

SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION



**PRIDE OF VIETNAM** 

2021 ANNUAL REPORT



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**SABECO Introduction** 

#### **SABECO Annual Report 2021**

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Audited Consolidated Financial Statements

**SABECO Introduction** 

### **ABBREVIATIONS**

3 on-site	Model for business continuity during Covid-19 period (work, eat/drink and rest on-site)
4Cs	Sustainable development commitment of SABECO, including 4 pillars: Consumption, Conservation, Country and Culture
5K	Covid-19 prevention measure, including Khau trang (Face masks), Khu khuan (Disinfection), Khoang cach (Distancing), Khong tu tap (No gatherings) and Khai bao y te (Health declaration
AC	Audit Committee
AGM	Annual General Meeting of Shareholders
ВСР	Business Continuity Plan
BOD/The Board	The Board of Directors
BOM/The Management	The Board of Management
CSR	Corporate Social Responsibility
EGM	Extraordinary General meeting of Shareholders
FS	Financial Statements
G&A	General and Administrative
GDP	Gross Domestic Product
HOSE	Ho Chi Minh Stock Exchange
IA	Internal Audit
IFRS	International Financial Reporting Standards
IR	Investor Relations
MOIT	Ministry of Industry and Trade
Q	Quarter
QCVN	Vietnamese Standards
R&D	Research and Development
ROA	Return on Assets
ROE	Return on Equity
SABECO/ The Corporation	Saigon Beer – Alcohol – Beverage Corporation
SATRACO	Sai Gon Beer Trading Company Limited
SKUs	Stock keeping units
SSC	State Securities Commission of Vietnam
VAS	Vietnamese Accounting Standards
VBA	Vietnam Beer Alcohol Beverage Association
VND	Vietnamese dong
YoY	Year on year
YTD	Year to date

### **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

Mr. Koh Poh Tiong - Chairman of the Board of Directors **Legal Representatives** 

Mr. Neo Gim Siong Bennett - General Director

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

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

Ho Chi Minh City, Vietnam

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Email sabeco@sabeco.com.vn

Website https://www.sabeco.com.vn

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

Investment on April 17, 2008. The 10th amendment was made on

May 18, 2020

Producing and selling beer, alcohol, and other beverages **Business Lines** 

**SABECO Introduction** 

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# SABECO SABUCTION INTRODUCTION



1070.0

970.0

**SABECO Introduction** 

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# SHARE INFORMATION AND SHAREHOLDER STRUCTURE

Stock Symbol SAB	Stock Type Common stock	Stock Exchange Ho Chi Minh Stock Exchange
<b>Charter Capital</b> VND6,412,811,860,000	Outstanding Shares 641,281,186 shares	Treasury Shares None
	Par Value VND10,000 per share	<b>Trading Start Date</b> December 6, 2016
	Change in Charter Capital None	Transaction of Treasury Shares None

#### SHAREHOLDER STRUCTURE

As of January 10, 2022

	Number of shares	Ownership rate	Number of shareholders
Major Shareholders	574,519,134	89.59%	2
Vietnam Beverage Company Limited	343,642,587	53.59%	1
State Capital Investment Corporation	230,876,547	36.00%	1
Other Shareholders	66,762,052	10.41%	4,199
• Domestic	9,421,872	1.47%	3,402
⊳ Individual	4,975,142	0.78%	3,340
⊳ Institutional	4,446,730	0.69%	62
• Foreign	57,340,180	8.94%	797
⊳ Individual	872,530	0.14%	627
⊳ Institutional	56,467,650	8.81%	170
Total	641,281,186	100.00%	4,201



#### SAB PRICE VS VOLUME OF QUOTE PRICE TRANSACTION

155.0

145.0

135.0



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### **VISION - MISSION - CORE VALUES**

### Vision 2025

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

### **Core Values**



Heritage brand



Social responsibility



Continuous improvement



Coherence



Cooperation for development

### **CHAIRMAN'S MESSAGE**

#### Dear Shareholders,

The Covid-19 pandemic continued to ravage the world in 2021. As a result, 2021 was yet another challenging year for SABECO and Vietnam, as both were heavily impacted by the periodic lockdowns and strict nationwide social distancing measures imposed to curb the spread of the more transmissible Omicron variant, which severely weighed down the Corporation's performance and the Country's Gross Domestic Product (GDP) as a whole. Nevertheless, SABECO had continued to stay agile, adapt and adjust its business activities to ensure business continuity, prioritize employees' health and safety, preserve jobs, provide access to vaccines, assist partners and suppliers who needed help, and give back to the community through various Corporate Social Responsibility (CSR) initiatives.

Over the past two years, the pandemic has taught us an important lesson of standing together to become stronger together. As a result, we, ONE SABECO, have pulled together to support our employees and local communities where we live and work, with one intention to help each and every one of us overcome the great challenges together.

Like many countries around the world, Vietnam has progressively eased restrictions, reopened its borders to international travellers and tourists and moved to the course of living with Covid-19 and treating it as endemic. Still, according to the World Health Organisation (WHO), global Covid-19 cases are currently rising again and the pandemic is not over yet. Thus, we need to continue to stay vigilant and prepared. Despite the uncertainties in 2022, I have every confidence in the capabilities of the Vietnamese government and a strong belief that SABECO will emerge on the other side with a more effective and resilient business operation and achieve better business performance compared to 2021.

Lastly, I would like to take this opportunity to acknowledge and appreciate the courage and ceaseless efforts of our Board members, the Management, as well as all SABECO staff throughout the year. On behalf of the Board, I would also like to extend my heartfelt thanks to our valued Shareholders, valued Customers, valued Partners, and especially frontliners whose sacrifice and relentless efforts are an inspiration to us all. Let us embrace the spirit of ONE SABECO with commitment, solidarity, and perseverance to become Stronger Together, and Further Together.

Yours faithfully,

Koh Poh Tiong Chairman of the Board of Directors







#### Dear Shareholders,

Looking back at 2021, the 4<sup>th</sup> Covid-19 pandemic outbreak, which started in May and followed by prolonged lockdowns since July took a toll on Vietnam, the beer industry, and SABECO business. During the lockdown period, on-trade outlets were closed while beer was designated as non-essential goods and thus not allowed to be delivered and as a result, competition intensified in the fight for market share.

