetings were organized with attendance rates as follows:

Name	No. of BOD Meetings Attended	% Attendance	Note
Mr. Koh Poh Tiong	4/4	100%	
Mr. Pramoad Phornprapha	3/4	75%	Medical condition
Mr. Nguyen Tien Vy	4/4	100%	
Mr. Michael Chye Hin Fah	4/4	100%	
Ms. Tran Kim Nga	4/4	100%	
Mr. Nguyen Tien Dung	4/4	100%	
Mr. Luong Thanh Hai	4/4	100%	

In addition to those face to face meetings above, the Board discussed and voted by circulation on a number of business matters throughout the year. As of December 31, 2019, the Board issued 109 resolutions in total.

List of 2019 resolutions:

No.	Resolution	Date	Content
1	01/2019/NQ-HĐQT	02/01/2019	Approved Key Account Development – Mega Mart stores chain in principle
2	02/2019/NQ-HĐQT	04/01/2019	Approved the change of General Director position at Chuong Duong Beverages Joint Stock Company
3	03/2019/NQ-HĐQT	17/01/2019	Approved the dissolution of SABECO Food and Beverage Research Training Center in principle
4	04/2019/NQ-HĐQT	25/01/2019	Approved the holding of 2019 AGM of SABECO
5	05/2019/NQ-HĐQT	28/01/2019	Approved the temporary assignment of personnel to be in charge of the Chief Accountant position and Finance – Accounting Department at Saigon Beer Center Trading Joint Stock Company
6	06/2019/NQ-HĐQT	29/01/2019	Approved the solution plan in principle regarding policies for redundant employees
7	07/2019/NQ-HĐQT	31/01/2019	Approved non-participation in purchasing of additional issued shares of Saigon – Dong Nai Beer Joint Stock Company
8	08/2019/NQ-HĐQT	20/02/2019	Approved salary for high-level manager at Sai Gon Beer Trading Company Limited
9	09/2019/NQ-HĐQT	27/02/2019	Approved investment project for construction of the warehouse, branch's office of Sai Gon Beer Bac Trung Bo Joint Stock Company in Quang Tri province in principle
10	10/2019/NQ-HĐQT	28/02/2019	Approved the appointment of Phu Tho Branch Manager position at Sai Gon Beer Northeast Trading Joint Stock Company in principle
11	11/2019/NQ-HĐQT	28/02/2019	Approved to sign contracts to buy cans from TBC-Ball Beverage Can Vietnam Limited (TBC - Ball) in principle for production
12	12/2019/NQ-HĐQT	01/03/2019	Approved the cancellation of investment projects and the repair of capital construction items in 2018 in principle
13	13/2019/NQ-HĐQT	04/03/2019	Approved contents regarding Sai Gon Beer Northeast Trading Joint Stock Company's 2019 AGM Voting

No.	Resolution	Date	Content
14	14/2019/NQ-HĐQT	05/03/2019	Approved contents regarding Sai Gon - Quang Ngai Beer Joint Stock Company's 2019 AGM Voting
15	15/2019/NQ-HĐQT	06/03/2019	Approved the appointment of executive personnel at Saigon Beer Group Company Limited
16	16/2019/NQ-HĐQT	06/03/2019	Approved contents regarding Sai Gon Beer Bac Trung Bo Trading Joint Stock Company's 2019 AGM Voting
17	17/2019/NQ-HĐQT	07/03/2019	Approved contents regarding Sai Gon Beer Center Trading Joint Stock Company's 2019 AGM Voting
18	18/2019/NQ-HĐQT	07/03/2019	Approved the change of executive personnel at Sai Gon Beer Center Trading Joint Stock Company
19	19/2019/NQ-HĐQT	09/03/2019	Approved the adjustment on selling - buying price of Saigon Beer Products
20	20/2019/NQ-HĐQT	11/03/2019	Approved contents regarding Sai Gon Beer Tay Nguyen Trading Joint Stock Company's 2019 AGM Voting
21	21/2019/NQ-HĐQT	11/03/2019	Approved contents regarding Board Meeting of Crown Beverage Cans Saigon Limited
22	22/2019/NQ-HĐQT	12/03/2019	Approved contents regarding Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company's 2019 AGM Voting
23	23/2019/NQ-HĐQT	12/03/2019	Approved the appointment of capital representatives and appointing members to participate in the Supervisory Board at SABECO's contributed capital enterprises
24	24/2019/NQ-HĐQT	12/03/2019	Approved additional document for 2019 Annual General Meeting of Sai Gon – Quang Ngai Beer Joint Stock Company
25	25/2019/NQ-HĐQT	13/03/2019	Approved Key Account Development – Mega Mart stores chain in principle
26	26/2019/NQ-HĐQT	14/03/2019	Approved contents regarding Saigon - Nghetinh Beer Joint Stock Company's 2019 AGM Voting
27	27/2019/NQ-HĐQT	14/03/2019	Approved the resignation and termination of labor contract for Deputy Director of Saigon Beer Center Trading Joint Stock Company from March $15^{\rm th}$, 2019
28	28/2019/NQ-HĐQT	14/03/2019	Approved contents regarding Saigon Beer Nam Trung Bo Trading Joint Stock Company's 2019 AGM Voting
29	29/2019/NQ-HĐQT	15/03/2019	Approved contents regarding Bia Saigon Mien Trung Trading Joint Stock Company's 2019 AGM Voting
30	30/2019/NQ-HĐQT	18/03/2019	Approved contents regarding Sai Gon - Mien Trung Beer Joint Stock Company's 2019 AGM Voting
31	31/2019/NQ-HĐQT	18/03/2019	Approved contents regarding Northern Sai Gon Beer Trading Joint Stock Company's 2019 AGM Voting
32	31A/2019/NQ-HĐQT	18/03/2019	Approved the assignment of Independent member of BOD to be in charge of activities on human resources and remuneration
33	31B/2019/NQ-HĐQT	18/03/2019	Approved in principle the 2019 AGM documents to be submitted to the AGM for approval
34	31C/2019/NQ-HĐQT	18/03/2019	Approved in principal regarding submitting the 2019 AGM on the payment of additional dividend in cash for 2018
35	31D/2019/NQ-HĐQT	18/03/2019	Approved in principle the Brewery expansion plan for Quang Ngai
36	32/2019/NQ-HĐQT	19/03/2019	Approved contents regarding Sai Gon Beer Eastern Trading Joint Stock Company's 2019 AGM Voting
37	33/2019/NQ-HĐQT	22/03/2019	Approved contents regarding Saigon - Phu Tho Beer Joint Stock Company's 2019 AGM Voting

No.	Resolution	Date	Content
38	34/2019/NQ-HĐQT	22/03/2019	Approved contents regarding Binh Tay Liquor Joint Stock Company's 2019 AGM Voting
39	35/2019/NQ-HĐQT	25/03/2019	Approved contents regarding Sai Gon - Ha Noi Beer Corporation's 2019 AGM Voting
40	36/2019/NQ-HĐQT	25/03/2019	Approved remuneration of the Board of Directors and Audit Committee
41	37/2019/NQ-HĐQT	25/03/2019	Approved contents regarding Sai Gon - Vinh Long Beer Joint Stock Company's 2019 AGM Voting
42	38/2019/NQ-HĐQT	25/03/2019	Approved housing rental costs for expatriate employees
43	39/2019/NQ-HĐQT	27/03/2019	Approved contents regarding Saigon Beer Western Joint Stock Company's 2019 AGM Voting
44	40/2019/NQ-HĐQT	27/03/2019	Approved contents regarding Saigon - Songlam Beer Joint Stock Company's 2019 AGM Voting
45	41/2019/NQ-HĐQT	28/03/2019	Approved contents regarding Saigon Song Hau Beer Joint Stock Company's 2019 AGM Voting
46	42/2019/NQ-HĐQT	28/03/2019	Approved contents regarding Saigon Tay Do Beer - Beverage Joint Stock Company's 2019 AGM Voting
47	43/2019/NQ-HĐQT	28/03/2019	Approved the authorization of SABECO's General Director to promulgate and implement the new salary structure, income stucture as well as implement the performance management system to all employees at SABECO, Saigon Beer Center Trading Joint Stock Company and all subsidiaries which have more than 50% capital investment from SABECO
48	44/2019/NQ-HĐQT	28/03/2019	Approved contents regarding Saigon - Bentre Beer Joint Stock Company's 2019 AGM Voting
49	45/2019/NQ-HĐQT	28/03/2019	Approved the appointment of member to participate in the Supervisory Board at Saigon - Bentre Beer Joint Stock Company
50	46/2019/NQ-HĐQT	28/03/2019	Approved the Member's Council Meeting contents of San Miguel Yamamura Phu Tho Packaging Company Limited
51	47/2019/NQ-HĐQT	29/03/2019	Approved contents regarding Saigon Song Tien Beer Joint Stock Company's 2019 AGM Voting
52	48/2019/NQ-HĐQT	29/03/2019	Approved contents regarding Chuong Duong Beverages Joint Stock Company's 2019 AGM Voting
53	49/2019/NQ-HĐQT	01/04/2019	Approved contents regarding Sai Gon - Kien Giang Beer Joint Stock Company's 2019 AGM Voting
54	50/2019/NQ-HĐQT	02/04/2019	Approved contents regarding Sai Gon Beer Packaging Joint Stock Company's 2019 AGM Voting
55	51/2019/NQ-HĐQT	08/04/2019	Approved the Proposal on election of additional members of the Supervisory Board at Chuong Duong Beverages Joint Stock Company for the term 2018-2023
56	52/2019/NQ-HĐQT	08/04/2019	Approved the Proposal on profit distribution in 2018 and profit distribution plan for 2019 of Chuong Duong Beverages Joint Stock Company
57	53/2019/NQ-HĐQT	11/04/2019	Approved the appointment of Deputy Director position at Saigon Beer Center Trading Joint Stock Company
58	54/2019/NQ-HĐQT	11/04/2019	Approved the Proposal on 2018 profit distribution for 2019 AGM documents of SABECO
59	56/2019/NQ-HĐQT	22/04/2019	Approved the change of Chief Accountant position at Saigon – Nghetinh Joint Stock Company
60	57/2019/NQ-HĐQT	25/04/2019	Approved contents regarding Sai Gon - Khanh Hoa Beer Joint Stock Company's 2019 AGM Voting

No.	Resolution	Date	Content
61	58/2019/NQ-HĐQT	25/04/2019	Approved the unaudited Financial Statements Q1/2019 of SABECO
62	59/2019/NQ-HĐQT	26/04/2019	Approved contents regarding Orient Commercial Joint Stock Bank's 2019 AGM Voting
63	60/2019/NQ-HĐQT	06/05/2019	Approved the increase in Charter Capital and investment in a brand-new canning line at Saigon - Lamdong Beer Joint Stock Company
64	61/2019/NQ-HĐQT	15/05/2019	Approved the rental of new office and amendment of Charter of Saigon Beer Center Trading Joint Stock Company
65	62/2019/NQ-HĐQT	21/05/2019	Approved contents regarding Dai Viet Securities Joint Stock Company's 2019 AGM Voting
66	63/2019/NQ-HĐQT	30/05/2019	Approved the selection of the independent auditor for Financial Statements in the fiscal year 2019, Q1/2020 and all relevant period as necessary
67	64/2019/NQ-HĐQT	31/05/2019	Approved contents of report as suggested by representative of SABECO in Malaya – Vietnam Glass Limited
68	65/2019/NQ-HĐQT	04/06/2019	Approved the change of member of Supervisory Board at Northern Sai Gon Beer Trading Joint Stock Company
69	66/2019/NQ-HĐQT	07/06/2019	Approved contents regarding Saigon Beer Transportation Joint Stock Company's 2019 AGM Voting
70	67/2019/NQ-HĐQT	14/06/2019	Approved to delegate the authority to General Director to instruct Representatives of SABECO to report and ask for the direction from General Director on the nomination on voting, proposing to dismiss, appoint, re-appoint, reward and handling the violations for managerial positions at the enterprises having SABECO's contributed capital
71	68/2019/NQ-HĐQT	17/06/2019	Approved contents regarding Saigon Binh Tay Beer Group Joint Stock Company's 2019 AGM Voting
72	69/2019/NQ-HĐQT	25/06/2019	Approved the amendment of Saigon Beer Center Trading Joint Stock Company's Charter
73	70/2019/NQ-HĐQT	04/07/2019	Approved the adjustment on selling – buying price of Saigon Beer products
74	71/2019/NQ-HĐQT	05/07/2019	Approved contents regarding Sai Gon – Khanh Hoa Beer Joint Stock Company's BOD Meeting Voting
75	72/2019/NQ-HĐQT	16/07/2019	Approved proposal to change adjustment on selling – buying price of Saigon Beer products as approved according to the Resolution dated 04/07/2019
76	73/2019/NQ-HĐQT	23/07/2019	Approved contents regarding Sabeco - Song Lam Packaging Joint Stock Company's 2019 AGM Voting
77	74/2019/NQ-HĐQT	24/07/2019	Abstain the Proposal on removal and additional election of member of the BOD and member of the Supervisory Board in Saigon - Dong Nai Beer Joint Stock Company
78	75/2019/NQ-HĐQT	31/07/2019	Approved proposal to inscrease charter capital via private placement in Saigon – Lam Dong Beer Joint Stock Company
79	76/2019/NQ-HĐQT	01/08/2019	Approved the factory relocation of Chuong Duong Beverages Joint Stock Company in principle
80	77/2019/NQ-HĐQT	07/08/2019	Approved the amendments of SABECO Audit Committees' Terms of Reference
81	78/2019/NQ-HĐQT	07/08/2019	Approved contents regarding personnel at Sabeco HP Investment Company Limited
82	79/2019/NQ-HĐQT	07/08/2019	Approved Saigon Tay Do Beer – Beverage Joint Stock Company to sign contract with related party which is SABECO as proposed by the company
83	80/2019/NQ-HĐQT	08/08/2019	Approved the adjustment on selling – buying price of Saigon Beer products
84	81/2019/NQ-HĐQT	19/08/2019	Approved to sign contracts to buy cans from TBC-Ball Beverage Can Vietnam Limited (TBC - Ball) in principle for production

No.	Resolution	Date	Content
85	82/2019/NQ-HĐQT	21/08/2019	Approved the payment of 2018 special dividend in cash
86	83/2019/NQ-HĐQT	23/08/2019	Approved the production and sale of Bia Saigon Export Can in principle
87	84/2019/NQ-HĐQT	26/08/2019	Approved the investment of the Rooftop Solar Electricity project at Saigon Beer – Cu Chi Brewery in principle
88	85/2019/NQ-HĐQT	28/08/2019	Approved the audited half year Financial Statements 2019
89	86/2019/NQ-HĐQT	30/08/2019	Approved the changing of Executive personnel at Western - Saigon Beer Joint Stock Company and Saigon Soc Trang One Member Limited Company
90	87/2019/NQ-HĐQT	30/08/2019	Approved the first dividend payment in advance of 2019 in cash of Western – Saigon Beer Joint Stock Company
91	88/2019/NQ-HĐQT	12/09/2019	Disapproved land leasing of 5.2 hectare for production and business of Western – Saigon Beer Joint Stock Company as proposed by SABECO's representatives in the company
92	89/2019/NQ-HĐQT	12/09/2019	Disapproved proposal of Sai Gon – Khanh Hoa Beer Joint Stock Company
93	90/2019/NQ-HĐQT	27/09/2019	Approved the final report of Due Diligence for Saigon – Lam Dong Beer JSC
94	91/2019/NQ-HĐQT	14/10/2019	Approved to change the capital representative of SABECO and member of the Board of Directors at Western - Saigon Beer Joint Stock Company
95	92/2019/NQ-HĐQT	24/10/2019	Approved proposal on brewery expansion
96	93/2019/NQ-HĐQT	24/10/2019	Approved proposal on signing the labor contract with indefinite term for a senior management of SABECO
97	94/2019/NQ-HĐQT	24/10/2019	Approved the standard organizational structure of trading companies
98	95/2019/NQ-HĐQT	28/10/2019	Approved the production and selling of Bia 333 product with new packaging
99	96/2019/NQ-HĐQT	29/10/2019	Approved to buy additional shares in Saigon – Lam Dong Beer Joint Stock Company by bank transfer method
100	97/2019/NQ-HĐQT	27/11/2019	Approved the proposed contents to vote at the meeting of Council Members in Me Linh Point Limited
101	98/2019/NQ-HĐQT	29/11/2019	Approved the proposed contents to vote at the meeting of Council Members in Malaya - Vietnam Glass Limited
102	99/2019/NQ-HĐQT	02/12/2019	Instruction for Capital Representative to recommend to Sai Gon - Khanh Hoa JSC on operational activities at the company
103	100/2019/NQ-HĐQT	06/12/2019	Approved DIC group to merge into TIC T&T
104	101/2019/NQ-HĐQT	06/12/2019	Approved instruction for Capital Representative to vote at AGM of Phuong Dong Petroleum Tourism JSC
105	102/2019/NQ-HĐQT	19/12/2019	Approved to change executive personnel at Saigon - Lamdong Beer Joint Stock Company
106	103/2019/NQ-HĐQT	19/12/2019	Approved contents regarding Saigon - Lamdong Beer Joint Stock Company's 2019 EGM Voting
107	104/2019/NQ-HĐQT	19/12/2019	Approved proposal to appoint capital representatives, introduce members to participate in Board of Directors, Supervisory Board at SABECO's contributed capital enterprises
108	105/2019/NQ-HĐQT	23/12/2019	Approved the adjustment on selling price of Saigon Beer products from breweries
109	106/2019/NQ-HĐQT	30/12/2019	Approved contents regarding Sai Gon – Quang Ngai Beer JSC's 2019 EGM Voting

Report on corporate governance

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PRINCIPLE 2

Establishing a competent and professional Board

The Board represents a diversified and broad range of viewpoints, expertise, skills, and competencies in order to provide effective leadership and oversight for the Corporation. The Board currently includes four Vietnameses, two Singaporeans and one Thai. The Board seeks to maintain an appropriate balance of expertise, skills, and attributes among the Directors, including relevant core competencies in areas such as accounting, finance, legality, trading, industry knowledge, and strategic planning.

All members of the Board are non-executive Directors who possess necessary qualifications to effectively participate in securing business objectives, independent judgments on corporate affairs and carrying out proper checks and balances.

In fact, the rights and obligations of such person in charge of corporate governance, which are stipulated under Clause 3, Article 18, Decree No. 71/2017/NĐ-CP, are currently implemented by the BOD Office. However, in order to fully comply with regulations under Decree No. 71/2017/NĐ-CP and apply best practices to corporate governance, SABECO is in the process of appointing a qualified person who will be in charge of corporate governance.

Two members of the Board completed the Internal Audit for Board Program and one member completed the Audit Committee Master Program organized by VIOD. Those two members received certificates of Director Certification Program issued by VIOD and they also attended the VIOD Annual Forum 2019 of building Board leadership toward future success.



PRINCIPLE 3

Ensuring effective Board leadership and independence

The Board has endeavored to exercise objective and independent judgments on all corporate affairs. Board members have never served as paid consultants or advisors to the Corporation.

Two members of the Board are Independent Directors, who possess necessary qualifications and full eligibility to hold such position.

The Chairman of the Board and the General Director are not the same person to ensure appropriate checks and balances, accountability, and greater capacity for the Board to make independent decisions.

PRINCIPLE 4

Establishing Board committees

The Board has set up specialized sub-committees to help the Board fulfill its inherent functions and avoid any conflicts of interest.