However, with the collective efforts of a united SABECO, we mitigated the pandemic's impact to a lesser extent and managed to achieve a top line of VND26,374 billion, or 6% down from the previous year.

In 2021, despite the challenges, we took care of our employees, business partners, customers, and local communities. Specifically, we preserved jobs and maintained salaries, implemented distributor assistance programs, and initiated various Corporate Social Responsibility (CSR) programs including "Community Care", "Collecting a Million Stars", and "Tet – One Home" campaigns.

Over the year, we continued to strengthen our brand equity through investing in outdoor visibility such as billboards and signages, indoor visibility, social media, TV advertising, and sponsorships. SABECO is now the proud supporting partner of Vietnam National Football teams as well as the diamond sponsor for SEA Games 2022 to be held in Vietnam, reinforcing Bia Saigon's positioning as the Pride of Vietnam. We rolled out the "Stronger Together" campaign on Vietnam National Day by launching a beautifully designed Vietnam beer can and apparel designed by local artists. For Tet, we launched a limited edition of 63 specially designed beer cans to showcase the unique sceneries and cultures of 63 cities and provinces of Vietnam. I am delighted to announce that our brand health has improved over the past year.

Through training, disciplined implementation, and use of technology, we improved our sales execution and sales force competencies, expanded modern trade and e-commerce channels, and launched extensive consumer promotions across the country.

In 2021, we were proud to see our brands, including Bia Saigon and 333, achieve huge success by winning several gold and silver medals at reputable international beer competitions such as the Australian International Beer Awards 2021 and Monde Selection 2021. These awards reflect the strong reputation and outstanding quality of the Vietnamese brands and beers in the international brewing arena. Our breweries also performed well, driving cost efficiencies and savings from energy and raw materials consumption, raising the bar year on year.

For the second time in two years, we organised our very own "Best Brewery" and "Best Trading Company" Awards to acknowledge performance excellence and drive continuous improvement within our group of companies.

The rollout of our digitization program, SABECO 4.0 which focuses on centralization, simplification, and standardization, remained on track with the rollout of Sales Force Automation, Distributor Management System, Transport Management System, and Business Intelligence amongst others.

Stepping into the new normal, 2022 is expected to continue to be tough. Under the wise guidance of our Board of Directors, the relentless efforts and solidarity of the Management and all employees, I strongly believe SABECO will soon find its pot of gold at the end of the rainbow. Henry Ford once said: "Coming together is the beginning, keeping together is progress, working together is success."

Yours faithfully,

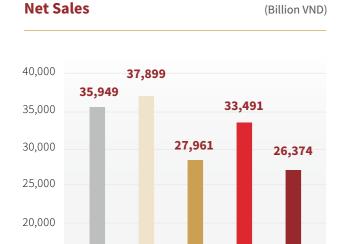


Neo Gim Siong Bennett General Director



**SABECO Introduction** 

### **2021 FINANCIAL HIGHLIGHTS**



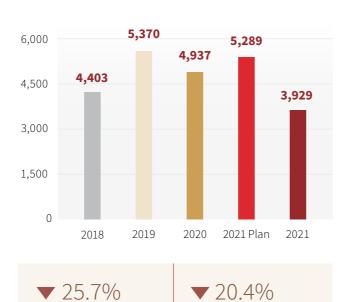


2020 2021 Plan 2021

2019

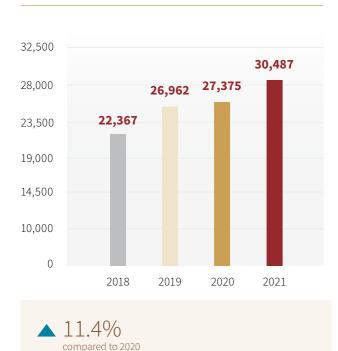
2018

### Profit After Tax (Billion VND)



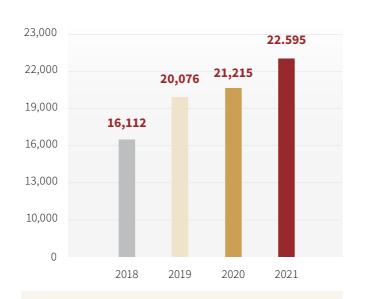
compared to 2020

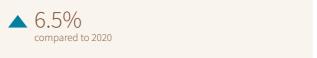
#### Total Assets (Billion VND)



### Owners' Equity (Billion VND)

compared to 2021 plan





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### **2021 AWARDS**













#### SABECO eport 2021

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#### **PRODUCT AWARDS**



#### **BIA SAIGON GOLD**



📣 Australian International Beer Awards 2021

Australian Style Lager The Royal Agricultural Society of Victoria





#### **BIA SAIGON CHILL**



Australian International Beer Awards 2021

International Style Lager The Royal Agricultural Society of Victoria





#### **BIA SAIGON EXPORT**



Monde Selection 2021

Beers, Waters & Soft Drinks The International Quality Institute



International Brewing Awards 2021









#### **BIA LAC VIET**



Championship 2021

International Lager Asia Brewers Network, Singapore



Australian International Beer Awards 2021

Australian Style Lager The Royal Agricultural Society of Victoria





#### 333



Monde Selection 2021

Beers, Waters & Soft Drinks The International Quality Institute









#### **BIA SAIGON SPECIAL**



Monde Selection 2021

Beers, Waters & Soft Drinks The International Quality Institute



Australian International Beer Awards 2021

International Style Lager The Royal Agricultural Society of Victoria





#### **BIA SAIGON LAGER**



Monde Selection 2021

Beers, Waters & Soft Drinks The International Quality Institute



Australian International Beer Awards 2021

International Style Lager The Royal Agricultural Society of Victoria





#### **SABECO Introduction**

### **KEY MILESTONES**



#### 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.

### 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.



#### The launch of Saigon Gold cans

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



Ministry of Industry and Trade (MOIT) successfully sold 53.59% of SABECO shares to Vietnam Beverage Company Limited and continues to hold 36% of shares.