The Board established the AC which consisted of three non-executive Board members, of whom two out of three members, including the Chairman of AC, are Independent Directors. All AC members have sufficient knowledge in terms of internal audit, IFRS and VAS accounting standards, compliance, financial reporting and control.

The roles and responsibilities of AC are covered in a separate Charter which has been adopted by the Board. The authorities, composition and working procedures specified in the AC Charter have been developed as a practical benchmark to measure and evaluate AC performance.

In addition, Mr. Nguyen Tien Vy, who is an Independent Director, was assigned to be in charge of activities on human resources and remuneration in accordance with the law, Charter and relevant regulations to oversee the appointment of key personnels in within SABECO group of companies, and other key human resources related matters.

Other sub-committees of the Board would be established in the near future if necessary.

PRINCIPLE 5

Ensuring effective Board performance

The determination of levels and pay grades for members of the Board and the Management has been based on SABECO's business performance, fulfillment of duties and responsibilities, as well as individual performance and compliance with applicable laws.

Remuneration packages for the Board and the Management of SABECO for the year ended December 31, 2019 are presented in the form of percentage breakdown which includes the following categories: (1) Salary; (2) Remuneration; and (3) Bonus paid based on the Corporation's performance.

Name	Position	Salary	Remuneration	Bonus	Total
THE BOARD OF DIRECTORS		'			
Mr. Koh Poh Tiong (*)	Chairman	-	-	-	-
Mr. Pramoad Phornprapha	Independent member	-	100%	-	100%
Mr. Nguyen Tien Vy	Independent member	-	100%	-	100%
Mr. Michael Chye Hin Fah	Member	-	100%	-	100%
Ms. Tran Kim Nga	Member	-	100%	-	100%
Mr. Nguyen Tien Dung	Member	74.25%	-	25.75%	100%
Mr. Luong Thanh Hai	Member	65.56%	11.67%	22.77%	100%
THE BOARD OF MANAGEMENT					
Mr. Neo Gim Siong Bennett	General Director	79.40%	-	20.60%	100%
Mr. Teo Hong Keng	Deputy General Director	75.43%	-	24.57%	100%
Mr. Ng Kuan Ngee Melvyn	Deputy General Director	75.43%	-	24.57%	100%
Mr. Lam Du An	Deputy General Director	75.00%	-	25.00%	100%
Mr. Hoang Dao Hiep	Deputy General Director	79.61%	-	20.39%	100%
Mr. Tran Nguyen Trung	Chief Accountant	71.16%	-	28.84%	100%

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

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PRINCIPLE 6

Establishing and maintaining an ethical corporate culture

A Code of Business Conduct and Ethics formalizing ethical values has been an important tool to instill an ethical corporate culture that pervades throughout the Corporation. The main responsibility is to create and design a Code of Business Conduct and Ethics suitable to the needs of the Corporation and the culture by which it operates. Currently at SABECO, the Board has assigned relevant departments to draft the Code of Business Conduct and Ethics which is expected to be put into practice by 2020.

Control Environment

PRINCIPLE 7

Establishing a sound risk management and control environment

The Board has recognized its responsibility to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the Corporation's assets.

The Board established the IA Department which provides objective assurance and consultancy in order to add value and improve the Corporation's operations. IA authority, composition, remuneration, annual budget, working process and other relevant matters have been regulated in a separate IA Charter approved by the AC. The Director of IA, who is a senior executive of the Corporation but not a member of the Management, has directly reported to the AC. The appointment of IA Director was approved by the AC.

In addition, the AC provides the Board with recommendations in respect of selecting the Independent Auditor, as well as engagement fees and overall terms of services to be provided by the Independent Auditor.

During SABECO AGM 2019, shareholders authorized the Board to select one out of four independent auditing companies for the fiscal year of 2019. The Board opted for KPMG Vietnam to be in charge of auditing SABECO's Financial Statements for the fiscal year of 2019, Q1 2020 and all relevant periods as deemed necessary. Moreover, all SABECO subsidiaries and some of its associated companies also opted for KPMG Vietnam as the Independent Auditor.

Disclosure and Transparency

PRINCIPLE 8

Strengthening disclosure practices

SABECO has ensured adequate communications with shareholders, investors, regulators and the general public by committing to a transparent and effective disclosure policy.

The published information has been in accordance with the regulations of listed companies. SABECO has always published information in two languages: Vietnamese and English, and usually after the stock market closes trading. The Corporation's disclosure system has guaranteed equal access to information for shareholders, investors, and other stakeholders and has not supported any abuse of internal information or insider trading.

Given the extension approval for disclosing Financial Statements for the fiscal year of 2019, all quarterly Financial Statements would be released to the public within 30 days after the end of each quarter. The audited first half Financial Statements would be published within 60 days after the end of second quarter, and the audited full year Financial Statements would be released within 100 days after the end of each fiscal year. SABECO always complied with all information disclosure deadlines in 2019.

Disclosure of Financial Statements	Latest Deadline Required by Law	SABECO Actual Disclosing Date
Q1 2019 Financial Statements	30/04/2019	26/04/2019
Q2 2019 Financial Statements	30/07/2019	29/07/2019
Audited 1H 2019 Financial Statements	29/08/2019	29/08/2019
Q3 2019 Financial Statements	30/10/2019	24/10/2019
Q4 2019 Financial Statements	30/01/2020	20/01/2020
Audited FY 2019 Financial Statements	09/04/2020	09/04/2020
Annual Report 2019	29/04/2020	29/04/2020

After disclosing each quarterly Financial Statements, SABECO usually organized a meeting for investors and analysts to have the opportunity to get updates on its highlights and ask related questions.

Shareholder Rights

PRINCIPLE 9

Establishing a framework for effective exercise of shareholder rights

SHAREHOLDER RIGHTS

SABECO has acknowledged and respected the rights of shareholders, who are the Corporation's owners.

The Corporation has ensured equal and fair treatments towards every shareholder through its accurate, transparent and timely disclosure of information. SABECO has also paid great attention to the sufficiency of information disclosure so that shareholders would be able to make well-informed decisions at the shareholders' meetings, including casting their votes and expressing their opinions on the Corporation's changes, proposals, and the election of members for the Board.

CONDUCTING SHAREHOLDERS' MEETINGS

The Annual General Meeting of Shareholders was held in accordance with the agenda mentioned in the invitation letters sent out to shareholders at least 10 days prior to the meeting. SABECO sent complete packages to shareholders, including attachments with sufficient information relevant to AGM. The Corporation also posted all relevant information on HOSE's and SABECO's websites so that shareholders had enough time to carefully study the information.

The Chairman of the Board, Chairman of AC, and the Management all attended and were available to address shareholders' queries at the meeting. Our Independent Auditor, KPMG Vietnam, also joined to address shareholders' queries about auditing preparations and contents of these audited reports. During the meeting, the Chairman encouraged shareholders to make inquiries and express their opinions as well as to make recommendations.

The Chairperson also answered questions and provided complete information as requested by shareholders. Minutes of the AGM were accurately and completely recorded in a timely manner as required by the law, and disclosed together with the AGM resolutions to HOSE, SSC, and posted on SABECO's website within 24 hours after the AGM ended. The 2019 AGM of SABECO was held on April 12, 2019.

All AGM documents, not only in 2019 but also from previous years, were posted on SABECO's website in both Vietnamese and English for shareholders to access easily.

DIVIDEND PAYOUT:

Year	Payment type	Payout ratio
2014	By cash	25%
2015	By cash	30%
2016	By cash	30%
2017	By cash	35%
2018	By cash	50%
2019	By cash	35%

SABECO paid all declared dividends within 6 months from the date of AGM.

ALL SHAREHOLDERS SHALL BE TREATED EQUALLY

Shareholders' voting was on a 'one share, one vote' basis. All rights pertaining to each class of shares was publicly disclosed.

AGM materials including documents, resolutions and minutes, were provided in English for non-Vietnamese shareholders.



BUSINESS TRANSACTIONS BETWEEN SABECO AND ITS RELATED PERSONS

All RPTs occurred were subject to strict reviews and approval processes by following the pre-defined approval matrix according to SABECO's Charter. AC then reviewed and discussed with the Independent Auditor and the Management in regard to 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 were in line with market practices in all aspects.

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

Company	Relation	Company	Transaction Detail
TBC Ball Beverage Can Vietnam Company Limited	Related person of Ms. Tran Kim Nga – Director of SABECO	SABECO	Buying cans
MM Mega Market Vietnam Co., Ltd	Related person of Ms. Tran Kim Nga – Director of SABECO	10 regional trading companies	Selling beer

SABECO'S SHARES TRANSACTION

Stock trading of internal persons: None

Stock trading of related persons: None

Name	Position	Number of shares owned	Percentage
THE BOARD OF DIRECTORS			
Mr. Koh Poh Tiong	Chairman	-	0%
Mr. Pramoad Phornprapha	Independent member	-	0%
Mr. Nguyen Tien Vy	Independent member	-	0%
Mr. Michael Chye Hin Fah	Member	-	0%
Ms. Tran Kim Nga	Member	-	0%
Mr. Nguyen Tien Dung	Member	100	0%
Mr. Luong Thanh Hai	Member	-	0%
THE BOARD OF MANAGEMENT			
Mr. Neo Gim Siong Bennett	General Director	-	0%
Mr. Teo Hong Keng	Deputy General Director	-	0%
Mr. Ng Kuan Ngee Melvyn	Deputy General Director	-	0%
Mr. Lam Du An	Deputy General Director	-	0%
Mr. Hoang Dao Hiep	Deputy General Director	-	0%
Mr. Tran Nguyen Trung	Chief Accountant	1,700	0.0003%

Stakeholder Relations

PRINCIPLE 10

Building effective stakeholder engagement

The Board has always considered and respected all stakeholders' interests, who would be affected by the Corporation's operations in its decision making. The Board has also ensured that the Corporation would respect the legitimate interests and rights of stakeholders as established by the law or contractual commitments. The Board has already come up with a plan of interactions with stakeholders, in hopes of demonstrating the Corporation's commitments to stakeholder engagement in the Code of Conduct. In order to do that, SABECO would adopt a transparent and publicly accessible communication procedure which allows the Corporation to: (i) receive and register external communication from external stakeholders; (ii) assess raised issues and come up with responses; (iii) provide relevant documents if any.

Risk management

Risk Management

The purpose of risk management



Through identifying and assessing risks, control measures would be provided to manage potential opportunities effectively as well as prevent and mitigate damages incurred at the lowest level, as follows:

- Develop standards to control and implement plans consistently.
- Contribute to the effective allocation and use of SABECO's resources.
- Minimize errors in all activities of SABECO.
- Minimize damages arising in cases where the risks cannot be prevented.
- Assist in the issuance of decisions, planning and prioritizing work based on knowledge of business activities, opportunities and challenges in the field of business.
- Protect intellectual property with respect to images, trademarks, tradenames, industrial designs, copyrights and increase benefits from the exploitation of intellectual property assets.
- Optimize operational efficiency, make good use of opportunities and advantages.

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Current status of risk management

METHOD

SABECO's risk management implementation through:

- Organize a management structure according to its function to perform the jobs that are appropriate and professional.
- Strengthen coordination and cross-checking to minimize risks when making decisions and performing work.
- Establish a system of internal rules and regulations as the basis for the implementation of the activities as well as review, revise and update them to suit the changes of the system and outside.
- Establish manual of authority system to ensure the systematization in the management process of SABECO
- Enhance the capacity of the performer through the processes, guidelines and training programs as per the annual plan.

- Apply technology in activities to enhance efficiency, improve productivity.
- Organize evaluated programs and internal control to review the compliance as well as the effectiveness of the system.
- Organize the application of management standards ISO 9000, ISO 14000, ISO 22000, ISO 17025, ISO 50000. The application is synchronized in SABECO system.
- Organize rehearsal programs such as fire prevention rehearsal, environmental troubleshooting, rehearsal rehab, etc. to improve readiness in risk forecasting and response to emergencies.

RISK IDENTIFICATION AND ANALYSIS

At present, the identification and analysis of risks has not been set up in a methodical and comprehensive manner. Risks have been identified as follows:

- System of periodical data and support of information tools such as accounting software. However, in some cases, the Internal control division has not received enough information to have specific overview of the system.
- The analysis activities of management system on Quality -Food Safety - Environment of SABECO. These risks have been systematic but in a narrow scope due to the limited scope of the existing quality management system. In 2019, SABECO participated in evaluating management system on Quality - Food Safety - Environment at all breweries.
- Internal audit to assess the conformity of the current rules, regulations, processes and assess the compliance of the implementing units.

PARTICIPATION IN THE RISK MANAGEMENT PROCESS

Currently, the participation in the risk control process of relevant units participate has been assigned according to their functions and tasks. All units have been involved in the process with different roles which could be divided into 3 groups as follows:

- Execution roles: Units/individuals who directly perform work and control risks related to their works to ensure the expected outcomes.
- **Inspection role:** Units/individuals who have the function of inspection and control objectively perform the inspection and control to ensure planned works.
- Coordination and planning role: Units/individuals that are assigned to coordinate and participate in the decision/implementation according to their functions.

COMMON RISKS

Factors involved in risk control processes: Human, Technology and System of regulations and procedures.







Specific risks as follows:



Market risks:

Brand positioning, internal competition and risk on losing market share.



Production risks:

Defective products, broken equipment, labor accidents, wrong production plan, food safety incidents and environmental incidents.



Financial risks:

Slow account receivables collection, high cost, violations of tax regulations.



Management data:

Inaccurate and delayed information.



Internal management through policy risks:

Incomplete internal management through synchronized system policy and line-based industry unity, resulting in various risks in sales activities, cost management, cash flow, transportation and warehouse management.



Legal and compliance risks:

Contractual disputes, violation of legal requirements on corporate governance (disclosure, RPTs, appointment of related persons), lack of compliance in performance; lack of law acknowledgement leading to the violation, copyright and trademark disputes, violation of conformity announcement and regulations in advertising and promotion.

In addition, legal regulations have imposed higher requirements on the food production and trading sector, including regulations related to the beer and alcohol beverages trading. The law on prevention and control of alcoholic beverage harms was passed to improve the efficiency of State management in the field of alcohol trading and to mitigate the harmful effects of beer and alcohol on health. Therefore, SABECO has to review its internal regulations to better meet the law as well as improve the law acknowledgement of all employees to limit the law violations.



Other risks:

Imbalance between production and consumption by region; work stagnation due to lack of coordination and poor performance.



OVERALL ASSESSMENT ON RISK MANAGEMENT

- Risk management has not been fully aware at all levels of management. Managerial levels should be trained to enhance the sense of responsibility of the risk management.
- The IA Department, who works directly under the AC, is currently in charge of SABECO internal audit coverage in terms of corporate governance, compliance, risk management and internal control processes, as well as any significant issues which may arise from the audit reviews and Management responses and actions.

- The full assessment has only been carried out on production and trade activities.
- IT has not been applied in a number of fields to improve work efficiency and control implementation.
- Risk identification has not been implemented in a comprehensive and systematic way.

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Measures to prevent, and minimize risks



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

Principles

- Risk management should be implemented throughout and consistent in the entire system.
- The Management would direct and appoint the personnel for risk management in each field.
- Risk control measures should be established on the principle of prevention and linked to value chain.
- The risk information system should be established through the use of IT and efficient working procedures.

Main solutions

- Focus on improving risk management awareness for managers, especially the unit head.
- Appoint personnel for risk management and assessment, inspection and supervision of risk management in the entire system.
- Finalize the system of internal governance documents, including risk management policies, disseminate and train relevant people for implementation.
- Apply the technology into management reporting system, sales data, transportation and warehouse management for the whole system.
- Develop a comprehensive risk management system with regular and periodic assessment plans, establish information management system and grant access right to review operational information in order to detect and timely prevent potential risks, which would be a basis for:
 - ° Organize a system of risk identification and analysis.
 - ° Develop a standard and unified risk assessment method.
 - ° Organize risk identification, analyze, classify, and develop a risk matrix to provide appropriate management measures.
 - ° Establish and implement risk control measures.
 - ° Establish plans and organize internal evaluation and control programs.

Action plans for 2020



AMEND AND COMPLETE THE INTERNAL REGULATIONS.



CONDUCT TRAINING OF LEGAL DOCUMENTS AND INTERNAL REGULATIONS.



ORGANIZE PERIODIC ASSESSMENTS.



ADDRESS RISKS AND PROVIDE MITIGATION METHOD.



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Investor Relations

2019 was a year of dynamic transformation for IR function in ensuring well-performed information disclosure function as prescribed as well as enhancing engagement activities for both domestic and foreign shareholders and investors.

IR activities in 2019



ENSURE TRANSPARENCY, EQUALITY AND BENEFITS FOR SHAREHOLDERS

Information related to corporate governance, business activities as well as extraordinary events of SABECO was disclosed in a timely manner to HOSE, SSC, and uploaded on SABECO's website in accordance with the laws and regulations. In addition, information disclosure was made in both Vietnamese and English in order to help both local and foreign shareholders and investors access SABECO information easily.

The format, design, and contents of SABECO Annual Report improved in order to provide investors with a comprehensive and reliable picture of the Corporation's current business activities. These changes received positive feedback from shareholders, investors and authorities. The 2018 Annual Report of SABECO was awarded with Outstanding Progress at Vietnam Listed Company Awards 2019 hosted by HOSE, HNX, Vietnam Investment Review (VIR), and Dragon Capital.

SABECO AGM 2019 was also held successfully where event planning and meeting documents have continued to be standardized. The meeting venue in downtown area was arranged to fully facilitate shareholders' attendance. In addition, a full set of meeting documents was posted on the Corporation's website 10 days prior to the meeting date to ensure that shareholders had enough time to study the meeting agenda, which in turn helped improve the quality of discussion and voting session at the meeting.

STRENGTHEN COMMUNICATION WITH INVESTORS

In 2019, IR Department of SABECO worked proactively, including receiving and responding promptly to inquiries of shareholders and investors through various channels such as phone calls, emails and investor meetings.

SABECO organized standardized investor meetings on a quarterly basis, called "Investor Briefings", in order to provide investors and analysts with official updates and valuable insights on the Corporation's current activities and strategies, as well as direct conversations with the Management to address related concerns. Besides, feedback and comments of attendees for each Investor Briefing were collected as a way to improve future quality of the event.

The Management and IR Department also participated in various local and international investor conferences to expand the Corporation's network as well as to promote its image and branding.

MAJOR EVENTS IN 2019

Event	Organizer	Time	Description
Investor Briefings	SABECO	Quarterly	The briefings were held at SABECO headquarters to provide local and foreign investors with periodical and in-depth information on the Corporation's business and future plans.
Vietnam Access Day	VCSC	Q1 2019	The conference was held to connect foreign investors to leading Vietnamese enterprises, attracting more than 400 investors.
Dragon Capital Vietnam Access Conference	Dragon Capital	Q2 2019	The conference was held with the participation of fund managers and investors from Asia and Europe, providing investors with in-depth outlook on the dynamic Vietnam economy.
Vietnam C-Suite Corporate Day 2019	Citi & SSI	Q2 2019	The international investment conference saw participation from representatives of senior management of leading listed enterprises in Vietnam, in order to connect enterprises to local and foreign investors.
HSC Emerging Vietnam 2019	HSC	Q2 2019	The conference attracted almost 60 enterprises and 500 investors from Vietnam, America, Japan, Korea, Hong Kong and Singapore.
2019 Annual General Meeting of Shareholders	SABECO	Q2 2019	The AGM of SABECO was held at Sheraton Saigon on April 12, 2019 with more than 100 shareholders and authorized persons in attendance.
HOSE Daiwa Conference (Singapore)	HOSE & Daiwa	Q3 2019	The conference was held in Singapore with the participation of HOSE representatives, nearly 52 investment funds and 13 Vietnamese enterprises.
The 9 th Annual London Conference	EFG Hermes	Q3 2019	One of the largest investment events in London with more than 180 global institutions from frontier and emerging markets.
The 4 th Vietnam Investment Professionals Forum 2019 (VIPF 2019)	MBS & Dragon Capital	Q4 2019	The event was held with the intention to build a community of professional analysts and investors in Vietnam and attracted approximately 400 attendees from both local and foreign institutions.