### 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.

### 1996

Export bottles

market.

2018

SABECO

The change in structure of

managerial organization of

Audit Committee was established to

replace the Board of Supervisors.



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



### 1985

#### 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.

### 2000

### Special bottles

In July 2000, 330ml high-income consumers.



### The launch of Saigon

Saigon Special bottles were launched with a signature design of green glass bottle for



### 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.



### 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.



### 2003



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.

### 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.

### 2010

SABECO achieved an annual beer consumption rate of 1 billion liters

### 2016



Listing on HOSE

### 2020



#### SABECO's 145<sup>th</sup> anniversary

SABECO celebrated its 145th anniversary with various initiatives throughout the year, including the "Rise with Vietnam" replay, brand-new launches of Bia Lac Viet and Bia Saigon Chill, and the redesigned Bia Saigon Gold.



## 2021

#### "Stronger Together"

SABECO prioritized on employees' health and safety, preserved jobs, rolled out vaccination programs, and gave back to the community through various CSR initiatives, including "Community Care", "Collecting Million Stars", and "Tet – One Home" programs, as well as launched the "63 Vietnamese provincial cans" collection and limited edition cans of Bia Saigon Lager.



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### **2021 JOURNEY**





#### **BIA SAIGON ACHIEVEMENTS** IN THE AUSTRALIAN INTERNATIONAL BEER AWARDS 2021

The Australian International Beer Awards (AIBA) is the largest annual beer competition in the world for both draft and packaged beer, hosted by the Royal Agricultural Society of Victoria, with the intention to honor the greatest brewers. During AIBA 2021, there were more than 2,000 well-qualified nominees from 400 brewers in 21 countries around the world.

In the course of the competition, Bia Saigon brands including Bia Saigon Gold, Bia Saigon Chill, Bia Saigon Special, Bia Saigon Export, Bia Saigon Lager, and Bia Lac Viet all won medals under different categories. Notably, Bia Saigon Gold, at its first-ever entry, excellently surpassed various other outstanding nominees to win the Gold Medal under the Australian Style Lager category. Beside this, Bia Saigon Lager reaffirmed its exceptional quality with winning the Silver Medal under the International Style Lager category, while Bia Saigon Chill, which was recently launched in October 2020, proved its taste and quality with the Silver Medal under the International Style Lager.

These outstanding results demonstrated the relentless commitments of SABECO and Bia Saigon brands to deliver the best beer products to consumers as well as to bring pride to Vietnam.



#### PROUD SPONSOR OF THE VIETNAM NATIONAL FOOTBALL TEAM

On June 18, 2021, after signing the cooperation agreement with Vietnam Football Federation (VFF) and VTVCab Sport Development Joint Stock Company (VTVCab Sport), Bia Saigon officially became the exclusive sponsor and partner in the beer industry of Vietnam national football teams, including men, women, U22, U23, and Olympic teams for both domestic and international competitions, from June 2021 to June 2022.

In recent years, Vietnam national football team has earned resounding achievements and become the rising icon of Vietnam at international competitions. Therefore, SABECO and Bia Saigon are proud to support and accompany the national football team on their journey towards greater success. Besides, supporting sport activities is also one of the key components of SABECO's sustainable development commitments (4Cs) under the "Country" element, demonstrating the corporate value of honoring solidarity, determination, and efforts to bring pride to Vietnam.





### **August 2021**

#### "COMMUNITY CARE" PROGRAM

With the commitment to sustainable development, on August 19, 2021, SABECO partnered with the Central Youth Federation of Vietnam to officially launch the "Community Care" program in eight provinces and cities, aiming to energize the frontline forces for their unremitting efforts as well as expressing concern for the community in the fight against Covid-19. Besides, gift bags were given to 50,000 families under quarantine to lessen their hardships, responding to the Prime Minister's call for "Millions of welfare packages". The total amount of medical equipment and essentials contribution was up to VND10 billion.

With these small contributions, SABECO aimed to convey the message of "Stronger Together", thereby promoting the community spirit as well as joining hands with the government and people of Vietnam to overcome the pandemic and bring life back to normal.



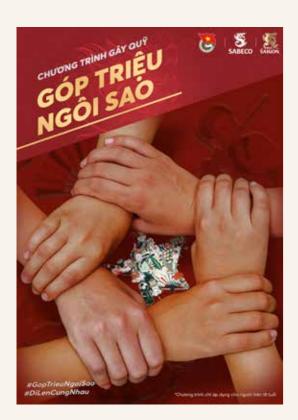
The total amount of medical equipment and essentials contribution was up to VND10 billion







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After being launched, the program quickly drew great attention and engagement from various communities, including famous artists, and achieved lots of interactions on social media. As a result, "Collecting Million Stars" was honored to be ranked 2<sup>nd</sup> among Top 10 community campaigns which received the most attention on social networks in September 2021 (per YouNet Media).

#### "COLLECTING MILLION STARS" PROGRAM

Following SABECO's efforts in conveying the positive message of unity and "Stronger Together" during the pandemic, SABECO and Bia Saigon, in collaboration with the Central Committee of Ho Chi Minh Youth Union, held a virtual event to official launch the "Collecting Million Stars" program. The program encouraged all participants to express their creativity to create star images and share them on social media with meaningful messages in order to motivate and cheer up the frontline forces and people who were struggling across the country, making a clear statement that no Vietnamese would be left behind. For each valid post, SABECO and Bia Saigon would contribute VND10,000 to the program's fund. The entire contribution with a total value of VND3 billion was delivered to 600 small food and beverage businesses in Ho Chi Minh City, who were heavily affected by Covid-19.

A total value of VND3 billion was delivered to 600 small F&B businesses in Ho Chi Minh City, who were heavily affected by Covid-19.





### NATIONAL DAY CAMPAIGN OF "STRONGER TOGETHER"



CSR activities aside, SABECO also launched the "Stronger Together" campaign, aiming to create meaningful activity to commemorate Vietnam National Day, as well as to rally the spirit of unity of all Vietnamese generations during this unprecedented period.