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Overview

Introduction

Sustainable Development Report is prepared on an annual basis to present and disclose official information on sustainable development objectives, orientation and activities of SABECO. Through this report, SABECO would express its transparency in announcing sustainable development contents, thereby strengthening the trust of stakeholders and affirming its leading position.



Objectives

The report confirms the inter-relationship between sustainable development objectives of SABECO and its stakeholders, thus providing innovative strategies and measures to enhance the Corporation's values as well as stakeholders' benefits by measuring and evaluating indicators annually.

Method of composing

The report is developed according to Global Reporting Initiative (GRI) and the Guideline of Information Disclosure on Environment and Society from the State Securities Commission of Vietnam (SSC) and International Finance Corporation (IFC). The contents of the report focus on key areas including: Economics (e.g. business efficiency), Social (e.g. human capital, community and society) and Environment.

To come up with contents for the report, SABECO considers its activities and impacts as well as interests and expectations of stakeholders in relation to the Corporation's current strategies of operation and sustainable development. After that, SABECO identifies relevant key issues for review and improvements.

Scope of the report

The report is presented independently, as part of SABECO Annual Report and includes the Corporation's results and achievements related to its sustainable development strategy from January 1, 2019 to December 31, 2019 as well as plans and objectives in the future. The report covers the entire operation scope of SABECO and its subsidiaries and associates when applicable.

Reliability of the report

SABECO consults and applies national and international standards for presenting and disclosing information in the report. In addition, some of the eligible third parties who guarantee the reliability and accuracy of the Corporation's information and data are as follows:

- 2019 Financial Statement were audited by KPMG Company Limited.
- Certificates in the areas of quality management, food hygiene and safety were evaluated and granted by top assessment organizations.

Contact information

SABECO is making efforts to satisfy those expectations of its stakeholders in terms of information disclosure and transparency. Therefore, the Corporation looks forward to receiving everyone's sincere comments on sustainable development. If you have any suggestions or inquiries, please contact:

Investor Relations Department

Tel: (+84) 28 3829 4081 (Ext: 504)

Email: ir@sabeco.com.vn

Address: 5th Floor, Vincom Center, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City

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Sustainable Development Indicators

Financial indicators



TOTAL PRODUCTION CAPACITY

NET SALES

billion liters per year

37,899 billion VND

OWNER'S EQUITY

PROFIT AFTER TAX

20,076 billion VND 5,370 billion VND

TOTAL ASSETS

2019 DIVIDEND RATE

26,962 billion VND 35%

Non-financial indicators



2019 AWARDS

- Vietnam's 50 Best Listed Companies in 2019 granted by Forbes Vietnam.
- The 3rd Most Valuable Vietnamese Brand in 2019 granted by Forbes Vietnam.
- Top 100 Largest Public Companies granted by Forbes Vietnam.
- Asia's 200 Best Over A Billion 2019 granted by Forbes Asia.
- No.1 Beverage Brand in Rural Vietnam granted by Kantar Worldpanel.

- Top 10 Listed Reputation Award 2019 granted by Vietnam Report.
- Vietnam's 50 Best Performing Companies in 2019 granted by Nhip Cau Dau Tu Magazine and Thien Viet Securities
- 1 Gold medal for Bia Saigon Lager in the International Brewing Awards 2019 held in UK.
- · 2 Gold medals for Bia Saigon Special and Bia Saigon Lager and 1 Silver medal for 333 in the International Beer Cup 2019 held in Japan.



HUMAN CAPITAL

8,017 employees

TOTAL NUMBER OF EMPLOYEES (as of December 31, 2019)



COMMUNITY

109.7 billion VND TOTAL BUDGET FOR CSR IN THE **PERIOD 2017-2019**



ENVIRONMENT

24 out of 26 Saigon Beer Breweries

are certified with ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 22000:2005 (Food Safety Management System), and HACCP (Hazard Analysis and Critical Control Points). The two new breweries have been stepping up to ISO standards.

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

Sustainable Development Strategy



Vision

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

Objectives

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

Strengths

Strong brand, financial capability, high quality human capital and effective corporate governance.

SABECO has been building its sustainable development strategy on the following areas:

ECONOMY

Manage the business effectively, increase competitive advantages and contribute to the overall economic development of Vietnam as a whole.

SOCIAL

Invest in human capital, community and society.

ENVIRONMENT

Develop green, clean and energysaving systems, as well as utilize environmentally friendly sources of energy in order to protect and improve the environment. With a commitment to investing in business development along with sustainable development, SABECO is always striving to create positive changes to enhance the position of the Vietnamese brand, while promoting positive development for the community and Vietnam. Accordingly, its sustainable development strategy focuses on four pillars as follows:



CONSUMPTION

SABECO commits to cooperating with government authorities and relevant partners in raising the consumers' awareness of responsible drinking; delivering the best fresh products which are suitable for consumers' tastes and needs while ensuring compliance with environmental and labor safety regulations.

CONSERVATION

SABECO emphasizes cost-cutting and conserving water used in business operations; enhancing to reduce and use alternative materials such as solar energy, and sustainable packaging in production to protect the environment.



COUNTRY

SABECO encourages the creativity and effort of Vietnamese youth; supports the rising spirit of Vietnam through activities to promote the competitive capability of the workforce and young talents of Vietnam; continues to strongly develop SABECO's brands and products to create positive values which will contribute to the overall development and prosperity of the country, and brings pride to Vietnam.

CULTURE

SABECO supports the implementation of activities to preserve and promote the traditional cultural values of Vietnam. In particular, SABECO focuses on promoting activities on the culinary culture typical of each region, as well as art and tourism to build an increasingly positive image of Vietnam.

Sustainable development strategy

Management of Sustainable Development

The Board of Directors

- Provide an overall strategy and approve key objectives and plans for sustainable development.
- Take the highest responsibility for sustainable development strategies of SABECO.

The Board of Management

- Research, build and propose key objectives and plans for sustainable development based on orientations of the Board.
- Communicate objectives and detailed plans to member companies and functional departments through assigning tasks and supervising the implementation.

Member companies and functional departments

 Execute those tasks of sustainable development assigned by the Board and the Management.

Risk management of Sustainable Development

- Integrate business strategies and objectives into sustainable development model.
- Identify and analyze short-term and long-term risks on a regular basis, including risks from changes in the environment and society, and then evaluate the frequency and extent of those risks in order to provide the Management with appropriate recommendations.

Stakeholder Engagement

SABECO has been building and strengthening collaborative and close engagement with all stakeholders based on trust, transparency and mutual benefit. Strong stakeholder engagement will be a solid foundation for pursuing and maintaining the Corporation's sustainable development.





CUSTOMERS/CONSUMERS

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Main concern	SABECO's action	Results in 2019	Interactive channels
Products' quality and safety Customer care	 Apply advanced science and technology to improve products' quality and design Comply with regulations and standards of production 	 Beer freshness was ensured in the market SABECO's brands achieved various prestigious awards in global competitions SABECO products were easy 	 Annual distributors conference SABECO website and
Customer care	 Expand the distribution system Launch various attractive trade promotion Care about feedbacks of consumers Research market demand 	 SABECO products were easy to find Brand awareness and loyalty were improved 	SABECO website and social networksVia phone and emailMarket visitsSurveys
Sales policy for distributors	Launch a new distributor incentive scheme	Distributors were encouraged to invest in SABECO business	

Stakeholder engagement

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SHAREHOLDERS/INVESTORS

Main concern	SABECO's action	Results in 2019	Interactive channels
Information transparency	Comply with regulations of information disclosure	 Information was disclosed in timely, sufficient and transparent manner 	
Benefits of shareholders and investors	 Maintain dividend payout Ensure fairness for all shareholders and investors 	The 2019 dividend rate was maintained at the level of 35%	 Quarterly Investor Briefings AGM and EGM SABECO website
Management capability and value of SABECO	 Continue to restructure and improve on corporate governance Enhance the overall 	SABECO bottom line increased tremendously, netting an all- time high profit after tax in 2019	Investment forumsVia phone and email
	operational efficiency	 SABECO received various awards and recognitions for its brands and products 	

|--|

SUPPLIERS / PARTNERS

Main concern	SABECO's action	Results in 2019	Interactive channels
Long-term partnership, fairness and openness in cooperation	 Involve legal consulting in all contracts and terms Ensure data confidentiality for all suppliers Select suppliers based on their qualifications, experience and reputation Resolve conflicts on the bases of goodwill and respect Maintain and strengthen long-term partnership between SABECO and suppliers. 	 SABECO was considered a reliable partner for various suppliers in the market Close and mutually beneficial relationships were maintained and developed Stable and high-quality sources of raw materials were ensured 	 Face to face meetings Via phone and email



EMPLOYEES

Main concern	SABECO's action	Results in 2019	Interactive channels
Remuneration, welfare, training, and promotion policies	 Apply performance-based salary structure to ensure the competitiveness and fairness Recognize and evaluate contributions and achievements of employees Organize training courses to improve the professionalism for employees Communicate viewpoints and aspirations of employees to the Communist Party and Labor Union 	 Employees were supported in developing their career paths Work efficiency was comparable to salary and bonus 	 Bi-annual Town Hall Meetings Annual training courses SABECO website and notifications
Working environment	 Ensure a professional, collaborative, safe, and clean working environment Organize regular discussions and talks between the Management and employees Ensure occupational safety and health Organize outing trips and sport days for all employees 	 There is no occupational injuries in 2019 Employee's communication and bonding were improved throughout the Corporation 	notifications • Face to face meetings with the Communist Party and Labor Union



AUTHORITIES/GOVERNMENT

Main concern	SABECO's action	Results in 2019	Interactive channels
Compliance with the law and regulations	 Comply with laws and regulations related to SABECO activities Update relevant legal documents 	 SABECO was considered as one of the largest contributors to the State budget The brands' reputation and value were maintained 	Conferences and forums hosted by State agencies
Support of State policies and activities	upport of State • Participate in programs • and activities launched by	 Stable jobs for local people were created SABECO was considered as one of the most active enterprises in supporting State activities 	 Activities organized by Vietnam Beer Alcohol Beverage Association (VBA)

Stakeholder engagement



PRESS/MEDIA

Main concern	SABECO's action	Results in 2019	Interactive channels
Information of SABECO	 Issue and implement regulations on public speeches and information to be given to the press Increase the number and quality of articles given to the press and media Build and maintain strong relationships with the media 	 SABECO news was uploaded in timely, accurate and transparent manner Clear messages of SABECO were conveyed SABECO image and reputation were promoted 	 Press releases Press conference SABECO website and social networks Interviews

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			COMMUNITY
Main concern	SABECO's action	Results in 2019	Interactive channels
Contribution to the society	 Launch various CSR activities with big scale Create jobs for localities 	SABECO reputation was strengthened within local communities	
Environmental protection	 Comply with regulations on environmental protection Conduct various initiatives to save raw materials, energy and natural resources 	Environmental impacts were minimized	 Meetings with local authorities CSR activities
	Raise environmental protection awareness among employees		

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Key Highlights of Sustainable Development

Environmental protection

MANAGEMENT OF RAW MATERIALS



SABECO has applied rigorous requirements to all raw materials. Specialized laboratories have been set up with a full range of Particularly, ingredients that affect product quality and food modern equipment to fully analyze the technical requirements hygiene and safety such as barley malt, hops, cans, ends, bottles, crown corks, etc., are purchased directly from suppliers, and Trumac nitrogen analyzer. All inputs have been subject which means the quality control of raw materials is assured to "Qualified" certification issued by the Quality Control before re-distributing to breweries. Auxiliary ingredients, which Department before being put into use. This "Qualified" do not affect the beer quality, food safety and hygiene, are certification takes into account the right supplier, the right purchased by breweries in accordance with the list of suppliers, brands and technical requirements approved by SABECO.

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

of input materials such as Skalar malt analyzer, HPLC, GC country/origin of production under the approved list, and requirements of quality, food safety and environment under regulations.

Moreover, SABECO has conducted relevant risk management for the Corporation's supply chain, which periodically reviewed suppliers at their manufacturing sites to ensure process compliance agreed among the parties.

Key highlights of sustainable development

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In 2019, SABECO breweries did a good job of managing raw materials used in the production process. Compared to 2018, most raw materials reduced wastage by:

Raw materials for beer production



MALTS	
↓4.1 %	

HOPS EXTRACT

↓7.93%

RICE

↓1.6%

HOPS PELLETS

↓3.24%

Packaging



EMPTY CANS WASTAGE

LABEL WASTAGE

↓0.02%

↓0.2%

LID WASTAGE

CARTON WASTAGE

↓0.02%

↓0.06%

Initiatives for saving and efficient use of raw materials

- Deploy the use of cans with reduced aluminum weight and carton with reduced paper weight.
 Deploy high gravity brewing to improve brewhouse fermentation capacity without investing in equipment,
 - Deploy high gravity brewing to improve brewhouse fermentation capacity without investing in equipment,
 as well as reduce costs of labor, sanitation, energy and
 waste treatment.

ENERGY AND NATURAL RESOURCES

The management of energy and water was well-controlled with various solutions being implemented to save energy and water and reduce emissions to the environment.

Energy consumption

In 2019, the consumption of electricity and heat in the brewing process of most breweries declined compared to those of 2018. Specifically, the average electricity consumption decreased by 12.6% while the average steam consumption decreased by 8.6%.





Electricity consumed in production

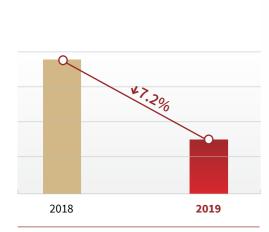
Steam consumed in production

Initiatives for saving energy

No.	Initiatives	Results
1	Install at the system to recover evaporative steam in the wort boiler	Reduce heat consumption by 96MJ to produce 1,000 liters of beer
2	Install the cascade refrigeration system	 Increase coefficient of performance (COP) Reduce compressor capacity and power consumption
3	Take advantage of the residual hot water from the brewhouse to use for other stages of production	Reduce heat and water consumption
4	Use BIOMASS boilers from plant materials (e.g. rice husks, sawdust, cashew shells and leaves)	Limit the use of fossil fuels (e.g. DO, FO and coal)
5	Install the heat recovery equipment from flue gas to heat furnace water	Reduce heat consumption
6	Replace and install standard steam valves and condensers to prevent steam leakage	Minimize steam losses on pipelines
7	Maintain boilers and use anti-scale agents	Increase boiler efficiency
8	Insulate hot and cold pipelines	Prevent hot and compressed air leaks
9	Use LED lights and natural lighting with transparent roofing or light on the side of the factory in production areas	Save electricity
10	Invest in solar power systems	Save electricity

Water consumption

Water consumption in 2019 made progress with the achievement of decreasing by 7.2% compared to 2018.





Water consumed in production

Initiatives for saving water

No.	Initiatives	Results
1	Recover and reuse rinsing water of kettles at brewhouse	Save approximately 2,000 m³ per year
2	Recover and reuse of hot water for pasteurized wort pipe	• Save approximately 10,000 m³ per year
3	Reuse wastewater to clean factories and water plants	Limit water consumption
4	Apply the advanced equipment hygiene regime	Limit water consumption
5	Use heat pumps to limit the discharge of water in pasteurizers	Limit water consumption
6	Recover all condensates and return to the boiler	Limit water consumption

ADVANCED TECHNOLOGY

SABECO has been constantly improving and applying modern technology and equipment in production processes.



Placing technologies and techniques as the foundation of the A number of technical staffs attended Brew Master courses competitive and development strategy, SABECO breweries have been equipped with state-of-the-art machinery and equipment imported from European industry leaders such as Krones 2019. SABECO also invited many reputable organizations and AG, KHS etc., integrated into highly automated production management system to reduce energy consumption.

SABECO has been constantly improving and applying modern technology and equipment in production processes. Since 2017, the breweries have been equipped with equipment for checking bottles, checking codes, testing labels and stripping CO₂ equipment to ensure the quality of fresh beer being delivered to consumers. Investments have been made in membrane filtration systems (without the use of filter aid powder) to reduce solid waste emissions to the environment, protect operator's health and reduce the consumption of supplies (e.g. electricity, water, chemicals, solvents etc.).

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

in the United States and Germany, in which 51 Brew Masters were trained throughout the system for the period of 2012specialists to provide technical training for managers and plant operators to improve their skills. In addition, technicians participated in advanced training courses on yeast propagation, chemical and microbiology analysis, beer sensory analysis, maintenance and management systems in compliance with international standards.



Key highlights of sustainable development

COMPLIANCE WITH THE LAW ON ENVIRONMENTAL PROTECTION



Environmental management system

All breweries have been approved for the Environmental Impact Assessment/Environmental Protection Commitment/ Environmental Protection Scheme. 24 out of 26 breweries have gained the certificate of environmental management system, i.e. ISO 14001:2004, only Saigon Beer – Ben Tre Brewery and Saigon Beer – Lam Dong Brewery are building their ISO standard since they have just been put into production. Some breweries have carried out energy audits and mastered their energy management systems, achieving ISO 50001:2011 standard such as Saigon Beer - Cu Chi Brewery, Saigon Beer - Nguyen Chi Thanh Brewery and Huong Sen Brewery.

A set of environmental documents including procedures, appendices and instructions for control and operate related to the environment has been issued and it is required for all member companies to comply with and organize audits every six months to ensure the compliance.

The breweries, which were built from 2013, have invested in cascade refrigeration systems to reduce electricity consumption while the rest are upgrading cascade refrigeration systems. In addition, BIOMASS boilers have been used to replace the consumption of fossil fuels.



Investments in wastewater and waste treatment systems

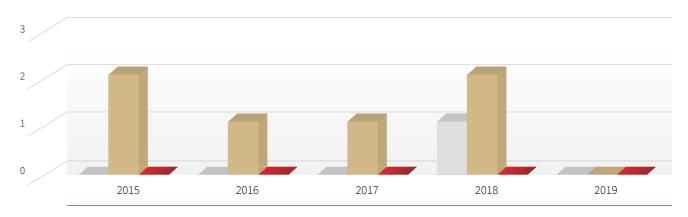
All breweries ensure that wastewater has met QCVN 40:2011 (type A or B) before being discharged into the environment or the wastewater collection system of industrial zones. The regular monitoring of wastewater environment has been conducted in compliance with the approved frequency in environmental impact assessment reports.

In addition, the breweries have had silos containing spent grains and scrap packaging warehouse. Domestic waste has been stored in covered bins and waste storage before being processed. For hazardous waste, there are contractors who deal with transport and treatment.

The system of collecting and fermenting microorganism sludge from the wastewater treatment system to generate electricity and make compost has been invested.

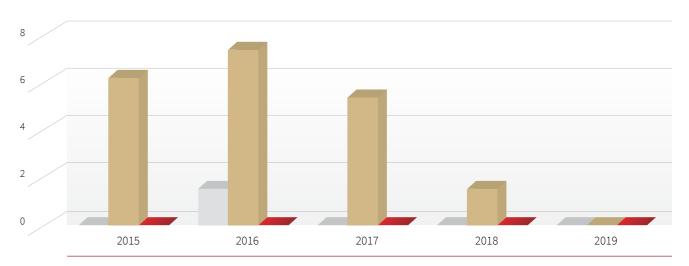
Training on labor safety, food hygiene and safety

All employees have been trained periodically on labor safety, food hygiene and safety as prescribed. Annual examinations of health and occupational diseases have also been organized for employees. SABECO has always paid great attention to mitigating workplace risks and there were no labor accidents of two affiliated breweries in 2019.



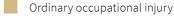
Labor Accidents (Saigon Beer - Nguyen Chi Thanh Brewery)

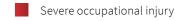
Occupational illness caused by noise Ordinary occupational injury Severe occupational injury



Labor Accidents (Saigon Beer - Cu Chi Brewery)

Occupational illness caused by noise O





Human capital development

People play a crucial role in the success and sustainable development of enterprises. With a huge personnel system, SABECO has been gradually developing human capital to strengthen its solid foundation during the process of comprehensive transformation. Building a "WARM" workforce is a necessary and right step on the journey of affirming the Corporation's leading position in Vietnam and reaching out to the world.

Also, SABECO has focused on improving policies related to employees as well as increasing activities on employees engagement in order to develop human capital and build a loyal and qualified labor force.



RECRUITMENT

SABECO has always looked for talented, dedicated and hardworking employees, who would most likely fit into the Corporation's culture.



Recruitment plan

SABECO arranges appropriate recruitments based on the approved annual business plan and personnel demand of each department.

Recruitment method

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

Recruitment notice

Detailed information is posted on recruitment channels.

In 2019, SABECO recruited a total of 97 new employees.

REMUNERATION AND WELFARE

SABECO has placed high importance on creating a performance-based culture, so the new salary structure is strictly based on job positions and individual achievements in order to motivate employees to work hard and perform well. In terms of bonus, it is distributed based on tasks completion, as well as performances of SABECO and individuals. Besides, the Corporation has also offered some allowances such as meal, telephone and travel expenses to help employees achieve their best results.

Apart from the welfare regimes for employees in accordance with the law such as social insurance, health insurance and 24-hour accident insurance, SABECO has constantly improved employees welfare regimes to ensure their work efficiency through various activities such as outing trips, giving gifts to employees on their birthdays and holidays, as well as buying voluntary retirement insurance and life insurance for employees. In addition, SABECO has also taken care of employees' relatives such as giving gifts to their children on the occasions of International Children's Day, School-year summary and organizing summer camp activities in Thanh Da, Ho Chi Minh City.

OCCUPATIONAL SAFETY AND HEALTH

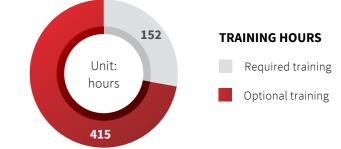
With the aims of ensuring occupational safety and health for all employees as well as improving the working environment, SABECO has implemented several programs as follows:

- · Periodical health check
- · Occupational diseases detection
- · Working environment measure

- Personal protective equipment supply
- Compulsory labor, occupational diseases and health insurances
- Fire prevention

TRAINING

In 2019, SABECO implemented a thorough training management process for functional departments and two affiliated breweries to ensure a unified management mechanism as well as develop human capital in a synchronized and sustainable manner. The total number of training hour was 567 hours.





The comprehensive transformation brought SABECO, the Corporation with a long-standing culture, an opportunity to access and join the global network. With the purpose of connecting all employees within the system as well as promoting the solidarity of employees to create common values, Global Values with three core values including Collaboration - Creating Values - Caring for Stakeholders were implemented. The training program of Global Values were organized throughout the system to help employees understand and apply the aforementioned values to their daily work, thereby bringing the best out of employees and at the same time, creating sustainable values for SABECO.

EMPLOYEE ENGAGEMENT

In order to strengthen the relationship between the Corporation and its employees as well as enhance a sense of responsibility in the implementation of rights and obligations arising on the basis of labor laws, SABECO has issued the Collective Labor Agreement.

Furthermore, two SABECO Town Hall Meetings were professionally organized in January and July 2019 with the participation of more than 1,200 employees from headquarters, subsidiaries and associates. During those meetings, employees could enjoy a warm, open and engaging atmosphere to understand more about the Corporation's business activities and get inspirations from the Board and the Management.

In November 2019, the Labor Union organized SABECO Sports Day 2019 in four regions throughout the country which was attended by more than 670 employees, including a soccer tournament for men and a gameshow on hygiene and labor safety regulations. This event encouraged the physicality of employees as well as provided a place for them to get acquainted with each other.





114 Key highlights of sustainable development 115

Responsibilities towards community

For many years, SABECO has accompanied authorities and local partners to carry out several community activities. This is the kind of commitment that SABECO has made for the purposes of effective business development and contribution to higher living standards, in turn promoting the socioeconomic development of Vietnam.

MAIN ACTIVITIES IN 2019



Participation in "Action for Food Safety in Industry and Trade 2019"

For SABECO to build a strong foothold in both domestic and international markets, the product quality is always considered as the most important factor. SABECO has applied international standards on quality management, hygiene, food safety, environment, energy, and raw materials to all breweries throughout the country. Also, the Corporation has strictly checked its finished goods and the storage process to ensure that consumers would get the freshest beer products. This event reflected an affirmation on reputation and commitment to quality of SABECO.

Bridge construction over Nam Ta Mu Main Canal

In September 2019, the Youth Union of Binh Thuan Province held an inauguration ceremony of the bridge construction over the main canal of Nam Ta Mu at An Hoa Village, Binh An Commune, Bac Binh District, Binh Thuan Province.

The project had a total investment of VND1.5 billion funded by SABECO. This was one of the community projects under the 5-year commitment period of 2015 – 2020 between the Central

Committee of Ho Chi Minh Communist Youth Union and SABECO, in which SABECO granted the Central Committee VND4.5 billion to build three bridges in North and Central regions.

This project would bring about practical welfare benefits, creating favorable conditions for the production and circulation of goods and agricultural products between Binh An Commune and the center of Bac Binh District, consequently promoting economic activities and reducing poverty.

The 4th Ooc-om-boc - Ngo Boat Racing Festival

In November 2019, the festival in Soc Trang Province was held with a lot of diverse activities, in which the most outstanding activity was Ngo Boat Racing – Bia Saigon Cup with the participation of athletes from provinces around the Mekong Delta region. Especially for this year, a variety of attractive programs from the "Saigon Night" event was added in the festival, creating an exciting and colorful playground by combining modernity with tradition. The commitment to preserving and promoting traditional values is an important part of SABECO's sustainable development strategy, and hence SABECO and Bia Saigon brands have always supported the festival with the main intentions to promote the image of Vietnam and contribute to the local development.



"Coming Home for Tet, Bond Like A Dragon 2020"

"Coming Home for Tet" is an annual heartwarming initiative for workers established by SABECO, in collaboration with the Central Committee of Ho Chi Minh Communist Youth Union. The program donated 1,000 air tickets and 1,000 coach tickets, along with gifts to outstanding laborers from various industrial parks and processing zones in Ho Chi Minh City, Dong Nai and Binh Duong provinces to come home for Tet reunion.

Through this program, SABECO aimed to inspire workers with positivity, passion, and determination at work, thereby enabling them to achieve results which not only bring pride to their families but also contribute to the development of their companies in particular and the country in general. In addition, it also reflected SABECO's dedication to promoting cultural values of Vietnamese people, especially the traditional reunion and spirit of togetherness in the New Year.

As part of the program, an online campaign called "Come Home Epic" was launched with the goal of spreading inspirational stories about working enthusiasm, positive attitudes, and constant efforts to bring changes to the community. 100 air and bus tickets were awarded to those who had shared their stories to encourage the spirit of a moving forward Vietnam.





The community program "Tet gan ket"

From December 17, 2019 to January 20, 2020, SABECO, in conjunction with Saigon Beer Nam Trung Bo Trading Joint Stock Company, Sai Gon Beer Tay Nguyen Trading Joint Stock Company, Saigon Song Tien Beer Trading Joint Stock Company and Saigon Song Hau Beer Trading Joint Stock Company organized the community program titled "Tet Gan Ket" for South Central, Tay Nguyen and Mekong Delta regions. This was one of many community projects which SABECO has committed to implementing in order to honor traditional cultural values of Vietnam.

The program was directed towards inhabitants of those underprivileged Central provinces, so that they could spend an abundant, warm, and happy Tet with their families. Throughout the program, 5,880 sets of Tet gifts were delivered to low-income households in 83 communes and Border Patrol soldiers in Khanh Hoa, Phu Yen, Dak Lak, Soc Trang, and Tien Giang provinces.

Thanks to outstanding support from the local Youth Union and Central Committee of Vietnamese Fatherland Front, SABECO was able to bring joy and happiness to the less fortunate, emphasizing the Corporation's message of bringing a wholesome Tet holiday to everyone.





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Corporation Corporate Information



Enterprise Registration Certificate No.

0300583659 29 February 2012

The Company's Enterprise Registration Certificate ("ERC") has been amended several times, of which the most recent one is ERC No. 0300583659 dated 7 August 2018. The Enterprise Registration Certificate and its updates were issued by the Ho Chi Minh City Department of Planning and Investment.

Registered Office

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

Auditor

KPMG Limited Vietnam

Board of Directors

Mr. Koh Poh Tiong	Chairman
Mr. Pramoad Phornprapha	Member
Mr. Nguyen Tien Vy	Member
Mr. Michael Chye Hin Fah	Member
Ms. Tran Kim Nga	Member
Mr. Nguyen Tien Dung	Member
Mr. Luong Thanh Hai	Member

Board of Management

Mr. Neo Gim Siong BennettGeneral DirectorMr. Teo Hong KengDeputy General DirectorMr. Ng Kuan Ngee MelvynDeputy General DirectorDeputy General DirectorDeputy General DirectorMr. Lam Du AnSaigon - Nguyen Chi Thanh Brewery's DirectorMr. Hoang Dao HiepDeputy General Director

Audit Committee

Mr. Pramoad Phornprapha	Head of Audit Committee
Mr. Nguyen Tien Vy	Member
Mr. Michael Chye Hin Fah	Member

Legal Representative

Mr. Koh Poh Tiong	Chairman		
Mr. Neo Gim Siong Bennett	General Director		

Statement of the Board of Management

Statement of the Board of Management

The Board of Management of Saigon Beer - Alcohol - Beverage Corporation ("the Company") presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2019.

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

- (a) the consolidated financial statements set out on pages 122 to 190 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



NEO GIM SIONG BENNETT

General Director

Ho Chi Minh City, 8 April 2020

SABECO Annual Report 2019

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Independent auditor's report

To the Shareholders Saigon Beer - Alcohol - Beverage Corporation

We have audited the accompanying consolidated financial statements of Saigon Beer - Alcohol - Beverage Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 8 April 2020, as set out on pages 122 to 190.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 19-01-00257-20-4



Chang Hung Chun

Practicing Auditor Registration Certificate No. 0863-2018-007-1 Deputy General Director



Nguyen Thanh Nghi

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

Ho Chi Minh City, 8 April 2020

Consolidated balance sheet as at **31 December 2019**

FORM B 01 - DN/HN

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

Unit: VND

	Code	Note	31/12/2019	1/1/2019 (Reclassified)
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		19,164,602,511,633	14,690,168,205,219
Cash and cash equivalents	110	6	4,115,884,646,637	4,467,391,585,137
Cash	111		953,478,997,565	1,595,188,808,377
Cash equivalents	112		3,162,405,649,072	2,872,202,776,760
Short-term financial investments	120		12,393,226,750,273	7,544,188,420,764
Held-to-maturity investments	123	7(a)	12,393,226,750,273	7,544,188,420,764
Accounts receivable – short-term	130		568,608,377,917	765,630,597,003
Accounts receivable from customers	131	8	157,654,572,653	244,119,166,060
Prepayments to suppliers	132		54,679,363,371	74,757,986,951
Other short-term receivables	136	9(a)	702,587,109,178	502,624,746,736
Allowance for doubtful short-term debts	137	10(a)	(346,312,667,285)	(55,871,302,744)
Inventories	140	11(a)	1,967,137,719,907	1,813,754,190,894
Inventories	141		2,169,540,753,708	2,034,063,807,573
Allowance for inventories	149		(202,403,033,801)	(220,309,616,679)
Other current assets	150		119,745,016,899	99,203,411,421
Short-term prepaid expenses	151	12(a)	97,129,905,121	86,456,727,461
Deductible value added tax	152		18,203,862,026	7,564,621,909
Taxes receivable from State Treasury	153	19(b)	4,411,249,752	5,182,062,051

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

	Code	Note	31/12/2019	1/1/2019 (Reclassified)
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		7,797,873,582,412	7,676,574,586,994
Accounts receivable – long-term	210		9,110,080,970	5,860,731,012
Accounts receivable from customers – long-term	211		6,005,003,018	6,077,549,878
Loans receivable – long-term	215		4,000,000,000	4,000,000,000
Other long-term receivables	216	9(b)	38,495,491,775	35,180,710,917
Allowance for doubtful long-term debts	219	10(b)	(39,390,413,823)	(39,397,529,783)
Fixed assets	220		4,685,440,455,287	4,567,091,079,194
Tangible fixed assets	221	13	3,743,642,558,190	3,614,850,885,054
Cost	222		10,190,230,853,202	9,497,449,925,191
Accumulated depreciation	223		(6,446,588,295,012)	(5,882,599,040,137)
Intangible fixed assets	227	14	941,797,897,097	952,240,194,140
Cost	228		1,091,733,605,211	1,091,397,605,211
Accumulated amortisation	229		(149,935,708,114)	(139,157,411,071)
Investment properties	230	15	58,433,154,033	54,567,837,235
Cost	231		80,830,516,128	71,444,026,942
Accumulated depreciation	232		(22,397,362,095)	(16,876,189,707)
Long-term work in progress	240		307,773,703,264	144,377,898,065
Construction in progress	242	16	307,773,703,264	144,377,898,065
Long-term financial investments	250		2,162,738,822,723	2,119,042,308,110
Investments in associates and jointly controlled entities	252	7(c)	1,878,458,174,350	1,800,203,395,934
Equity investments in other entities	253	7(c)	665,885,700,116	688,510,888,053
Allowance for diminution in the value of long-term financial investments	254	7(c)	(435,473,931,648)	(390,540,855,782)
Held-to-maturity investments	255	7(b)	53,868,879,905	20,868,879,905
Other long-term assets	260		574,377,366,135	785,634,733,378
Long-term prepaid expenses	261	12(b)	328,604,633,780	551,794,760,319
Deferred tax assets	262	17	214,736,310,715	184,533,845,767
Long-term tools, supplies and spare parts	263	11(b)	31,036,421,640	49,306,127,292
TOTAL ASSETS (270 = 100 + 200)	270		26,962,476,094,045	22,366,742,792,213

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

Consolidated balance sheet as at 31 **December 2019 (continued)**

FORM B 01 - DN/HN

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

Unit: VND

	Code	Note	31/12/2019	1/1/2019
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,886,229,037,681	6,254,837,224,044
Current liabilities	310		6,087,830,053,039	5,925,696,932,383
Accounts payable to suppliers	311	18	2,427,067,853,887	2,027,262,167,712
Advances from customers	312		42,587,372,642	110,463,408,413
Taxes payable to State Treasury	313	19(a)	855,960,013,165	1,100,614,318,513
Payables to employees	314		389,618,575,865	308,694,031,650
Accrued expenses	315	20	433,170,981,720	473,169,060,350
Unearned revenue – short-term	318		930,242,260	1,739,369,694
Other payables – short-term	319	21(a)	1,079,347,828,644	1,079,538,511,465
Short-term borrowings	320	22(a)	560,511,063,296	594,242,788,680
Provisions – short-term	321	23(a)	3,710,918,283	7,668,228,740
Bonus and welfare fund	322	24	294,925,203,277	222,305,047,166
Long-term liabilities	330		798,398,984,642	329,140,291,661
Long-term accounts payable to suppliers	331		100,000,000	-
Long-term advances from customers	332		22,183,449	22,183,449
Other payables – long-term	337	21(b)	54,073,316,000	53,149,616,000
Long-term borrowings	338	22(b)	494,244,987,274	14,618,022,047
Deferred tax liabilities	341	17	30,543,620,073	31,483,891,699
Provisions – long-term	342	23(b)	135,416,747,716	145,868,448,336
Science and technology development fund	343		83,998,130,130	83,998,130,130

	Code	Note	31/12/2019	1/1/2019
EQUITY (400 = 410 + 430)	400		20,076,247,056,364	16,111,905,568,169
Owners' equity	410	25	20,076,247,056,364	16,111,868,168,169
Share capital	411	26	6,412,811,860,000	6,412,811,860,000
Ordinary shares with voting rights	411a		6,412,811,860,000	6,412,811,860,000
Other capital	414		3,208,666,226	3,208,666,226
Foreign exchange differences	417		27,272,873,771	21,099,487,654
Investment and development fund	418	27	1,130,372,829,157	1,130,147,220,442
Other equity funds	420		-	5,327,112,664
Retained profits	421		11,231,596,467,620	7,473,777,581,426
Retained profits brought forward	421a		6,485,261,875,965	5,787,247,290,578
Retained profit for the current year	421b		4,746,334,591,655	1,686,530,290,848
Non-controlling interest	429		1,270,984,359,590	1,065,496,239,757
Non-business expenditure fund and other funds	430		-	37,400,000
Non-business expenditure fund	431		-	37,400,000
TOTAL RESOURCES (440 = 300 + 400)	440		26,962,476,094,045	22,366,742,792,213

8 April 2020

Prepared by:

Approved by:

Tran Nguyen Trung

Chief Accountant

Teo Hong Keng

Deputy General Director

Cổ PHẨN BIA-RUQU -

Neo Gim Siong Bennett

General Director

Accountant

Hoang Thanh Van

 ${\it The accompanying notes are an integral part of these consolidated financial statements}$

Consolidated statement of income the year ended 31 December 2019

FORM B 02 - DN/HN

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

Unit: VND

	Code	Note	2019	2018
Revenue from sales of goods and provision of services	01	30	38,133,790,098,273	36,043,018,331,946
Revenue deductions	02	30	234,730,596,978	94,465,769,999
Net revenue (10 = 01 - 02)	10	30	37,899,059,501,295	35,948,552,561,947
Cost of goods sold and services provided	11	31	28,348,430,809,281	27,864,413,389,551
Gross profit (20 = 10 - 11)	20		9,550,628,692,014	8,084,139,172,396
Financial income	21	32	889,852,505,295	630,350,383,424
Financial expenses	22	33	93,009,586,460	74,634,952,869
In which: Interest expense	23		37,367,206,872	35,244,808,353
Share of profits in associates and jointly controlled entities	24	7(c)	378,267,281,269	354,965,023,940
Selling expenses	25	34	3,003,290,717,435	2,731,090,859,491
General and administration expenses	26	35	1,047,841,925,145	912,705,312,866
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		6,674,606,249,538	5,351,023,454,534
Other income	31		74,504,231,449	81,737,853,570
Other expenses	32		62,933,856,025	42,321,666,598
Results of other activities (40 = 31 - 32)	40		11,570,375,424	39,416,186,972
Accounting profit before tax (50 = 30 + 40)	50		6,686,176,624,962	5,390,439,641,506
Income tax expense – current	51	37	1,347,171,652,994	1,021,134,431,877
Income tax benefit - deferred	52	37	(31,142,736,574)	(33,444,736,795)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		5,370,147,708,542	4,402,749,946,424