#### Limited edition Bia Saigon Lager can: Bia Saigon x Cau Be Tho

At the beginning of the campaign, Bia Saigon launched the limited edition of Bia Saigon Lager can in collaboration with Cau Be Tho, a young talented artist who gained international recognition for his art exhibitions on Vietnamese culture. With this limited edition design, the focus was put on the "Vietnamese star", inspired by Dong Ho folk paintings, along with familiar imageries of everyday activities in Vietnam, such as the picture of a flute-playing girl in the Northern countryside, the number 63 representing provinces and cities, or the images of ancient kettledrum, coffee filter, lotus flower, and paper fan. The interweaving of these cultural heritages in the pentagram reflected the country's solidarity, going through changes together, and promoting the spirit of "Stronger Together".

#### Limited edition fashion collection: Bia Saigon x Icon Denim

Staying in line with the brand message of "Stronger Together", Bia Saigon partnered with Icon Denim, an emerging fashion brand for Vietnamese young people, to introduce the limited edition fashion collection inspired by the "Vietnamese star", including T-shirts, jackets, caps, and tote bags. The collaboration between these two domestic brands brought about positive synergies, thereby encouraging mutual development, spreading optimism, aiming for the best, as well as contributing to the community.





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### December 2021

### TET COLLECTION OF 63 VIETNAMESE PROVINCIAL CANS

With the intention to honor Vietnam's solidarity and unwavering efforts in overcoming challenges as the country embraces the spirit of "Stronger Together", as well as to welcome the year of 2022 with joy, hope, prosperity, and togetherness, on December 2, 2021, SABECO held a press conference to announce the launch of the largest collection of 63 limited edition cans in Vietnam, featuring signature images of 63 Vietnamese provinces.

The collection's design was influenced by Dong Ho folk woodcut paintings, which brings rusticity but vividness to the printed images. Each beer can in the collection featured the image of a landscape, culture, or customs and habits from a province or city, along with a short verse that reminds of local traditions. Using five main colors including red, orange, green, blue, and bronze gold, the collection not only represented the signature of each region properly but also emphasized the spirit of national togetherness from 63 provinces and cities across the country.

### The largest collection ever verifed by VietKings.







#### PARTNERSHIP WITH VIETNAM NATIONAL ADMINISTRATION OF TOURISM

SABECO and the Vietnam National Administration of Tourism signed a three-year strategic cooperation agreement. As part of the agreement, SABECO would coordinate with the Vietnam National Administration of Tourism to arrange long-term activities that reflect Vietnamese values of culture, sport, and tourism, thereby promoting the development of Vietnam's culture and tourism.

#### DIAMOND SPONSOR OF THE 31<sup>ST</sup> SEA GAMES

On December 3, 2021, the 31st SEA Games Organization Committee held a signing ceremony and recognized Bia Saigon brand of SABECO as one of the diamond sponsors. As a result, Bia Saigon would accompany and support Vietnam's sports delegation during the event and other related activities.

Being a pioneering brand in supporting Vietnam's sports activities in both domestic and international competitions, as well as promoting the country's sportsmanship, such as sponsorship for the Vietnam's sports delegation at the 30<sup>th</sup> SEA Games held in Philippines, the 2018 AFF Suzuki Cup football tournament, and Leicester City's official sleeve sponsor since 2018, SABECO and Bia Saigon were honored to accompany and empower athletes to conquer higher achievements and bring glory to the country altogether.



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#### "TET - ONE HOME" PROGRAM



In an effort to spread the spirit of national solidarity, especially family reunion, on December 21, 2021, Bia Saigon partnered with the Central Committee of Ho Chi Minh Youth Union to launch the "Tet - One Home" program which granted 270 air tickets, 1,530 bus tickets, and 200 train tickets to 2,000 workers and students in Ha Noi, Bac Ninh, Ho Chi Minh City, Binh Duong, and Dong Nai, giving them an opportunity to come home for family reunion on the Lunar New Year occasion. Besides, Tet gifts would also be delivered to 800 struggling students, workers, as well as youth union members and frontline volunteers in Hoa Binh, Ha Noi, Quang Ninh and Ho Chi Minh City, those who wish to stay at their localities to celebrate Tet.

In addition, the "Tet - One Home" program also reflected gratitude for the silent dedication and sacrifice of frontline forces and the core workforce of the nation in the fight against the pandemic.



"Tet - One Home" **Program granted** 

270 **Air tickets Bus tickets** 

1,530

200 **Train tickets** 

2,000

Workers and students in Ha Noi, Bac Ninh, Ho Chi Minh City, **Binh Duong, and Dong Nai** 



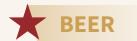




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### **BRAND AND PRODUCT PORTFOLIO**