Code	Note	2019	2018
60		5,370,147,708,542	4,402,749,946,424
61		5,053,363,919,165	4,177,432,235,379
62		316,783,789,377	225,317,711,045
70	38	7,477	6,143
	60 61 62	60 61 62	60 5,370,147,708,542 61 5,053,363,919,165 62 316,783,789,377

8 April 2020

Prepared by:

Hoang Thanh Van

Accountant

Tran Nguyen Trung

Chief Accountant

Teo Hong Keng

Approved by:

Deputy General Director

TổNG CÒNG TY
CỔ PHẨN
BIA-RƯỢU
NƯỚC GIÀI KHAT *

SĂI GÒN

Neo Gim Siong Bennett

General Director

Consolidated statement of cash flows for the year ended 31 December 2019 (Indirect method)

FORM B 03 - DN/HN

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

Unit: VND

	Code	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		6,686,176,624,962	5,390,439,641,506
Adjustments for				
Depreciation and amortisation	02		647,247,814,181	634,592,696,360
Allowances and provisions	03		358,145,344,743	241,180,788,466
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		790,189,554	(71,937,562)
Profits from investing activities	05		(862,160,728,753)	(628,666,671,052)
Shared profits in associates and jointly controlled entities	05		(378,267,281,269)	(354,965,023,940)
Interest expense	06		37,367,206,872	35,244,808,353
Other adjustments	07		322,602,195	29,737,976,707
Operating profit before changes in working capital	08		6,489,621,772,485	5,347,492,278,838
Change in receivables	09		95,622,299,886	119,830,562,870
Change in inventories	10		(109,295,244,209)	36,215,461,662
Change in payables and other liabilities	11		11,238,478,499	324,263,923,251
Change in prepaid expenses	12		218,117,087,755	203,652,800,227
			6,705,304,394,416	6,031,455,026,848
Interest paid	14		(36,835,510,098)	(35,956,684,154)
Corporate income tax paid	15		(1,398,559,753,310)	(1,140,987,498,904)
Other payments for operating activities	17		(264,896,575,660)	(339,724,962,299)
Net cash flows from operating activities	20		5,005,012,555,348	4,514,785,881,491

	Code	Note	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(268,997,916,043)	(290,439,347,849)
Proceeds from disposals of fixed assets	22		4,838,741,500	2,009,409,588
Placements of term deposits at banks	23		(14,261,677,226,631)	(10,860,587,189,495)
Collections of term deposits at banks	24		9,379,638,897,122	9,875,200,000,000
Proceeds from withdrawal of investments in other entities	26		-	28,339,826,544
Receipts of interests and dividends	27		955,090,518,922	934,229,165,303
Acquisition of subsidiary, net of cash acquired	28	5	82,063,103,504	-
Net cash flows from investing activities	30		(4,109,043,881,626)	(311,248,135,909)
CASH FLOWS FROM FINANCING ACTIVITIES		-		
Proceeds from borrowings	33		3,235,967,733,915	3,255,664,065,073
Payments to settle loan principals	34		(3,346,479,516,980)	(3,371,648,865,960)
Payments of dividends	36		(1,136,965,484,108)	(3,888,748,971,778)
Net cash flows from financing activities	40		(1,247,477,267,173)	(4,004,733,772,665)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(351,508,593,451)	198,803,972,917
Cash and cash equivalents at the beginning of the year	60		4,467,391,585,137	4,268,598,818,042
Effect of exchange rate fluctuations on cash and cash equivalents	61		1,654,951	(11,205,822)
Cash and cash equivalents at the end of the year $(70 = 50 + 60 + 61)$	70	6	4,115,884,646,637	4,467,391,585,137

8 April 2020

Prepared by:

Approved by:

www/

TổNG CÔNG TY
CỔ PHẨN
BIA-RƯỢU
NƯỚC GIÀI KHAT
SĂI GÒN

Hoang Thanh Van

Accountant

Tran Nguyen Trung

Teo Hong KengDeputy General Director

Neo Gim Siong Bennett

Chief Accountant

General Director

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

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

Notes to the consolidated financial statements for the year ended 31 December 2019

FORM B 09 - DN/HN

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

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

1. REPORTING ENTITY

(A) OWNERSHIP STRUCTURE

Saigon Beer - Alcohol - Beverage Corporation ("the Company") was established as a State-Owned General Corporation under Decision No. 74/2003/QD-BCN dated 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 Beverages Company and Phu Tho Glass Company. On 11 May 2004, the Ministry of Industry issued Decision No. 37/2004/QD-BCN to restructure the Company into a parent - subsidiary structure. The Company's operation was licenced in accordance with Business Registration Certificate No. 4106000286 issued by the Department of Planning and Investment of Ho Chi Minh City on 1 September 2006.

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

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

The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

(B) PRINCIPAL ACTIVITIES

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

(C) NORMAL OPERATING CYCLE

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

(D) GROUP STRUCTURE

As at 31 December 2019, the Group had 26 subsidiaries and 18 associates and jointly controlled entities (1/1/2019: 25 subsidiaries) as follows:

			31/12/2019	6102	T/T/70T3	210
o Z	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
_	SUBSIDIARIES					
	Western - Sai Gon Beer Joint Stock Company (formerly known as "Saigon Beer Western Joint Stock Company")	Producing and trading beer	51%	51%	51%	51%
7	Chuong Duong Beverages Joint Stock Company	Producing and trading beverages, canned food and accessories	62.06%	62.06%	62.06%	62.06%
8	Sai Gon - Quang Ngai Beer Joint Stock Company	Producing and trading beer	%95.99	%95.99	%95.99	66.56%
4	Binh Tay Liquor Joint Stock Company	Producing and trading alcohol	93.32%	93.47%	93.32%	93.47%
2	Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Producing and trading beer and soft drinks	55.90%	56.24%	55.90%	56.24%
9	Saigon - Nghetinh Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	54.73%	54.73%	54.73%	54.73%
7	Saigon - Songlam Beer Joint Stock Company	Producing and trading beer and beverages; importing and exporting related materials	68.78%	68.78%	68.78%	68.78%
œ	Sai Gon - Ha Noi Beer Corporation	Producing and trading beer and beverages; importing and exporting related materials	52.11%	52.11%	52.11%	52.11%
6	Sai Gon Beer Trading Company Limited	Trading beer, alcohol and beverages	100%	100%	100%	100%
10	Northern Sai Gon Beer Trading Joint Stock Company	Trading beer, alcohol and beverages; providing transportation and warehousing services	94.72%	94.72%	94.72%	94.72%
11	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverages; providing transportation and warehousing services	95.07%	95.07%	95.07%	95.07%
12	Saigon Beer Center Trading Joint Stock Company	Wholesale of beer, alcohol drinks; wholesale of non-alcohol drinks, wholesale of other chemicals, alcohol; trading packaging; providing cargo transportation by car	94.42%	94.42%	94.41%	94.41%
13	Bia Saigon Mien Trung Trading Joint Stock	Trading beer, alcohol and beverages; providing warehousing and cargo transportation by car services	91.24%	91.24%	91.24%	91.24%

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

			31/12/2019	2019	1/1/2019	610	COI
N _O	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights	ntinuea
41	Sai Gon Beer Tay Nguyen Trading Joint Stock Company	Trading beer, alcohol and beverages; providing warehousing and transportation services	%06	%06	%06	%06)
15	Saigon Beer Nam Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverages; providing warehousing and cargo transportation services	90.14%	90.14%	90.14%	90.14%	
16	Sai Gon Beer Eastern Trading Joint Stock Company	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	90.68%	90.68%	90.68%	90.68%	
17	Saigon Song Tien Beer Trading Joint Stock Company	Trading beer, alcohol and beverages; providing warehousing cargo transportation by road services	%06	%06	%06	%06	
18	Saigon Song Hau Beer Trading Joint Stock Company	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	%06	%06	%06	%06	
19	Sa Be Co Mechanical Co., Ltd	Manufacturing equipment used in food manufacturing, installing and maintaining machinery system and equipment	100%	100%	100%	100%	
20	Saigon Soc Trang Beer One Member Limited Company	Producing and trading beer, yeasty malt, mineral water, bottled purified water	51%	100%	51%	100%	
21	Sai Gon Beer Northeast Trading Joint Stock Company	Trading beer, alcohol and beverages; providing warehousing and cargo transportation services	90.45%	90.45%	90.45%	90.45%	
22	Sai Gon - Ha Tinh Beer One Member Company Limited	Producing and trading beer, yeasty malt, mineral water, bottled purified water	100%	100%	100%	100%	
23	Sai Gon Beer Packaging Joint Stock Company	Producing and trading tin lid rings and metal packaging, packaging for food and beverage industry	76.81%	76.81%	76.81%	76.81%	
24	Saigon Beer Company Limited	Wholesale of beer, alcohol and beverages	100%	100%	100%	100%	
25	Saigon Beer Group Company Limited	Wholesale of beer, alcohol and beverages	100%	100%	100%	100%	
26	Saigon - Lamdong Beer Joint Stock Company	Producing beer, alcohol and beverages	52.91%	52.91%	20%	20%	

		31/12/2019	2019	1/1/2019	6103
Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
JOINTLY CONTROLLED ENTITIES					
Me Linh Point Limited (*)	Providing office building leasing and management services	35%	25%	35%	25%
Crown Beverage Cans Saigon Limited	Manufacturing aluminium cans	30%	30%	30%	30%
Malaya - Vietnam Glass Limited	Manufacturing glass products	30%	30%	30%	30%
San Miguel Yamamura Phu Tho Packaging Company Limited	Manufacturing and trading metal packaging	35%	35%	35%	35%
Vietnam Spirits and Wine Ltd	Producing and trading alcohol and alcohol-related products	45%	45%	45%	45%
ASSOCIATES					
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	Providing consulting construction and designing services	28.57%	28.57%	28.57%	28.57%
Truong Sa Food - Food Business Joint Stock Company	Producing agricultural products and foods	38.62%	38.98%	38.62%	38.98%
Saigon - Phutho Beer Joint Stock Company	Producing beer, alcohol and beverages	30.84%	33.85%	30.84%	33.85%
Sai Gon - Mien Trung Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	32.40%	32.41%	32.40%	32.41%
Tan Thanh Investment Trading Company Limited	Construction and real estates	29%	29%	29%	79%
Mechanical and Industrial Construction Joint Stock Company	Manufacturing, installing machinery, bridges and roads and industrial construction products	26%	26%	26%	26%
Sai Gon - Vinh Long Beer Joint Stock Company	Producing beer, alcohol and beverages	20%	70%	20%	70%
Sai Gon - Kien Giang Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	20%	20%	20%	20%

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

			31/12/2019	2019	1/1/2019	019
8	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
14	Sai Gon - Khanh Hoa Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	76%	26%	26%	26%
15	Saigon - Bentre Beer Joint Stock Company	Producing beer, alcohol and beverages	20%	20%	20%	20%
16	Saigon Binh Tay Beer Group Joint Stock Company	Producing, processing and trading food, beverage, beer and alcohol drinks	21.80%	22.18%	21.80%	22.18%
17	Saigon Tay Do Beer - Beverage Joint Stock	Producing and trading beer, alcohol, beverage, soya milk and fruit juice	27.62%	34.92%	27.62%	34.92%
18	Saigon - Baclieu Beer Joint Stock Company	Producing beer, alcohol and beverages	10.2%	20%	10.2%	20%

npany, and the counter party Centrepoint Properties Ltd., a company established in Singapore. At the sgreement was transferred from Chuong Duong to the Company following the approval of the Ministry at venture agreement, profit allocated to each party in the joint venture follows a schedule stated in and 65% (2018: 35% and 65%) for the Group and the counter party, respectively. Trade).

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

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

BASIS OF MEASUREMENT

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

ANNUAL ACCOUNTING PERIOD

The annual accounting period of the Group is from 1 January to 31 December.

ACCOUNTING AND PRESENTATION CURRENCY

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF CONSOLIDATION

(i) **Subsidiaries**

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

Non-controlling interests

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

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

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

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

(iv) Transactions eliminated on consolidation

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

(v) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(B) FOREIGN CURRENCY

(i) Foreign currency transactions

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

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

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

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

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

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

(C) CASH AND CASH EQUIVALENTS

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

(D) INVESTMENTS

i) Held-to-maturity investments

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

(ii) Investments in equity instruments of other entities

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

(E) ACCOUNTS RECEIVABLE

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

FORM B 09 - DN/HN

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

(F) INVENTORIES

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

The Group applies the perpetual method of accounting for inventories.

(G) TANGIBLE FIXED ASSETS

(i) Cost

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

(ii) Depreciation

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

BUILDINGS AND STRUCTURES

MACHINERY AND EQUIPMENT

5 - 45 YEARS

5 - 30 YEARS

MOTOR VEHICLES

OFFICE EQUIPMENT

OTHERS

3 - 10 YEARS

3 - 15 YEARS

2 - 20 YEARS

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H) INTANGIBLE FIXED ASSETS

(i) Land use rights

Land use rights comprise:

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

Land use rights with indefinite term are stated at cost and not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of land use rights comprises the purchase price and any direct attributable costs incurred in conjunction with securing the land use rights. Land use rights with definite term are amortised on a straight-line basis over the term of the land use rights ranging from 32 to 49 years.

(ii) Software

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

FORM B 09 - DN/HN

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

(I) INVESTMENT PROPERTIES

(i) Investment property held to earn rental

Cost

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

Depreciation

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

LAND USE RIGHTS

46 YEARS

BUILDINGS AND STRUCTURES

5 - 45 YEARS

(ii) Investment property held for capital appreciation

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

(J) CONSTRUCTION IN PROGRESS

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

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K) LONG-TERM PREPAID EXPENSES

(i) Returnable packaging

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

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 32 to 48 years.

(iii) Tools and instruments

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

(L) TRADE AND OTHER PAYABLES

Trade and other payables are stated at their cost.

(M) PROVISIONS

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

(N) SHARE CAPITAL

Ordinary shares

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

(O) TAXATION

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

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

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

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

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P) REVENUE AND OTHER INCOME

(i) Goods sold

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

(ii) Services rendered

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

(iii) Rental income

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

(iv) Interest income

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

(v) Dividend income

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

(Q) OPERATING LEASE PAYMENTS

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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(R) BORROWING COSTS

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

(S) EARNINGS PER SHARE

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

The Group did not have potentially dilutive shares and regulations on presentation of diluted earnings per share are not applied.

(T) SEGMENT REPORTING

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

(U) RELATED PARTIES

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

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4. SEGMENT REPORTING

(A) BUSINESS SEGMENTS

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

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

During the year, other business activities accounted for an insignificant proportion of total revenue and operating results of the Group and the Group's assets and liabilities as at reporting dates were mainly related to beer manufacturing activities. Accordingly, the financial information presented in the consolidated balance sheet as at 31 December 2019 and 1 January 2019 were related to the Group's sales of beers activities. Note 30 and Note 31 disclosed breakdown of revenue and cost of sales per each category of products, which provided sufficient information as to performance of each segment as identified above.

(B) GEOGRAPHICAL SEGMENTS

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

Unit: VND

		Geographical segments	
	Local	Export	Total
FOR THE YEAR ENDED 31 DECEMBER 2019	9		
Net revenue	37,557,429,131,763	341,630,369,532	37,899,059,501,295
Cost of sales	(28,094,225,325,656)	(254,205,483,625)	(28,348,430,809,281)
	9,463,203,806,107	87,424,885,907	9,550,628,692,014
FOR THE YEAR ENDED 31 DECEMBER 2018	3		
Net revenue	35,360,893,401,425	587,659,160,522	35,948,552,561,947
Cost of sales	(27,387,499,862,489)	(476,913,527,062)	(27,864,413,389,551)
	7,973,393,538,936	110,745,633,460	8,084,139,172,396

The Group's assets were located in Vietnam.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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5. BUSINESS COMBINATION

On 1 October 2019, the Group acquired additional 31.99% shares of Saigon – Lamdong Beer Joint Stock Company ("Sai Gon Lam Dong") for a consideration of VND82,000 million to increase the ownership and voting rights of the Group in Sai Gon Lam Dong from 20% to 51.99% and thus obtaining control over Sai Gon Lam Dong. The principal business activities of Sai Gon Lam Dong are to produce and sell beer, alcohol and beverages.

For the period from 1 October 2019 to 31 December 2019, Sai Gon Lam Dong contributed revenue of VND206,974 million and net profit after tax of VND27,917 million to the Group.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

Unit: VND

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised value on acquisition
Cash and cash equivalents	164,063,103,504	-	164,063,103,504
Accounts receivable – short-term	14,244,693,750	-	14,244,693,750
Inventories	40,733,898,595	-	40,733,898,595
Other current assets	3,169,117,862	-	3,169,117,862
Tangible fixed assets	594,055,159,657	-	594,055,159,657
Construction in progress	319,912,641	-	319,912,641
Long-term prepaid expenses	3,028,093,892	-	3,028,093,892
Current liabilities	(114,738,934,735)	-	(114,738,934,735)
Long-term liabilities	(502,541,674,016)	-	(502,541,674,016)
Net identifiable assets and liabilities	202,333,371,150	-	202,333,371,150
Share of net assets acquired (with ownership of 51.99%)			105,202,007,683
Fair value of initial investments (with ownership of 20%)			(20,617,493,148)
Bargain purchase incurred from acquisition of subsidiary			(2,584,514,535)
Considerations paid			(82,000,000,000)
Cash acquired			164,063,103,504
Net cash inflows			82,063,103,504

On 31 October 2019, the Group acquired additional 0.92% shares of Sai Gon Lam Dong for a consideration of VND3,825 million to increase the ownership and voting rights of the Group in Sai Gon Lam Dong from 51.99% to 52.91%.

6. CASH AND CASH EQUIVALENTS

Unit: VND

	31/12/2019	1/1/2019
Cash on hand	1,999,169,826	3,813,388,314
Cash in banks	951,479,827,739	1,591,375,420,063
Cash equivalents (*)	3,162,405,649,072	2,872,202,776,760
	4,115,884,646,637	4,467,391,585,137

^(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less. Cash equivalents are denominated in VND and earned interest at rates ranging from 4.3% to 5.5% per annum (1/1/2019: 5.0% to 5.5% per annum).

7. INVESTMENTS

(A) HELD-TO-MATURITY INVESTMENTS – SHORT-TERM

Held-to-maturity investments – short-term represented term deposits at banks with terms to maturity of more than 3 months from their transaction dates but less than 12 months from the reporting date. Term deposits are denominated in VND and earned interest at rates ranging from 6.5% to 8.2% per annum (1/1/2019: from 5.3% to 7.2% per annum).

(B) HELD-TO-MATURITY INVESTMENTS - LONG-TERM

Held-to-maturity investments – long-term represented the Group's investments in bonds issued by Shipbuilding Industry Corporation. Allowance was fully made for this investment.

Unit: VND

Notes to the consolidated financial statements for the year ended 31 December 2019 (conti

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		31/12/2019			1/1/2019	
	Equity accounted/ Cost	Allowance	Carrying amount	Equity accounted/ Cost	Allowance	Carrying amount
Investments in associates and jointly controlled entities (i)	1,878,458,174,350	(97,332,469,971)	1,781,125,704,379	1,800,203,395,934	(24,135,767,100)	1,776,067,628,834
Equity investments in other entities (ii)	665,885,700,116	(338,141,461,677)	327,744,238,439	688,510,888,053	688,510,888,053 (366,405,088,682)	322,105,799,371
	2,544,343,874,466	(435,473,931,648)	2,544,343,874,466 (435,473,931,648) 2,108,869,942,818	2,488,714,283,987 (390,540,855,782) 2,098,173,428,205	(390,540,855,782)	2,098,173,428,205

		31/12/2019			1/1/2019	
Company name	Equity accounted	Fair value	Allowance	Equity accounted	Fair value	Allowance
Truong Sa Food - Food Business Joint Stock Company	5,349,040,203	(*)	1	5,899,777,115	(*)	
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	329,653,546	*)	1	329,653,546	(*)	
Saigon - Phutho Beer Joint Stock Company	79,280,455,575	79,280,455,575 103,789,126,800		76,506,756,665 76,172,400,000	76,172,400,000	
Mechanical and Industrial Construction Joint Stock Company	11,239,321,481	(*)	1	10,727,077,141	(*)	
Saigon Tay Do Beer - Beverage Joint Stock Company	112,110,621,745	(*)	•	103,121,828,391	(*)	

	:					:
Company name	Equity accounted	Fair value	Allowance	Equity accounted	Fair value	Allowance
Me Linh Point Limited	129,777,418,614	(*)	1	123,970,386,177	(*)	•
Crown Beverage Cans Saigon Limited	300,165,809,593	(*)	1	287,070,899,745	(*)	•
Malaya - Vietnam Glass Limited	261,432,271,091	(*)	1	216,067,689,657	(*)	·
San Miguel Yamamura Phu Tho Packaging Company Limited	58,224,106,724	(*)		61,605,169,453	(*)	•
Vietnam Spirits and Wine Ltd	26,502,914,250	(*)	(26,502,914,250)	24,135,767,100	(*)	(24,135,767,100)
Saigon Binh Tay Beer Group Joint Stock Company	478,371,013,670	(*)	1	473,240,164,300	(*)	
Sai Gon - Mien Trung Beer Joint Stock Company	149,579,209,268	381,106,862,200	1	151,198,862,177	313,397,521,200	·
Tan Thanh Investment Trading Company Limited	70,829,555,721		(70,829,555,721)	69,888,052,736	(*)	·
Saigon - Baclieu Beer Joint Stock Company	39,413,251,891	31,554,189,333	1	39,177,284,776	58,858,800,000	•
Sai Gon - Vinh Long Beer Joint Stock Company	49,365,264,038	(*)	1	45,161,525,814	(*)	•
Sai Gon - Kien Giang Beer Joint Stock Company	32,474,770,492	(*)	1	31,194,049,992	(*)	•
Sai Gon - Khanh Hoa Beer Joint Stock Company	48,931,173,926	(*)	1	42,000,603,692	(*)	'
Saigon - Bentre Beer Joint Stock Company	25,082,322,522	(*)	ı	18,907,847,457	(*)	'
Saigon - Lamdong Beer Joint Stock Company	1	1	1	20,000,000,000	(*)	•
	1,878,458,174,350		(97,332,469,971)	1,800,203,395,934		(24,135,767,100)

EQUITY INVESTMENTS IN OTHER ENTITIES

Unit: VND

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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1,800,203,395,934	1,878,458,174,350	CLOSING BALANCE
176,302,505		Other adjustments
7,801,887,574		Gains from change in equity interest
19,800,000,000	(20,617,493,148)	(Decrease)/increase from change in equity interest
1,985,715,679	6,173,386,117	Foreign exchange differences
(331,646,622,511)	(285,568,395,822)	Dividends received during the year
354,965,023,940	378,267,281,269	Share of profits during the year
1,747,121,088,747	1,800,203,395,934	Opening balance

(II) Equity investments in other entitles						Unit: VND
		31/12/2019			1/1/2019	
Company name	Cost	Fair value	Allowance	Cost	Fair value	Allowance
Orient Commercial Joint Stock Bank	216,579,320,000 234,115,429,133	234,115,429,133		216,579,320,000	216,579,320,000 181,443,866,133	(35,135,453,867)
Dong A Commercial Joint Stock Bank	136,265,460,000		- (136,265,460,000)	136,265,460,000		(136,265,460,000)
Saigon Packaging Group Joint Stock Company (formerly known as "Sabeco - Song Lam Packaging Joint Stock Company")	50,000,000,000	(*)		50,000,000,000	(*)	•
PVI Holdings	51,475,140,000	14,953,831,200	51,475,140,000 14,953,831,200 (36,521,308,800)	51,475,140,000	15,730,653,600	51,475,140,000 15,730,653,600 (35,744,486,400)

Cost Fair value Allowance 23,085,000,000 7,056,000,000 (30,700,950,000) 35,757,720,722 (*) (35,757,720,722) 26,588,267,394 (*) (35,757,720,722) 26,588,267,394 (*) (300,000,000) 1,161,147,000 (*) (*) (45,000,000,000) 45,000,000,000 (*) (45,000,000,000) 24,426,586,800 (*) (3,954,000,000) 14,992,108,200 (*) (319,597,560)			31/12/2019			1/1/2019	
13,085,000,000 (*) (23,085,000,000) In Joint Stock 30,700,950,000 7,056,000,000 (30,700,950,000) In Stock 26,588,267,394 (*) (35,757,720,722) Stock 300,000,000 (*) (300,000,000) It A5,000,000,000 (*) (45,000,000,000) It A5,000,000,000 (*) (24,426,586,800) It IIIIted 24,426,586,800 (*) (3,954,000,000) It IIIIted 5,600,000,000 (*) (1,810,837,795) It Ompany 5,600,000,000 (*) (319,597,560)	Company name	Cost	Fair value	Allowance	Cost	Fair value	Allowance
Stock 30,700,950,000 7,056,000,000 (30,700,950,000) 35,757,720,722 (*) (35,757,720,722) 300,000,000 (*) (300,000,000) 1,161,147,000 (*) (45,000,000,000) 45,000,000,000 (*) (45,000,000,000) and 24,426,586,800 (*) (24,426,586,800) spany 3,954,000,000 (*) (3,954,000,000) any 14,992,108,200 (*) (319,597,560)	Underground Space Investment Development Corporation	23,085,000,000	*)	(23,085,000,000)	23,085,000,000	*)	(23,085,000,000)
35,757,720,722 (*) (35,757,720,722) 26,588,267,394 (*) (300,000,000) 300,000,000 (*) (300,000,000) 45,000,000,000 (*) (45,000,000,000) 45,000,000,000 (*) (24,426,586,800) mpany 3,954,000,000 (*) (3,954,000,000) any 14,992,108,200 (*) (319,597,560)	Phuong Dong Petroleum Tourism Joint Stock Company	30,700,950,000	7,056,000,000	(30,700,950,000)	30,700,950,000	8,232,000,000	(22,468,950,000)
cd 26,588,267,394 (*) (300,000,000) (*) (300,000,000) (*) (4) (45,000,000,000) (*) (45,000,000,000) (*) (45,000,000,000) (*) (45,000,000,000) (*) (45,000,000,000) (*) (3,954,000,000) (*) (1,810,837,795) (*) (319,597,560) (*) (319,597,560)	Saigon Securities Investment Fund A2	35,757,720,722	(*)	(35,757,720,722)	51,107,720,722	(*)	(35,757,720,722)
300,000,000 (*) (300,000,000) 1,161,147,000 (*) (45,000,000,000) 45,000,000,000 (*) (45,000,000) mpany 3,954,000,000 (*) (3,954,000,000) any 14,992,108,200 (*) (319,597,560)	Saigon Beer Transportation Joint Stock Company	26,588,267,394	(*)		26,588,267,394	(*)	1
1,161,147,000 (*)	Vietnam - Binh Tay Alcohol Joint Stock Company	300,000,000	*)	(300,000,000)	300,000,000	*)	(300,000,000)
(45,000,000,000) 24,426,586,800 (*) (24,426,586,800) 3,954,000,000 (*) (3,954,000,000) 5,600,000,000 (*) (1,810,837,795) 14,992,108,200 (*) (319,597,560)	Nha Trang Trade Tourism Joint Stock Company	1,161,147,000	*)	1	1,161,147,000	(*)	1
45,000,000,000 (*) (45,000,000,000 24,426,586,800 (*) (24,426,586,800) 3,954,000,000 (*) (3,954,000,000) 5,600,000,000 (*) (1,810,837,795) 14,992,108,200 (*) (319,597,560)	Vietnam Investment Fund	•	1	1	7,275,187,937	(*)	(7,275,187,937)
24,426,586,800 (*) (24,426,586,800) 3,954,000,000 (*) (3,954,000,000) 5,600,000,000 (*) (1,810,837,795) 14,992,108,200 (*) (319,597,560)	Dai Viet Securities Incorporation	45,000,000,000	(*)	(45,000,000,000)	45,000,000,000	(*)	(39,600,000,000)
3,954,000,000 (*) (3,954,000,000) 5,600,000,000 (*) (1,810,837,795) 14,992,108,200 (*) (319,597,560)	Sabeco HP Investment Company Limited	24,426,586,800	(*)	(24,426,586,800)	24,426,586,800	(*)	(24,426,586,800)
5,600,000,000 (*) (1,810,837,795) 14,992.108.200 (*) (319,597,560)	Sai Gon - Dong Nai Beer Joint Stock Company	3,954,000,000	(*)	(3,954,000,000)	3,954,000,000	(*)	(3,954,000,000)
14,992,108,200 (*) (319,597,560)	Saigon Dong Ha Tourist Joint Stock Company	5,600,000,000	(*)	(1,810,837,795)	5,600,000,000	(*)	(1,542,596,156)
	DIC Tourist and Trade Joint Stock Company	14,992,108,200	(*)	(319,597,560)	14,992,108,200	(*)	(849,646,800)
665,885,700,116 (338,141,461,677) 688,510,888,		665,885,700,116		(338,141,461,677)	688,510,888,053		(366,405,088,682)

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Movements of equity investments in other entities during the year were as follows:

Unit: VND

	2019	2018
Opening balance	688,510,888,053	736,652,914,597
Decrease through offsetting with other payables	(15,350,000,000)	-
Written off during the year	(7,275,187,937)	-
Divestments during the year	-	(48,142,026,544)
CLOSING BALANCE	665,885,700,116	688,510,888,053

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

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

Unit: VND

	2019	2018
Opening balance	390,540,855,782	352,315,059,118
Allowance made during the year	87,873,766,910	40,423,450,864
Allowance reversed during the year	(35,665,503,107)	(2,497,654,200)
Allowance utilised during the year	(7,275,187,937)	-
Transfer from allowance for doubtful debts	-	300,000,000
CLOSING BALANCE	435,473,931,648	390,540,855,782

8. ACCOUNTS RECEIVABLE FROM CUSTOMERS

A) ACCOUNTS RECEIVABLE FROM CUSTOMERS DETAILED BY SIGNIFICANT CUSTOMERS

Unit: VND

	31/12/2019	1/1/2019
Saigon Binh Tay Beer Group Joint Stock Company	30,014,447,972	26,202,728,309
Sai Gon - Kien Giang Beer Joint Stock Company	10,112,131,104	63,349,221,846
Other customers	117,527,993,577	154,567,215,905
	157,654,572,653	244,119,166,060

B) ACCOUNTS RECEIVABLE FROM CUSTOMERS WHO ARE RELATED PARTIES

	31/12/2019	1/1/2019
ASSOCIATES AND JOINTLY CONTROLLED ENTITIES		
Saigon Binh Tay Beer Group Joint Stock Company	30,014,447,972	26,202,728,309
Sai Gon - Kien Giang Beer Joint Stock Company	10,112,131,104	63,349,221,846
Sai Gon - Mien Trung Beer Joint Stock Company	8,673,647,771	11,937,316,293
Saigon - Phutho Beer Joint Stock Company	8,367,162,123	7,688,953,934
Sai Gon - Vinh Long Beer Joint Stock Company	7,636,502,161	7,503,558,108
Saigon - Bentre Beer Joint Stock Company	7,622,147,366	22,467,798,416
Saigon Tay Do Beer - Beverage Joint Stock Company	6,307,906,113	12,553,413,185
Sai Gon - Khanh Hoa Beer Joint Stock Company	5,481,242,048	14,862,841,933
Malaya - Vietnam Glass Limited	2,134,763,192	19,875,240
San Miguel Yamamura Phu Tho Packaging Company Limited	375,144,000	162,439,200
Saigon - Baclieu Beer Joint Stock Company	-	1,295,023,699

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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9. OTHER RECEIVABLES

(A) OTHER SHORT-TERM RECEIVABLES

Unit: VND

	31/12/2019	1/1/2019 (Reclassified)
Receivables due to difference between value of capital contribution in kind and agreed capital contribution in an associate	277,230,733,543	277,230,733,543
Interest income receivables	313,539,765,595	150,223,096,267
Dividends receivables	48,821,921,232	19,345,526,000
Other short-term receivables	62,994,688,808	55,825,390,926
	702,587,109,178	502,624,746,736

Other short-term receivables from related parties

Unit: VND

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	31/12/2019	1/1/2019
ASSOCIATES AND JOINTLY CONTROLLED ENTITIES		
Tan Thanh Investment Trading Company Limited	277,230,733,543	277,230,733,543
Sai Gon - Mien Trung Beer Joint Stock Company	36,311,825,665	19,587,812,354
San Miguel Yamamura Phu Tho Packaging Company Limited	8,141,000,000	-
Sai Gon - Vinh Long Beer Joint Stock Company	6,950,307,806	1,194,336,210
Saigon Binh Tay Beer Group Joint Stock Company	3,470,918,435	-
Saigon - Baclieu Beer Joint Stock Company	-	814,325,684
Saigon - Bentre Beer Joint Stock Company	1,868,442,672	99,712,159
Sai Gon - Kien Giang Beer Joint Stock Company	1,592,202,248	-
Sai Gon - Khanh Hoa Beer Joint Stock Company	83,916,000	83,916,000
Saigon - Phutho Beer Joint Stock Company	-	84,907,293

(B) OTHER LONG-TERM RECEIVABLES

	31/12/2019	1/1/2019
Long-term deposits	30,466,726,775	27,151,945,917
Other long-term receivables	8,028,765,000	8,028,765,000
	38,495,491,775	35,180,710,917

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ALLOWANCE FOR DOUBTFUL DEBTS

SHORT-TERM

Unit: VND

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31/12/2019	1/1/2019
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	Overdue days	Cost	Allowance	Recoverable amount	Overdue days	Cost	Allowance	Recoverable amount
Other short-term receivables	Over 2 years	329,371,173,672	(329,371,173,672)	-	Over 2 years	47,680,033,835	(47,574,353,351)	105,680,484
Prepayments to suppliers	Over 2 years	11,688,783,954	(11,675,439,217)	13,344,737	Over 2 years	6,328,949,613	(6,328,949,613)	-
Accounts receivable from customers	Over 2 years	5,355,275,946	(5,266,054,396)	89,221,550	Over 2 years	2,248,779,557	(1,967,999,780)	280,779,777
		346,415,233,572	(346,312,667,285)	102,566,287		56,257,763,005	(55,871,302,744)	386,460,261

LONG-TERM

31/12/2019	1/1/2019
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	Overdue days	Cost	Allowance	Recoverable amount	Overdue days	Cost	Allowance	Recoverable amount
Held-to-maturity investments – long-term	Over 2 years	20,868,879,905	(20,868,879,905)	-	Over 2 years	20,868,879,905	(20,868,879,905)	-
Accounts receivable from customers – long-term	Over 2 years	6,005,003,018	(6,005,003,018)	-	Over 2 years	6,077,549,878	(6,077,549,878)	-
Loans receivable – long-term	Over 2 years	4,000,000,000	(4,000,000,000)	-	Over 2 years	4,000,000,000	(4,000,000,000)	-
Other long-term receivables	Over 2 years	8,516,530,900	(8,516,530,900)	-	Over 2 years	8,451,100,000	(8,451,100,000)	-
		39,390,413,823	(39,390,413,823)	-		39,397,529,783	(39,397,529,783)	-

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

Unit: VND

	2019	2018
Opening balance	95,268,832,527	91,241,622,357
Allowance made during the year	291,232,795,662	5,078,736,508
Allowance reversed during the year	(450,295,177)	(751,526,338)
Transfer to allowance for diminution in the value of long-term financial investments	-	(300,000,000)
Allowance utilised during the year	(348,251,904)	-
CLOSING BALANCE	385,703,081,108	95,268,832,527

11. INVENTORIES

(A) INVENTORIES

Unit: VND

1/1/2019

	Cost	Allowance	Cost	Allowance
Goods in transit	206,339,542,512	-	102,764,346,138	-
Raw materials	517,894,000,688	(56,730,202,872)	517,645,998,858	(46,917,742,252)
Tools and supplies	285,028,888,383	(123,647,246,994)	203,077,547,298	(130,651,227,235)
Work in progress	232,611,199,538	(1,939,778,598)	207,713,866,901	(2,615,718,757)
Finished goods	927,663,136,778	(20,085,805,337)	1,002,862,048,378	(40,124,928,435)
Merchandise inventories	3,985,809	-	-	-
	2,169,540,753,708	(202,403,033,801)	2,034,063,807,573	(220,309,616,679)

31/12/2019

Included in inventories as at 31 December 2019 was VND202,403 million (1/1/2019: VND220,310 million) of obsolete or slow-moving inventories that are difficult to sell.