#### **BIA SAIGON**







Bia Saigon Chill



Bia Saigon Special



Bia Saigon Export



Bia Saigon Lager

### ALCOHOLIC DRINKS



Ruou Nep Binh Tay Rice Liquor



Nang Huong Rice Liquor





Feel Cocktails







De Binh Tay Rice Liquor



John Saigon



Caravelle Red Rhum

#### 333 **BIA LAC VIET**



333

### NON-ALCOHOLIC DRINKS



Chuong Duong







Bia Lac Viet

Sa Xi Zero Nam Phuong Chuong Duong Bird's Nest Aloe Vera

Soda Chuong Duong

**Bottled Drinking Water** Chuong Duong

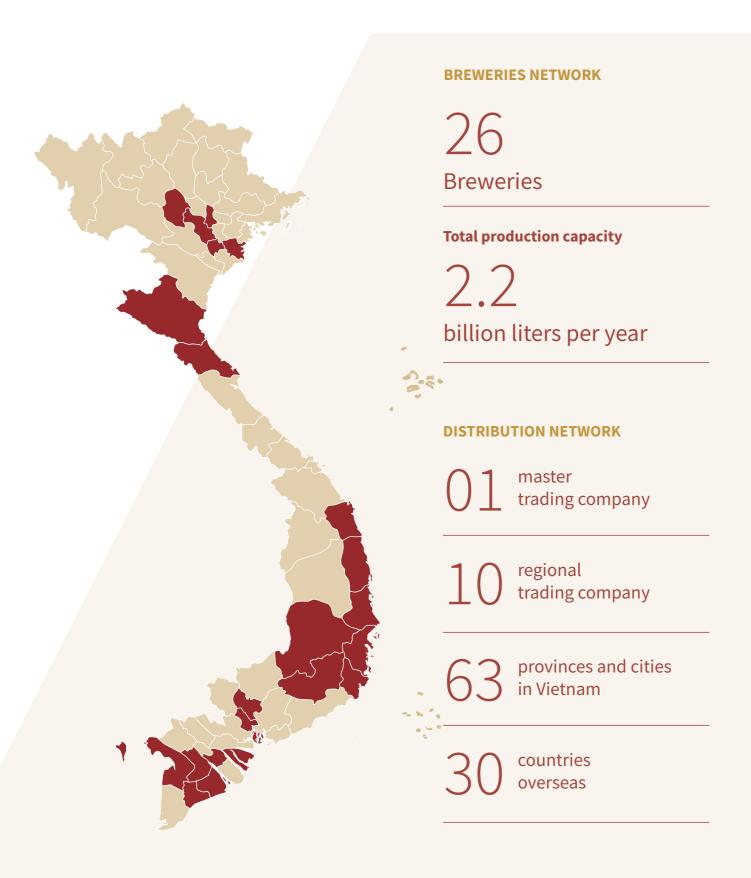
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### **BUSINESS LOCATIONS**

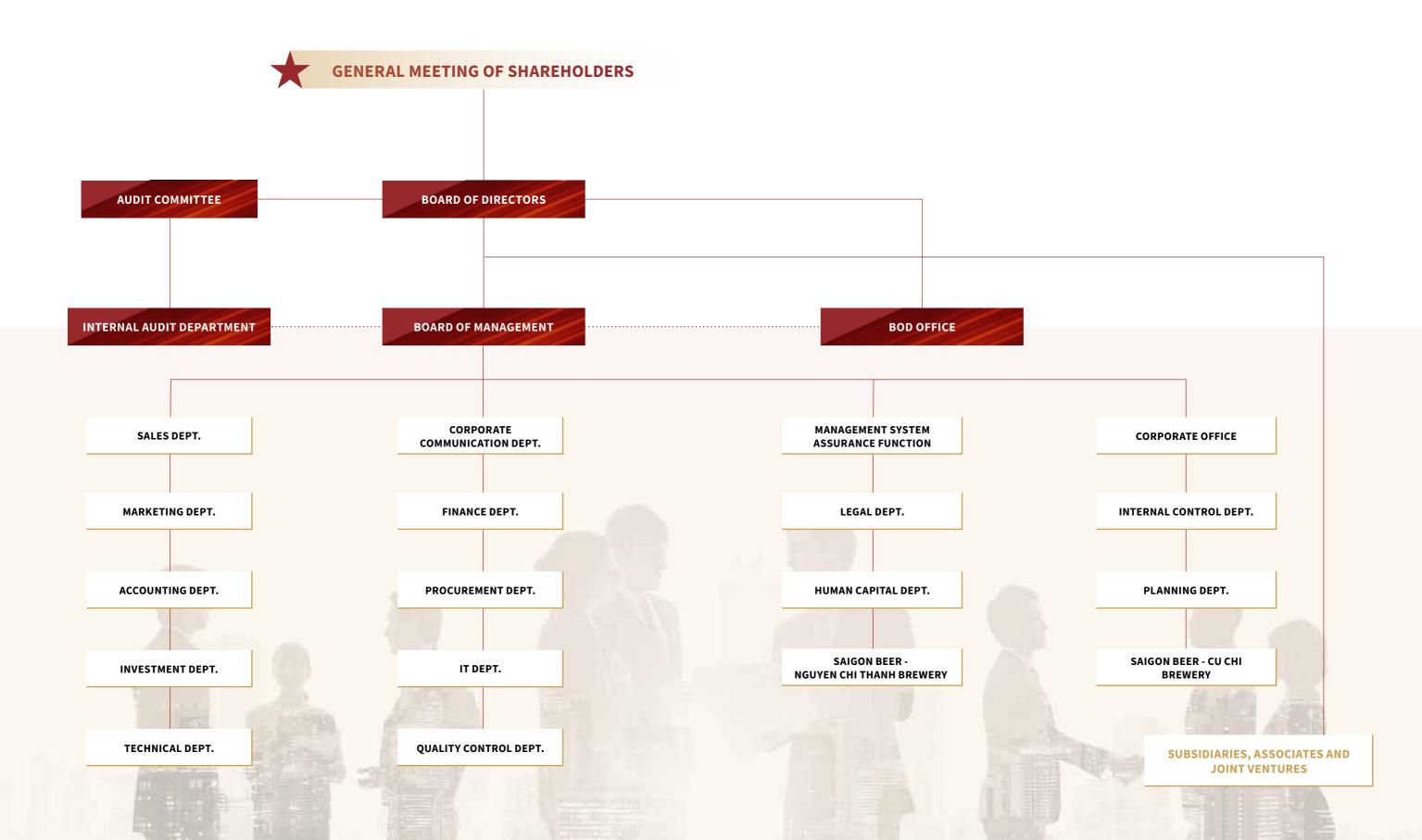


No.	Company name	Location
1	Northern Sai Gon Beer Trading Joint Stock Company	Hanoi
2	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Nghe An
3	Sai Gon Beer Center Trading Joint Stock Company	Ho Chi Minh City
4	Saigon Beer Mien Trung Trading Joint Stock Company	Da Nang
5	Sai Gon Beer Tay Nguyen 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	Song Tien Saigon 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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### **ORGANIZATIONAL CHART**