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

Unit: VND

	2019	2018
Opening balance	220,309,616,679	113,011,284,690
Allowance made during the year	23,963,592,718	148,418,415,265
Allowance reversed during the year	(24,704,592,098)	(23,354,818,220)
Allowance utilised during the year	(16,972,354,971)	(17,765,265,056)
Transfer to allowance for long-term tools, suppliers and spare parts	(193,228,527)	-
CLOSING BALANCE	202,403,033,801	220,309,616,679

B) LONG-TERM TOOLS, SUPPLIES AND SPARE PARTS

Unit: VND

	31/12/2	019	1/1/2019		
	Cost	Allowance	Cost	Allowance	
Long-term tools, supplies and spare parts	60,182,188,934	(29,145,767,294)	62,602,347,236	(13,296,219,944)	

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

	2019	2018
Opening balance	13,296,219,944	20,238,258,053
Allowance made during the year	18,276,894,934	1,317,967,401
Allowance reversed during the year	(2,620,576,111)	(8,260,005,510)
Transfer from allowance for inventories	193,228,527	-
CLOSING BALANCE	29,145,767,294	13,296,219,944

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12. PREPAID EXPENSES

(A) SHORT-TERM PREPAID EXPENSES

Unit: VND

Unit: VND

	31/12/2019	1/1/2019
Advertising expenses	61,446,931,219	40,229,620,142
Rental expenses	17,831,096,101	26,653,581,192
Tools and instruments	2,976,228,969	11,208,665,233
Others	14,875,648,832	8,364,860,894
	97,129,905,121	86,456,727,461

(B) LONG-TERM PREPAID EXPENSES

Unit: VND

	31/12/2019	1/1/2019
Returnable packaging	138,132,411,556	362,332,923,329
Prepaid land costs	66,375,716,506	67,899,879,298
Property held for future investment (*)	51,602,316,000	51,602,316,000
Tools and instruments	32,092,214,503	19,867,926,592
Others	40,401,975,215	50,091,715,100
	328,604,633,780	551,794,760,319
	320,004,033,700	331,134,160,3

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

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

	2019	2018
Opening balance	551,794,760,319	816,991,436,755
Acquired through business combination	3,028,093,892	-
Additions during the year	144,660,537,471	276,866,262,139
Transfer from construction in progress	2,589,479,748	-
Amortisation for the year	(372,275,394,494)	(532,911,531,545)
Transfer to tangible fixed assets	(1,108,205,697)	-
Transfer to short-term prepaid expenses	(84,637,459)	(4,281,329,444)
Disposals	-	(4,870,077,586)
CLOSING BALANCE	328,604,633,780	551,794,760,319

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
Cost						
Opening balance	1,865,206,665,931	7,237,140,026,670	245,035,314,635	140,926,881,281	9,141,036,674	9,497,449,925,191
Acquired through business combination	195,988,236,941	407,088,902,490	3,928,627,273	1		607,005,766,704
Additions	293,116,368	71,387,706,891	8,264,446,026	7,510,653,430	180,510,000	87,636,432,715
Transfer from construction in progress	28,453,662,703	57,478,930,159	1,327,710,302	1		87,260,303,164
Transfer to investment properties (Note 15(a))	(9,386,489,186)		1	1	•	(9,386,489,186)
Transfer from long-term prepaid expenses	•	2,618,867,318	1	1	•	2,618,867,318
Reclassification	5,098,876	102,901,124	1	(108,000,000)		1
Disposals		(75,805,733,896)	(3,921,726,081)	(689,492,727)		(80,416,952,704)
Written off	(1,937,000,000)	•	1	1	•	(1,937,000,000)
CLOSING BALANCE	2,078,623,291,633	7,700,011,600,756	254,634,372,155	147,640,041,984	9,321,546,674	10,190,230,853,202
Accumulated depreciation						
Opening balance	881,383,212,295	4,719,337,707,022	175,715,664,735	101,169,615,456	4,992,840,629	5,882,599,040,137
Acquired through business combination	3,609,330,484	9,194,194,871	147,081,692	ı		12,950,607,047
Charge for the year	101,852,172,040	499,131,513,125	19,523,878,128	13,578,416,924	877,982,480	634,963,962,697
Transfer to investment properties (Note 15(a))	(4,015,617,947)	1	1	1	•	(4,015,617,947)
Transfer from long-term prepaid expenses	1	1,510,661,621	ı	ı	•	1,510,661,621
Reclassification	1	22,238,710	1	(22,238,710)	1	ı
Disposals	•	(75,397,158,462)	(3,396,707,354)	(689,492,727)	•	(79,483,358,543)
Written off	(1,937,000,000)	•	1	ı	1	(1,937,000,000)
CLOSING BALANCE	980,892,096,872	5,153,799,156,887	191,989,917,201	114,036,300,943	5,870,823,109	6,446,588,295,012
Net book value						
Opening balance	983,823,453,636	2,517,802,319,648	69,319,649,900	39,757,265,825	4,148,196,045	3,614,850,885,054
CLOSING BALANCE	1,097,731,194,761	2,546,212,443,869	62,644,454,954	33,603,741,041	3,450,723,565	3,743,642,558,190

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Included in tangible fixed assets as at 31 December 2019 were assets costing VND2,346,481 million (1/1/2019: VND1,330,187 million) which were fully depreciated, but which are still in active use.

The net book value of tangible fixed assets retired from active use and held for disposal was to VND58,590 million as at 31 December 2019 (1/1/2019: VND123,380 million).

Historical cost of tangible fixed assets that the Group leased to its associates to earn rental income as at 31 December 2019 was VND61,027 million (1/1/2019: VND61,027 million).

14. INTANGIBLE FIXED ASSETS

Unit: VND

	Land use rights (*)	Software	Others	Total
Cost				
Opening balance	1,024,215,267,144	66,934,890,585	247,447,482	1,091,397,605,211
Additions	-	336,000,000	-	336,000,000
CLOSING BALANCE	1,024,215,267,144	67,270,890,585	247,447,482	1,091,733,605,211
Accumulated amortisatio	n			
Opening balance	76,820,881,479	62,142,247,750	194,281,842	139,157,411,071
Charge for the year	6,807,352,985	3,933,024,669	37,919,389	10,778,297,043
CLOSING BALANCE	83,628,234,464	66,075,272,419	232,201,231	149,935,708,114
Net book value				
Opening balance	947,394,385,665	4,792,642,835	53,165,640	952,240,194,140
CLOSING BALANCE	940,587,032,680	1,195,618,166	15,246,251	941,797,897,097

Included in intangible fixed assets as at 31 December 2019 were assets costing VND64,172 million (1/1/2019: VND54,541 million) which were fully amortised, but which are still in active use.

The net book value of intangible fixed assets retired from active use and held for disposal was to VND304 million as at 31 December 2019 (1/1/2019: VND1,196 million).

(*) Land use rights as at 31 December 2019 included the value of land use rights of VND735,380 million that the Group has additionally recorded on the equitisation date following the Minutes of Corporate Valuation dated 31 December 2007 and the Equitisation Finalisation Minute, which was performed by representative of the Ministry of Industry and Trade and the Ministry of Finance on 30 April 2008, who issued the report on 6 March 2010. The Group has recorded the increase in value of land use rights in "Intangible fixed assets" with a corresponding payable to State Treasury in "Other short-term payables" account (Note 21(a)).

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

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

Unit: VND

No	Location	Square (m²)	Revalued amount in connection with equitisation
1	46 Ben Van Don Street, Ward 12, District 4, Ho Chi Minh City, Vietnam	3,872.5	55,241,212,500
2	187 Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City, Vietnam	17,406.1	418,634,111,100
3	474 Nguyen Chi Thanh Street, Ward 6, District 10, Ho Chi Minh City, Vietnam	7,729	247,637,160,000
4	18/3B Phan Huy Ich Street, Ward 15, Tan Binh District, Ho Chi Minh City, Vietnam	2,216.3	13,867,389,100

735,379,872,700

The Group has not amortised the above land use rights because their costs and useful lives have not been measured reliably at the consolidated balance sheet date. During the year, the Group has also recognised the land rental expenses to the consolidated statement of income an amount of VND26,967 million (2018: VND23,043 million) following the tax payment notices from local tax authorities.

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15. INVESTMENT PROPERTIES

Unit: VND

	31/12/2019	1/1/2019
Investment property held to earn rental (a)	26,672,244,376	22,806,927,578
Investment property held for capital appreciation (b)	31,760,909,657	31,760,909,657
	58,433,154,033	54,567,837,235

(A) INVESTMENT PROPERTY HELD TO EARN RENTAL

Unit: VND

Land use rights	Buildings and structures	Total
27,812,438,744	8,719,766,623	36,532,205,367
-	9,386,489,186	9,386,489,186
27,812,438,744	18,106,255,809	45,918,694,553
7,301,656,054	6,423,621,735	13,725,277,789
604,618,237	900,936,204	1,505,554,441
-	4,015,617,947	4,015,617,947
7,906,274,291	11,340,175,886	19,246,450,177
20,510,782,690	2,296,144,888	22,806,927,578
19,906,164,453	6,766,079,923	26,672,244,376
	27,812,438,744 - 27,812,438,744 7,301,656,054 604,618,237 - 7,906,274,291 20,510,782,690	27,812,438,744 8,719,766,623 - 9,386,489,186 27,812,438,744 18,106,255,809 7,301,656,054 6,423,621,735 604,618,237 900,936,204 - 4,015,617,947 7,906,274,291 11,340,175,886

B) INVESTMENT PROPERTY HELD FOR CAPITAL APPRECIATION

Unit: VND

.and		

Cost	
Opening and closing balance	34,911,821,575
Accumulated depreciation	
Opening and closing balance	3,150,911,918
Net book value	
Opening and closing balance	31,760,909,657

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

6. CONSTRUCTION IN PROGRESS

	2019	2018
Opening balance	144,377,898,065	111,505,655,106
Additions during the year	259,569,796,251	143,200,496,777
Acquired through business combination	319,912,641	-
Transfer to tangible fixed assets	(87,260,303,164)	(109,860,453,818)
Transfer to intangible fixed assets	-	(467,800,000)
Transfer to long-term prepaid expenses	(2,589,479,748)	-
Written off	(6,644,120,781)	-
CLOSING BALANCE	307,773,703,264	144,377,898,065

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Major constructions in progress were as follows:

Unit: VND

	31/12/2019	1/1/2019
Upgrade warehouse and brewery at Nguyen Chi Thanh Brewery	88,942,805,924	88,817,343,236
Buildings and structures	78,407,669,034	824,581,182
Beer filtration and separation systems	100,342,589,681	15,646,107,455
Other projects	40,080,638,625	39,089,866,192
	307,773,703,264	144,377,898,065

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Unit: VND

	Tax rate	31/12/2019	1/1/2019
Deferred tax assets recognised on:			_
Allowance for diminution in the value of long-term financial investments	20%	62,078,974,035	52,984,561,076
Accrued expenses and provisions	20%	65,769,374,820	44,551,441,993
Unrealised profits	20%	45,504,272,571	43,935,387,185
Allowance for inventories and long-term tools, suppliers and spare parts	20%	36,470,545,384	40,758,143,846
Allowance for doubtful debts	20%	4,345,263,905	2,304,311,667
Others	20%	567,880,000	-
Total deferred tax assets		214,736,310,715	184,533,845,767
Deferred tax liabilities recognised on:			
Allowance for diminution in the value of long-term financial investments	20%	25,196,385,655	24,920,989,732
Tools and instruments	20%	6,480,311,474	6,865,493,069
Provision and allowance	20%	(1,133,077,056)	-
Accrued expenses	20%	-	(75,929,285)
Unearned revenue	20%	-	(226,661,817)
Total deferred tax liabilities		30,543,620,073	31,483,891,699

ACCOUNTS PAYABLE TO SUPPLIERS

ACCOUNTS PAYABLE TO SUPPLIERS DETAILED BY SIGNIFICANT SUPPLIERS

Unit: VND

	Cost/Amount within paym	ent capacity
	31/12/2019	1/1/2019
Hanacans Joint Stock Company	255,937,951,196	77,109,556,718
Crown Beverage Cans Saigon Limited	235,967,453,301	217,001,205,735
Other suppliers	1,935,162,449,390	1,733,151,405,259
	2,427,067,853,887	2,027,262,167,712

ACCOUNTS PAYABLE TO SUPPLIERS WHO ARE RELATED PARTIES

Unit: VND

Cost/Amount within payment capacity 31/12/2019 1/1/2019 Associates and jointly controlled entities Crown Beverage Cans Saigon Limited 235,967,453,301 217,001,205,735 Saigon Binh Tay Beer Group Joint Stock Company 63,993,357,149 80,479,565,925 Sai Gon - Mien Trung Beer Joint Stock Company 52,041,494,908 68,770,742,216 Sai Gon - Kien Giang Beer Joint Stock Company 27,107,766,113 55,072,169,614 Sai Gon - Vinh Long Beer Joint Stock Company 21,125,716,480 42,224,298,050 34,832,174,850 Saigon - Phutho Beer Joint Stock Company 24,851,400,970 Saigon - Bentre Beer Joint Stock Company 18,409,920,276 36,922,865,100 San Miguel Yamamura Phu Tho Packaging Company Limited 15,764,630,891 13,248,400,000 Saigon Tay Do Beer - Beverage Joint Stock Company 8,441,778,004 28,504,068,582 Sai Gon - Khanh Hoa Beer Joint Stock Company 5,565,963,898 43,265,809,950 Saigon - Baclieu Beer Joint Stock Company 4,688,242,020 6,121,281,540 Malaya - Vietnam Glass Limited 34,009,252,977 Truong Sa Food - Food Business Joint Stock Company 436,148,400 Other related party TBC-Ball Beverage Can Vietnam Co., Ltd 52,601,015,251 424,310,304

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TAXES PAYABLE TO AND RECEIVABLE FROM STATE TREASURY

TAXES PAYABLE TO STATE TREASURY

	1/1/2019	Acquired through business combination	Incurred	Paid	Net-off	Reclassified to taxes receivable	31/12/2019
Special sales tax	656,687,046,516	34,274,930,182	7,674,253,546,583	(7,872,365,230,854)	-	-	492,850,292,427
Corporate income tax	286,511,622,964	-	1,347,171,652,994	(1,398,559,753,310)	(2,850,902,627)	671,344,406	232,943,964,427
Value added tax	118,429,734,689	3,315,483,534	16,003,472,784,644	(1,845,111,989,622)	(14,181,628,831,493)	1,806,954,567	100,284,136,319
Personal income tax	34,292,978,432	39,673,612	106,620,128,614	(114,383,487,662)	(861,287,147)	463,563,366	26,171,569,215
Import-export tax	-	-	17,615,137,035	(17,615,024,715)	(112,320)	-	-
Other taxes	4,692,935,912	-	71,176,938,369	(72,159,823,504)	-	-	3,710,050,777
	1,100,614,318,513	37,630,087,328	25,220,310,188,239	(11,320,195,309,667)	(14,185,341,133,587)	2,941,862,339	855,960,013,165

In 2018, the Group received the Notification of the tax authority requesting provisional payments to the State budget in relation to the late payment penalty and late interest on special sales tax for the period from 2007 to 2015 that had been paid by the Group. However, the Group's position has always been clear and consistent since the State Audit issued audit conclusion in 2015: (i) the Group did not violate regulations on the declaration, calculation and payment of special sales tax, and (ii) the Group has always complied with the written guidance issued by the Ministry of Finance, General Department of Taxation and Ho Chi Minh City Tax Department over the past years on the same matter. The Group has sent the official letters to the relevant authorities to resolve the above matters and is waiting for their official responses.

Unit: VND

	(11,320,195,309,667)	(14,185,341,133,587)	2,941,862,339	855,960,013,165
_	(72,159,823,504)	-	-	3,710,050,777
	(17,615,024,715)	(112,320)	-	-
	(114,383,487,662)	(861,287,147)	463,563,366	26,171,569,215
	(1,845,111,989,622)	(14,181,628,831,493)	1,806,954,567	100,284,136,319
	(1,398,559,753,310)	(2,850,902,627)	671,344,406	232,943,964,427
	(7,872,365,230,854)	-	-	492,850,292,427

TAXES RECEIVABLE FROM STATE TREASURY

	1/1/2019	Net-off	Reclassified from taxes payable	31/12/2019
Value added tax	-	-	1,806,954,567	1,806,954,567
Corporate income tax	4,168,800,085	(2,850,902,627)	671,344,406	1,989,241,864
Personal income tax	861,287,147	(861,287,147)	463,563,366	463,563,366
Other taxes	151,974,819	(484,864)	-	151,489,955
	5,182,062,051	(3,712,674,638)	2,941,862,339	4,411,249,752

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20. ACCRUED EXPENSES

Unit: VND

	31/12/2019	1/1/2019
Advertising and promotion expenses	325,832,316,250	204,884,672,148
Interest expenses	21,487,979,834	13,493,369,109
Transportation expenses	3,338,741,362	192,363,334,018
Others	82,511,944,274	62,427,685,075
	433,170,981,720	473,169,060,350

21. OTHER PAYABLES

(A) OTHER PAYABLES – SHORT-TERM

Unit: VND

	31/12/2019	1/1/2019
Estimated land use rights payable to the State in connection with equitisation (*)	735,379,872,700	735,379,872,700
Short-term deposits received	179,289,889,446	186,444,336,213
Dividends payable	45,680,554,923	47,642,016,752
Other payables	118,997,511,575	110,072,285,800
	1,079,347,828,644	1,079,538,511,465

^(*) Estimated land use rights payable to the State in connection with equitisation was recorded in accordance with Equitisation Finalisation Minute issued by representative of Ministry of Industry and Trade and Ministry of Finance dated 6 March 2010 (Note 14).

Other payables - short-term to related parties

Unit: VND

	31/12/2019	1/1/2019
Associates and jointly controlled entities		
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	340,000,000	340,000,000
Saigon Binh Tay Beer Group Joint Stock Company	2,854,448,349	287,780,949
Other related parties		
Super Brands Company Pte. Ltd	6,246,344,005	-
Fraser and Neave, Limited	2,425,671,710	-
Fraser & Neave (Singapore) Pte. Limited	874,455,121	-

B) OTHER PAYABLES – LONG-TERM

	31/12/2019	1/1/2019
Land tax payable to the State (Note 12(b))	51,602,316,000	51,602,316,000
Long-term deposits received	2,471,000,000	1,547,300,000
	54,073,316,000	53,149,616,000

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SHORT-TERM BORROWINGS

	1/1/2019		Movements during the year		31/12/2019
	Carrying amount/ Amount within repayment capacity	Acquired through business combination	Increase	Decrease	Carrying amount/ Amount within repayment capacity
n borrowings	584,502,788,680	53,865,348,892	3,188,666,630,657	(3,322,121,494,933)	504,913,273,296
ortion of long-term gs (Note 22(b))	9,740,000,000	1	55,597,790,000	(9,740,000,000)	55,597,790,000
	594,242,788,680	53,865,348,892	3,244,264,420,657	(3,331,861,494,933)	560,511,063,296
conditions of outstan	conditions of outstanding short-term borrowings were as follows:	s were as follows:			Unit: VND

	Currency	31/12/2019	1/1/2019
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	144,973,056,278	108,982,967,784
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	118,766,311,328	216,614,876,467
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	100,000,000,000	1
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	VND	91,500,000,000	1
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Minh Branch	VND	39,373,905,690	34,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Nam Thang Long Branch	VND	10,300,000,000	1
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	USD		138,546,240,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	VND		62,010,614,429
Vietnam Export Import Commercial Joint Stock Bank – Quang Ngai Branch	USD		17,848,090,000
Vietnam International Commercial Joint Stock Bank – Vinh Branch	VND		6,500,000,000
		504,913,273,296	584,502,788,680

The short-term VND denominated borrowings bore interest at rates ranging from 5.3% to 6.5% per annum (1/1/2019: from 5.5% to 7.0% per annum) and short-term USD denominated borrowings bore interest at rates ranging from 3.3% to 4.0% per annum (1/1/2019: from 3.3% to 3.5% per annum). The short-term borrowings are secured over inventories, tangible fixed assets and investment properties.

B) LONG-TERM BORROWINGS

Unit: VND

	31/12/2019	1/1/2019
Long-term borrowings	549,842,777,274	24,358,022,047
Repayable within twelve months (Note 22(a))	(55,597,790,000)	(9,740,000,000)
Repayable after twelve months	494,244,987,274	14,618,022,047

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

Unit: VND

	Currency	Year of maturity	31/12/2019	1/1/2019
Vietnam Joint Stock Commercial Bank for Industry and Trade – No. 4 Branch	VND	2027	525,069,877,274	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Minh Branch	VND	2022	19,795,300,000	-
Shinhan Bank Vietnam Ltd - Ha Noi Branch	VND	2022	4,977,600,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	VND	2021	-	24,358,022,047
			549,842,777,274	24,358,022,047

The long-term borrowings bore interest at rates ranging from 7.80% to 8.44% per annum (1/1/2019: 7.20% per annum) and are secured over tangible fixed assets, assets to be formed in the future and investment properties.