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### LIST OF SUBSIDIARIES, ASSOCIATES, **AND JOINT VENTURES**

**LIST OF SUBSIDIARIES** 

**Associates and Joint Ventures** 

No.	Company name	Business line	Address	Paid-up capital (VND)	% of Voting Right	% of Ownership
1	Sai Gon Beer Trading Company Limited	Trading beer, alcohol and beverages	12 Dong Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City	700,000,000,000	100.00%	100.00%
2	SA BE CO Mechanical Co., Ltd	Manufacturing equipment used in food, manufacturing, installing and maintaining machinery system and equipment	215 Dao Duy Tu Street, Ward 6, District 10, Ho Chi Minh City	59,365,663,690	100.00%	100.00%
3	Sai Gon - Ha Tinh Beer One member Company Limited	Producing and trading beer, yeasty malt, mineral water, bottled purified water	12 <sup>th</sup> Kilometer bypass of Ha Tinh City, Tan Lam Huong Commune, Thach Ha District, Ha Tinh Province	120,000,000,000	100.00%	100.00%
4	Saigon Beer Company Limited	Wholesale of beer, alcohol and beverages	187 Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City	10,000,000	100.00%	100.00%
5	Saigon Beer Group Company Limited	Wholesale of beer, alcohol and beverages	187 Nguyen Chi Thanh Street, Ward 12, District 5, Ho Chi Minh City	10,000,000	100.00%	100.00%
6	Sai Gon Beer Bac Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverages, providing transportation and warehousing services	Dong Vinh Small Industrial Zone, Dong Vinh Ward, Vinh City, Nghe An Province	40,000,000,000	95.07%	95.07%
7	Saigon Beer Center Trading Joint Stock Company	Wholesale of beer, alcohol drinks, wholesale of non- alcohol dinks, wholesale of other chemicals, alcohol, trading packaging, providing cargo transportation by car	5 <sup>th</sup> , 6 <sup>th</sup> Floor - Lion Tower, 29 Nguyen Khac Nhu Street, Co Giang Ward, District 1, Ho Chi Minh City	90,000,000,000	94.45%	94.45%
8	Binh Tay Liquor Joint Stock Company	Producing and trading alcohol	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	140,000,000,000	93.47%	93.32%
9	Saigon Beer Mien Trung Trading Joint Stock Company	Trading beer, alcohol and beverages, providing warehousing and cargo transportation by car services	No.7 1 <sup>st</sup> Street, An Don Industrial Zone, An Hai Bac Ward, Son Tra District, Da Nang City	60,000,000,000	91.24%	91.24%
10	Sai Gon Beer Eastern Trading Joint Stock Company	Trading beer, alcohol and beverages, providing cargo transportation by road and waterway services	46/19, D1 Street, Binh Phu Hamlet, Binh Chuan Commune, Thuan An Town, Binh Duong Province	40,210,000,000	90.68%	90.68%
11	Sai Gon Beer Northeast Trading Joint Stock Company	Trading beer, alcohol and beverages, providing warehousing and cargo transportation services	No.2A Cai Lan Industrial Zone, Bai Chay Ward, Ha Long City, Quang Ninh Province	40,000,000,000	90.45%	90.45%
12	Saigon Beer Nam Trung Bo Trading Joint Stock Company	Trading beer, alcohol and beverages, providing warehousing and cargo transportation services	National Highway No.1 , Dien Phu Commune, Dien Khanh District, Khanh Hoa Province	60,000,000,000	90.14%	90.14%
13	Northern Sai Gon Beer Trading Joint Stock Company	Trading beer, alcohol and beverages, providing transportation and warehousing services	Lot CN 01-05, Ninh Hiep Industrial Zone, Ninh Hiep Ward, Gia Lam District, Hanoi City	40,000,000,000	90.00%	90.00%

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#### **SABECO Introduction**

No.	Company name	Business line	Address	Paid-up capital (VND)	% of Voting Right	% of Ownership
14 Sa	ai Gon Beer Tay Nguyen Trading Joint Stock Company	Trading beer, alcohol and beverages, providing warehousing and transportation services	190 Nguyen Van Linh Street, Ea Tu Commune, Buon Ma Thuot City, Dak Lak Province	39,761,600,000	90.00%	90.00%
15 Sc	ong Tien Saigon Beer Trading Joint Stock Company	Trading beer, alcohol and beverage, providing warehousing and cargo transportation by road services	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	40,000,000,000	90.00%	90.00%
16 Sa	aigon Song Hau Beer Trading Joint Stock Company	Trading beer, alcohol and beverages, providing cargo transportation by road and waterway services	No.I5 - 25, 26 Vo Nguyen Giap Street, Phu Thu Ward, Cai Rang District, Can Tho City	40,290,000,000	90.00%	90.00%
17 Sa	ai Gon Beer Packaging Joint Stock Company	Producing and trading tin lid rings and metal packaging, packaging for food and beverage industry	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	71,770,160,000	76.81%	76.81%
18 Sa	aigon - Songlam Beer Joint Stock Company	Producing and trading beer and beverages, importing and exporting related materials	Block 1 Hung Dao Commune, Hung Nguyen District, Nghe An Province	450,000,000,000	68.78%	68.78%
19 Sa	ai Gon - Quang Ngai Beer Joint Stock Company	Producing and trading beer	Quang Phu Industrial Zone, Quang Ngai City, Quang Ngai Province	450,000,000,000	66.56%	66.56%
20 CI	huong Duong Beverages Joint Stock Company	Producing and trading beverages, canned food and accessories	606 Vo Van Kiet Street, Cau Kho Ward, District 1, Ho Chi Minh City	85,000,000,000	62.06%	62.06%
21 Sa	ai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Producing and trading beer, alcohol and soft drinks	Zone 6, Thanh Ba Town, Thanh Ba District, Phu Tho Province	30,000,000,000	56.24%	55.90%
22 Sa	aigon - Nghetinh Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	54 Phan Dang Luu Street, Truong Thi Ward, Vinh City, Nghe An Province	105,000,000,000	54.73%	54.73%
23 Sa	aigon – Lamdong Beer Joint Stock Company	Producing beer, alcohol and beverages	Lot CN 5, Loc Son Industrial Zone, Loc Son Ward, Bao Loc City, Lam Dong Province	200,000,000,000	52.91%	52.91%
24 Sa	ai Gon - Ha Noi Beer Corporation	Producing and trading beer and beverages, importing and exporting related materials	Lot A2-CN8, Tu Liem Industrial Zone, Phuong Canh Ward, Nam Tu Liem District, Hanoi City	180,000,000,000	52.11%	52.11%
25 W	estern - Sai Gon Beer Joint Stock Company	Producing and trading beer	Tra Noc Industrial Zone, Tra Noc Ward, Binh Thuy District, Can Tho City	145,000,000,000	51.00%	51.00%
26 Sa	aigon Soc Trang Beer One Member Limited Company	Producing and trading beer, yeasty malt, mineral water, bottled purified water	Lot S, An Nghiep Industrial Zone, An Hiep Commune, Chau Thanh District, Soc Trang Province	200,000,000,000	100.00%	51.00%

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#### LIST OF JOINT VENTURES AND ASSOCIATES

No.	Company name	Business line	Address	Paid-up capital	SABECO's Voting right (%)	SABECO's Ownership (%)
1 V	ietnam Spirits and Wine LTD.	Producing and trading alcohol and alcohol - related products	621 Pham Van Chi Street, Ward 7, District 6, Ho Chi Minh City	65,461,973,000	45.00%	45.00%
2 1	Truong Sa Food - Food Business Joint Stock Company	Producing agricultural products and foods	6A Truong Sa Street, Ward 17, Binh Thanh District, Ho Chi Minh City	17,700,000,000	38.98%	38.62%
	San Miguel Yamamura Phu Tho Packaging Company .imited	Manufacturing and trading metal packaging	1 Le Van Khuong Street, Hiep Thanh Ward, District 12, Ho Chi Minh City	51,882,792,000	35.00%	35.00%
4 \$	Sai Gon - Mien Trung Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	1 Nguyen Van Linh Street, Tan An Ward, Buon Ma Thuot City, Dak Lak Province	298,466,480,000	32.41%	32.40%
5 \$	Saigon - Phutho Beer Joint Stock Company	Producing beer, alcohol and beverages	Trung Ha Industrial Zone, Dan Quyen Commune, Tam Nong District, Phu Tho Province	125,000,000,000	33.85%	30.84%
6 (	Crown Beverage Cans Saigon Limited	Manufacturing aluminium cans	Hanoi Route, Hiep Phu Ward, Thu Duc City, Ho Chi Minh City	256,369,900,000	30.00%	30.00%
7 N	Malaya - Vietnam Glass Limited	Manufacturing glass products	Suite 11.1, Floor 11, REE Tower, No.9, Doan Van Bo Street, Ward 12, District 4, Ho Chi Minh City	322,209,160,000	30.00%	30.00%
8 1	Tan Thanh Investment Trading Company Limited	Construction and real estates	66 Tan Thanh Street, Ward 12, District 5, Ho Chi Minh City	250,000,000,000	29.00%	29.00%
	Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	Providing consulting construction and designing services	50A Bui Thi Xuan Street, Ben Thanh Ward, District 1, Ho Chi Minh City	1,400,000,000	28.57%	28.57%
10 \$	Saigon Tay Do Beer - Beverage Joint Stock Company	Producing and trading beer, alcohol, beverage, soya milk and fruit juice	Lot 22, Tra Noc 1 Industrial Zone, Binh Thuy District, Can Tho City	200,000,000,000	34.92%	27.62%
11	Mechanical and Industrial Construction Joint Stock Company	Manufacturing, installing machinery, bridges and roads and industrial construction products	929-931 National Highway No. 1A, Thoi An Ward, District 12, Ho Chi Minh City	35,999,480,000	26.00%	26.00%
12 \$	Sai Gon – Khanh Hoa Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	Dien Phu Industrial section, Dien Phu Commune, Dien Khanh Ward, Khanh Hoa Province	100,000,000,000	26.00%	26.00%
13 N	Me Linh Point Limited	Providing office building leasing and management services	2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City	221,066,150,400	25.00%	25.00%
14 \$	Saigon Binh Tay Beer Group Joint Stock Company	Producing, processing and trading food, beverage, beer and alcohol drinks	8 Nam Ky Khoi Nghia Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City	875,245,360,000	22.18%	21.80%
15 \$	Sai Gon – Vinh Long Beer Joint Stock Company	Producing beer, alcohol and beverages	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	150,000,000,000	20.00%	20.00%
16 S	Sai Gon – Kien Giang Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	D1 - D2 Street, Thanh Loc Industrial Zone, Thanh Loc Commune, Chau Thanh District, Kien Giang Province	115,000,000,000	20.00%	20.00%
17 \$	Saigon – Bentre Beer Joint Stock Company	Producing beer, alcohol and beverages	Phuoc Hau Hamlet, An Phuoc Commune, Chau Thanh District, Ben Tre Province	100,000,000,000	20.00%	20.00%
18 \$	Saigon - Baclieu Beer Joint Stock Company	Producing beer, alcohol and beverages	Lot B5, Tra Kha Industrial Zone, Ward 8, Bac Lieu City, Bac Lieu Province	120,120,000,000	20.00%	10.20%

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## PROFILES OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



#### **Mr. Koh Poh Tiong**

Chairman of the Board of Directors

Year of birth: 1946 Nationality: Singaporean

Date of first appointment: April 23, 2018 Date of last re-election: July 21, 2018

#### **Academic and Professional Qualifications**

• Bachelor of Science, University of Singapore, Singapore

#### **Work Experiences**

#### **Current positions include:**

- · Director, Asia Breweries Limited
- Chairman/Chairman Nominating Committee/ Member
   Audit and Risk Management Committee/Member Remuneration Committee/Member Project Development
   Committee, 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/Member Board Nominations and Remuneration Committee, Great Eastern Life Assurance (Malaysia) Berhad

- Independent Director/Chairman Board Nominations and Remuneration Committee, Great Eastern General Insurance (Malaysia) Berhad
- Chairman/Chairman Sustainability and Risk Management Committee, BeerCo Limited
- · Senior Adviser to the Board, Raffles Medical Group Ltd
- · Chairman, Times Publishing Limited

#### 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
- Chairman, National Kidney Foundation
- Chairman, Yunnan Yulinquan Liquor Co., Ltd
- Chairman, Singapore Kindness Movement
- Lead Independent Director/Member Audit and Risk Committee/Member - Nomination and Compensation Committee, Raffles Medical Group Limited