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23. PROVISIONS

(A) PROVISIONS - SHORT-TERM

Unit: VND

	31/12/2019	1/1/2019
Trademark fee	2,984,605,367	7,644,228,740
Other provisions	726,312,916	24,000,000
	3,710,918,283	7,668,228,740

(B) PROVISIONS – LONG-TERM

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

Unit: VND

	2019	2018
Opening balance	145,868,448,336	64,493,890,463
Provision made during the year	2,413,258,271	86,975,919,664
Transfer from provisions – short-term	-	5,657,176,251
Provision reversed during the year	(3,322,314,534)	(6,503,690,280)
Provision utilised during the year	(9,542,644,357)	(4,754,847,762)
CLOSING BALANCE	135,416,747,716	145,868,448,336

24. BONUS AND WELFARE FUND

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

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

	2019	2018
Opening balance	222,305,047,166	296,742,730,960
Appropriation during the year (Note 25)	290,010,109,064	231,462,634,848
Additional appropriation of bonus and welfare fund (Note 25)	32,858,350,618	29,059,295,895
Utilisation during the year	(250,248,303,571)	(334,959,614,537)
CLOSING BALANCE	294,925,203,277	222,305,047,166

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25. CHANGES IN OWNERS' EQUITY									Oiit. VIII
	Share capital	Other capital	Foreign exchange differences	Investment and development fund	Other equity funds	Retained profits	Total equity attributable to owners of the Company	Non-controlling interest	Total
BALANCE AS AT 1 JANUARY 2018	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
Net profit for the year	-	-	-	-	-	4,177,432,235,379	4,177,432,235,379	225,317,711,045	4,402,749,946,424
Appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	(207,978,477,582)	(207,978,477,582)	(23,484,157,266)	(231,462,634,848)
Additional appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	(26,622,909,105)	(26,622,909,105)	(2,436,386,790)	(29,059,295,895)
Appropriation to investment and development fund	-	-	-	2,380,737,197	-	(2,380,737,197)	-	-	-
Additional appropriation to investment and development fund	-	-	-	8,712,420,678	-	(8,712,420,678)	-	-	-
Dividends (Note 28)	-	-	-	-	-	(2,244,484,151,000)	(2,244,484,151,000)	(169,291,179,518)	(2,413,775,330,518)
Foreign exchange differences	-	-	1,985,715,679	-	-	-	1,985,715,679	-	1,985,715,679
Appropriation to social activities fund	-	-	-	-	-	(36,103,560,946)	(36,103,560,946)	(1,514,477,709)	(37,618,038,655)
Additional appropriation to social activities fund	-	-	-	-	-	(1,321,278,213)	(1,321,278,213)	-	(1,321,278,213)
Change in proportion of non- controlling interests	-	-	-	90,579,927	-	44,982,194	135,562,121	(255,512,874)	(119,950,753)
BALANCE AS AT 31 DECEMBER 2018	6,412,811,860,000	3,208,666,226	21,099,487,654	1,130,147,220,442	5,327,112,664	7,473,777,581,426	15,046,371,928,412	1,065,496,239,757	16,111,868,168,169

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	Share capital	Other capital	Foreign exchange differences	Investment and development fund	Other equity funds	Retained profits	Total equity attributable to owners of the Company	Non-controlling interest	Total
BALANCE AS AT 1 JANUARY 2019	6,412,811,860,000	3,208,666,226	21,099,487,654	1,130,147,220,442	5,327,112,664	7,473,777,581,426	15,046,371,928,412	1,065,496,239,757	16,111,868,168,169
Net profit for the year	-	-	-	-	-	5,053,363,919,165	5,053,363,919,165	316,783,789,377	5,370,147,708,542
Appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	(258,732,607,752)	(258,732,607,752)	(31,277,501,312)	(290,010,109,064)
Additional appropriation to bonus and welfare fund (Note 24)	-	-	-	-	-	(30,004,529,945)	(30,004,529,945)	(2,853,820,673)	(32,858,350,618)
Appropriation to investment and development fund	-	-	-	221,570,621	-	(221,570,621)	-	-	-
Dividends (Note 28)	-	-	-	-	-	(961,921,779,000)	(961,921,779,000)	(173,082,243,279)	(1,135,004,022,279)
Foreign exchange differences	-	-	6,173,386,117	-	-	-	6,173,386,117	-	6,173,386,117
Appropriation to social activities fund	-	-	-	-	-	(48,395,939,581)	(48,395,939,581)	(1,187,283,714)	(49,583,223,295)
Additional appropriation to social activities fund	-	-	-	-	-	(2,116,745,426)	(2,116,745,426)	176,278,556	(1,940,466,870)
Transfer from other equity funds to retained profits	-	-	-	-	(5,327,112,664)	5,327,112,664	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	97,131,363,467	97,131,363,467
Change in proportion of non- controlling interests	-	-	-	-	-	99,219,823	99,219,823	(99,219,823)	-
Others	-	-	-	4,038,094	-	421,806,867	425,844,961	(103,242,766)	322,602,195
BALANCE AS AT 31 DECEMBER 2019	6,412,811,860,000	3,208,666,226	27,272,873,771	1,130,372,829,157	-	11,231,596,467,620	18,805,262,696,774	1,270,984,359,590	20,076,247,056,364

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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26. SHARE CAPITAL

The Company's authorised and issued share capital are:

Unit: VND

31/12/2019 and 1/1/2019

	Number of shares	VND
Authorised and issued share capital		
Ordinary shares	641,281,186	6,412,811,860,000
Shares in circulation		
Ordinary shares	641,281,186	6,412,811,860,000

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

There was no movement in share capital during the years ended 31 December 2019 and 31 December 2018.

27. INVESTMENT AND DEVELOPMENT FUND

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

28. DIVIDENDS

The Resolution of the Board of Directors of the Company on 21 August 2019 resolved to declare dividends to shareholders amounting to VND961,922 million (equivalent to VND1,500 per share) from retained profits of 2018 (2018: VND2,244,484 million, equivalent to VND3,500 per share).

29. OFF BALANCE SHEET ITEMS

(A) LEASES

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

Unit: VND

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	31/12/2019	1/1/2019
Within one year	185,533,784,273	176,383,522,518
Within two to five years	626,011,774,676	625,013,894,911
More than five years	488,152,938,344	638,268,959,797
	1,299,698,497,293	1,439,666,377,226

B) ASSETS, MATERIALS AND GOODS HELD FOR THIRD PARTIES

Unit: VND

	Unit	31/12/2019	1/1/2019
Beers	box/crate	3,960,378	1,950,503
Beverages	box/crate	1,040	208,785
Plastic crates	piece		195,616

) FOREIGN CURRENCIES

Unit: VND

	31/12	/2019	1/1/2019		
	Original currency	VND equivalent	Original currency	VND equivalent	
USD	788,013	18,205,699,512	443,243	10,283,555,316	
EUR	7,613	196,014,284	11,978	316,294,767	
		18,401,713,796		10,599,850,083	

(D) CAPITAL EXPENDITURE COMMITMENTS

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

	31/12/2019	1/1/2019
Approved and contracted	185,144,507,293	70,770,589,338

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30. 3REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

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

Net revenue comprised:

Unit: VND

	2019	2018
Total revenue		
Sales of beers	32,713,860,434,875	30,790,775,222,873
Sales of raw materials	4,991,064,456,953	4,816,208,783,077
Sales of beverages	250,920,276,337	286,040,640,845
Sales of alcohol and wine	55,724,630,554	53,052,895,250
Others	122,220,299,554	96,940,789,901
	38,133,790,098,273	36,043,018,331,946
Less revenue deductions		
Sales discounts	234,657,207,883	93,431,343,743
Sales returns	73,389,095	1,034,426,256
	234,730,596,978	94,465,769,999
Net revenue	37,899,059,501,295	35,948,552,561,947

31. COST OF GOODS SOLD AND SERVICES PROVIDED

Unit: VND

	2019	2018
Total cost of goods sold and services provided:		
Beers sold	23,157,713,223,335	22,632,123,278,938
Raw materials sold	4,932,930,673,347	4,851,969,567,319
Beverages sold	172,072,628,372	199,352,815,051
Alcohol and wine sold	50,581,136,908	53,405,432,982
Allowance for inventories and long-term tools, suppliers and spare parts	14,915,319,443	118,121,558,936
Others	20,217,827,876	9,440,736,325
	28,348,430,809,281	27,864,413,389,551

32. FINANCIAL INCOME

Unit: VND

	2019	2018
Interest income from deposits at banks	854,825,190,787	605,719,812,676
Dividends income	7,489,996,873	13,832,319,500
Foreign exchange gains	27,535,583,268	2,183,840,855
Gains from change in equity interest	-	7,801,887,576
Other financial income	1,734,367	812,522,817
	889,852,505,295	630,350,383,424

33. FINANCIAL EXPENSES

	2019	2018
Interest expense	37,367,206,872	35,244,808,353
Foreign exchange losses	3,434,115,785	1,366,724,081
Allowance for diminution in the value of long-term financial investments	52,208,263,803	37,925,796,664
Other financial expenses	-	97,623,771
	93,009,586,460	74,634,952,869

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34. SELLING EXPENSES

Unit: VND

	2019	2018
Advertising and promotion expenses	1,478,600,968,196	1,124,799,098,859
Staff costs	783,525,063,648	705,146,263,182
Returnable packaging expenses	273,839,287,032	381,094,174,303
Rental expenses	147,384,900,248	188,221,294,373
Transportation expenses	36,639,865,534	50,253,427,098
Depreciation and amortisation	25,633,103,240	28,670,423,382
Others	257,667,529,537	252,906,178,294
	3,003,290,717,435	2,731,090,859,491

35. GENERAL AND ADMINISTRATION EXPENSES

Unit: VND

	2019	2018
Staff costs	456,926,050,808	477,628,023,824
Depreciation and amortisation	32,897,497,524	34,584,660,041
Rental expenses	53,761,096,307	41,461,394,061
Provision and allowance	292,148,677,747	86,933,868,690
Other expenses	212,108,602,759	272,097,366,250
	1,047,841,925,145	912,705,312,866

36. PRODUCTION AND BUSINESS COSTS BY ELEMENTS

Unit: VND

	2019	2018
Raw material costs included in production cost	5,902,129,918,563	5,813,809,353,665
Labour costs and staff costs	1,716,805,355,987	1,764,524,052,187
Depreciation and amortisation	647,247,814,181	634,592,696,360
Outside services	3,338,684,534,370	3,299,307,255,808
Other expenses	1,143,628,786,976	646,656,970,561

37. CORPORATE INCOME TAX

(A) RECOGNISED IN THE CONSOLIDATED STATEMENT OF INCOME

Unit: VND

2019	2018
1,315,976,891,222	1,019,050,069,002
31,194,761,772	2,084,362,875
1,347,171,652,994	1,021,134,431,877
(31,142,736,574)	(33,444,736,795)
1,316,028,916,420	987,689,695,082
	1,315,976,891,222 31,194,761,772 1,347,171,652,994 (31,142,736,574)

B) RECONCILIATION OF EFFECTIVE TAX RATE

Unit: VND

	2019	2018
Accounting profit before tax	6,686,176,624,962	5,390,439,641,506
Tax at the Company's tax rate	1,337,235,324,992	1,078,087,928,301
Effect of different tax rates in subsidiaries	(18,973,369,714)	(11,903,796,754)
Tax incentives	(17,835,281,641)	(17,651,885,527)
Tax exempted income	(77,151,455,628)	(73,759,468,688)
Non-deductible expenses	81,076,709,514	17,232,517,802
Changes in unrecognised deferred tax assets	(24,470,256,147)	717,193,710
Tax losses utilised	(833,805,992)	(1,748,494,727)
Under provision in prior years	31,194,761,772	2,084,362,875
Others	5,786,289,264	(5,368,661,910)
	1,316,028,916,420	987,689,695,082

(C) APPLICABLE TAX RATES

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

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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38. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares, calculated as follows:

(i) Net profit attributable to ordinary shareholders

Unit: VND

	2019	2018 (Restated)
Net profit for the year	5,053,363,919,165	4,177,432,235,379
Appropriation to bonus and welfare fund	(258,732,607,752)	(237,983,007,527)
Net profit attributable to ordinary shareholders	4,794,631,311,413	3,939,449,227,852

The appropriation of bonus and welfare fund for the year ended 31 December 2019 was estimated based on the budgeted amount that approved by shareholders at Annual General Meeting.

The appropriation of bonus and welfare fund for the year ended 31 December 2018 was restated based on the actual appropriation which was approved by shareholders at Annual General Meeting. Accordingly, basic earnings per share for the year ended 31 December 2018 have been recalculated based on the adjusted amount appropriated to bonus and welfare fund (as previously reported: VND6,190 per share).

(ii) Weighted average number of ordinary shares

Unit: VND

	2019	2018
Weighted average number of ordinary shares	641,281,186	641,281,186

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39. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

Unit: VND

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	Transaction value	
	2019	2018
THE INTERMEDIATE PARENT COMPANY		
BeerCo Limited		
Payments on behalf of the Company	4,019,622,199	-
THE PARENT COMPANY		
Vietnam Beverage Company Limited		
Dividends	515,463,880,500	1,202,749,054,500
ASSOCIATES AND JOINTLY CONTROLLED ENTITIES		
Sai Gon - Khanh Hoa Beer Joint Stock Company		
Sales of raw materials	352,635,879,929	459,397,935,443
Provision of services	753,600,000	22,700,000
Sales of finished goods	44,918,500	193,096,220
Purchases of merchandise goods	994,553,660,150	1,194,945,732,340
Other purchases	1,539,498,353	441,545,000
Dividends received	3,900,000,000	2,600,000,000
Saigon - Phutho Beer Joint Stock Company		
Sales of raw materials	371,203,537,187	360,371,075,673
Provision of services	766,305,176	149,736,364
Sales of other goods	71,964,297	228,480,000
Purchases of merchandise goods	1,010,086,840,070	961,848,772,950
Other purchases	691,511,289	-
Dividends received	14,811,300,000	16,927,200,000
Sai Gon - Kien Giang Beer Joint Stock Company		
Sales of raw materials	460,351,534,763	457,942,814,837
Provision of services	3,320,940,227	1,723,872,839
Sales of finished goods	-	22,272,727
Sales of other goods	-	60,385,500
Purchases of merchandise goods	1,529,542,004,800	1,556,291,736,740
Other purchases	3,903,160,089	17,262,000
Dividends received	4,600,000,000	5,750,000,000
Mechanical and Industrial Construction Joint Stock Compa	ny	
Dividends received	-	1,404,000,000

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Transaction value

	2019	2018
Sai Gon - Mien Trung Beer Joint Stock Company		
Sales of raw materials	654,418,952,988	616,631,539,006
Provision of services	9,897,355,864	3,416,170,632
Sales of other goods	-	268,712,440
Purchases of merchandise goods	2,073,797,940,960	2,031,504,341,600
Warehouse rental fee	686,053,167	562,411,457
Other purchases	1,282,638,925	660,136,320
Dividends received	53,199,462,696	48,363,615,000
Sai Gon - Vinh Long Beer Joint Stock Company		
Sales of raw materials	424,672,745,453	404,745,579,037
Provision of services	7,448,094,938	2,180,264,429
Sales of finished goods	110,547,300	17,550,000
Sales of other goods	-	11,701,031,956
Purchases of merchandise goods	1,359,862,377,800	1,340,883,769,030
Dividends received	12,000,000,000	13,500,000,000
Other purchases	2,393,640,486	-
Saigon Binh Tay Beer Group Joint Stock Company		
Sales of raw materials	709,559,693,610	754,701,887,650
Provision of services	7,271,197,075	2,665,808,105
Sales of other goods	-	4,310,945,923
Purchases of merchandise goods	2,145,297,668,670	2,340,230,045,160
Other purchases	2,254,412,541	-
Dividends received	19,412,601,464	33,932,902,928
Dividends	6,166,739,400	1,166,667,000
Saigon - Baclieu Beer Joint Stock Company		
Sales of raw materials	100,779,714,589	103,736,923,097
Provision of services	3,950,658,194	3,894,967,279
Sales of finished goods	248,423,370	1,020,649,370
Purchases of merchandise goods	537,021,532,820	576,018,048,880
Other purchases	962,499,252	437,671,387
Dividends received	3,603,600,000	7,207,200,000
Saigon Tay Do Beer - Beverage Joint Stock Company		
Sales of raw materials	351,446,086,552	270,532,045,101
Sales of finished goods	193,002,520	-
Sales of other goods	48,076,364	-
Provision of services	2,557,180,912	985,611,916

Transaction value

	iransaction value	
	2019	2018
Purchases of merchandise goods	1,053,417,990,380	863,363,755,460
Other purchases	1,293,549,940	36,426,818
Dividends received	9,078,299,100	22,346,582,400
Malaya - Vietnam Glass Limited		
Sales of other goods	8,570,951,847	35,669,400
Purchases of raw materials	116,424,770,688	194,350,971,768
Me Linh Point Limited		
Dividends received	29,213,424,951	27,423,437,596
San Miguel Yamamura Phu Tho Packaging Company Limited		
Sales of finished goods	2,015,412,000	826,728,000
Purchases of raw materials	138,901,504,428	153,241,947,740
Dividends received	8,141,000,000	-
Truong Sa Food - Food Business Joint Stock Company		
Purchases of raw materials	2,527,349,800	19,197,120,580
Crown Beverage Cans Saigon Limited		
Purchases of raw materials	1,813,373,317,964	1,681,200,598,678
Dividends received	127,608,707,612	147,299,384,587
Vietnam Spirits and Wine Ltd		
Sales of finished goods	-	1,054,200,000
Saigon - Bentre Beer Joint Stock Company		
Sales of raw materials	402,137,282,352	122,573,876,156
Sale of tools and supplies	-	26,505,129,080
Provision of services	3,362,989,702	531,647,417
Sales of other goods	-	41,989,500
Purchases of merchandise goods	1,283,978,376,300	263,357,907,910
Other purchases	4,252,279,684	-
OTHER RELATED PARTIES		
TBC-Ball Beverage Can Vietnam Co., Ltd		
Purchases of raw materials	475,900,079,788	-
Best Spirits Company Limited		
Sales of merchandise and finished goods	228,111,930	-
MM Mega Market (Vietnam) Company Limited		
Purchases of goods	1,329,824,158	-
Super Brands Company Pte. Ltd.		
Payments on behalf of the Group	6,246,344,005	-
Fraser and Neave, Limited		
Payments on behalf of the Group	2,425,671,710	-
Fraser & Neave (Singapore) Pte. Limited		
Payments on behalf of the Group	874,455,121	-
Key management personnel		
Salary, bonus and remuneration	27,345,596,469	18,890,169,245

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NON-CASH INVESTING ACTIVITIES

Unit: VND

	2019	2018
Gains from change in equity interest	-	7,801,887,576

POST BALANCE SHEET EVENTS

Dividends declared after the year end

Subsequent to the financial year-end, dividends of VND2,244,484 million (equivalent to VND3,500 per share) has been declared to the shareholders per Resolution dated 21 January 2020. The dividends payable has not been accrued in these consolidated financial statements.

Impact of 2019 Novel Coronavirus

The outbreak of the 2019 Novel Coronavirus ("COVID-19") globally and the subsequent measures imposed by the Vietnam Government have had an impact on the Group's sales in Vietnam, resulting from slower economic activities and consumptions. Management is pro-actively managing the impact by (i) preparing a business continuity plan to avoid operational disruption; (ii) managing its costs to reduce the financial impact of the incident; and (iii) adapting its business strategy further if the event continues to prolong.

CORRESPONDING FIGURES

Except for the restated EPS as disclosed in Note 38 and the reclassification of certain corresponding figures as disclosed below, other corresponding figures as at 1 January 2019 were brought forward from the figures in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

Reclassification

Certain corresponding figures below have been reclassified to conform with the current year's presentation. A comparison of the amounts as previously reported and as reclassified is as follows:

Unit: VND

8 April 2020

	1/1/2019 (as reclassified)	1/1/2019 (as previously reported)
Other short-term receivables	502,624,746,736	473,750,492,186
Shortage of assets awaiting resolution	-	28,874,254,550

Prepared by:

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Approved by:

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Deputy General Director

Neo Gim Siong Bennett

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General Director



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