#### **Mr. Pramoad Phornprapha**

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

- Chairman, Talaypu Natural Products Co., Ltd
- Managing Partner/Director, Claris Co., Ltd
- Director, Claris EA Co., Ltd
- Director, Danpundao Co., Ltd
- $\bullet \quad \text{Independent Director, Food and Beverage United Co., Ltd}\\$
- Managing Director, myDNA Co., Ltd
- · Director, EcoFuture Co., Ltd
- · Director, PLandscape Co., Ltd
- Director, Plim369 Co., Ltd
- Director, Plimboonluck Co., LtdDirector, Pornmit Co., Ltd
- Director, The Conservatory Company Limited
- Managing Director, Wanwarin and Associate Co., Ltd

- Independent Director/Member Audit Committee,
   Thai Summit Harness Public Company Limited
- Partner/Managing Director, The Boston Consulting Group
- Director, Progress Watch Company Limited

#### **SABECO Introduction**



#### Mr. Nguyen Tien Vy

Independent Director Member of the Audit Committee

Year of birth: 1955 Nationality: Vietnamese

Date of first appointment: July 21, 2018

#### **Academic and Professional Qualifications**

· Master of Laws

#### **Work Experiences**

#### **Current positions include:**

- Independent Member, Vietnam Engine and Agricultural Machinery Corporation - JSC
- Independent Lawyer, Hanoi Bar Association
- Member of the Standing Committee, Vietnam Beer -Alcohol - Beverage Association

#### Past positions include:

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



#### Ms. Tran Kim Nga

Member of the Board of Directors

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
- · Director, Vietnam Logistic and Supply Chain Company Limited

#### Past positions include:

• Business Development Manager, BJC Resident in Hanoi



#### Mr. Michael Chye Hin Fah

Member of the Board of Directors Member of the Audit Committee

Year of birth: 1959 Nationality: Singaporean

Date of first appointment: July 21, 2018

#### **Academic and Professional Qualifications**

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

#### **Work Experiences**

#### **Current positions include:**

- · Alternate Director, Fraser and Neave, Limited
- · 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, BeerCo Limited (Hong Kong)
- Director/CEO, BeerCo Limited (Singapore)
- Director, BevCo Limited (Hong Kong)
- · Director, BevCo Limited
- · Director, Chang Beer Company Limited
- · Director, Chang Beer UK Limited

- · Director, Chang Corporation Co., Ltd.
- Director, Chang Holding Co., Ltd.
- · Director, Chang International Co., Ltd.
- Non-Executive Director, DECCO 235
- · Director, F&N Retail Connection Co., Ltd.
- Director, Grand Royal Group International Company Limited

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- Director, Havi Food Distribution (Thailand) Co., Ltd.
- · Director, Havi Logistics (Thailand) Limited
- Non-Executive Director, Heritas Capital Management Pte. Ltd.
- Non-Executive Director, IMC Pan Asia Alliance Corporation
- Director, InterBev (Singapore) Limited
- Director, InterBev (Singapore) 2019 Limited
- · Director, International Beverage Holdings Limited
- Director, International Beverage Holdings (Singapore)
- 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, Marketing Magic Pte. Ltd.
- Director, Max Asia Food and Beverage (Thailand) Co., Ltd
- Director, Myanmar Supply Chain and Marketing Services Company Limited
- Non-Executive Director, Prudence Holdings Limited
- Non-Executive Director, SEA Logistics & Technology Pte. Ltd.
- Director, Siam Breweries Limited
- · Director, So Water Company Limited
- · Director, South East Asia Logistics Pte. Ltd.
- Director, Super Brands Company Pte. Ltd.
- · Director, Super Beer Brands Limited
- · Director, Thai Breweries Limited
- · Legal representative/General Director, Vietnam Beverage Company Limited
- · Legal representative/Chairman of Board of Management, Vietnam F&B Alliance Investment Joint Stock Company
- Director, Vietnam Logistics and Supply Chain Company Limited
- Director, Wellwater Limited

- 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
- Executive Vice President of Finance and Accounting Group/ Deputy Group CFO/Chief Finance Officer - International Business, Thai Beverage Public Company Limited
- Director, International Beverage Trading Limited



#### SABECO Introduction SABECO Annual Report 2021



#### Mr. Le Thanh Tuan

Member of the Board of Directors

Year of birth: 1979 Nationality: Vietnamese

Date of first appointment: April 28, 2021

#### **Academic and Professional Qualifications**

• Master of Finance, University of Sydney, Australia

#### **Work Experiences**

#### **Current positions include:**

- Capital Representative of State Capital Investment Corporation at SABECO
- Head of Investment Department 4, State Capital Investment Corporation
- Chairman, Dien Bien Tourism Trade Services Joint Stock Company
- Chairman, Vietnam Electronics and Informatics Corporation

#### Past positions include:

- Chairman, Electric Machine Joint Stock Company
- Deputy Head, Investment Department 4, State Capital Investment Corporation
- Deputy Head, Investment Department 3, State Capital Investment Corporation
- Specialist, Investment Department 3, State Capital Investment Corporation
- Specialist, Asia Pacific Department, Ministry of Industry and Trade



#### Ms. Ngo Minh Chau

Member of the Board of Directors

Year of birth: 1988 Nationality: Vietnamese

Date of first appointment: April 28, 2021

#### **Academic and Professional Qualifications**

- Master of Finance Investment, University of Edinburgh, UK
- CFA Charterholder, CFA Institute

#### **Work Experiences**

#### **Current positions include:**

- Capital Representative of State Capital Investment Corporation at SABECO
- Specialist, Investment Department 3, State Capital Investment Corporation
- Member of the Supervisory Board, Benovas Cancer Drugs Joint Stock Company

#### Past positions include:

 Specialist, Investment Department 3, State Capital Investment Corporation



#### Mr. Nguyen Tien Dung

Member of the Board of Directors

**Year of birth:** 1973 **Nationality:** Vietnamese

**Date of first appointment:** July 21, 2018 **Date of termination:** April 28, 2021

#### **Academic and Professional Qualifications**

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

#### **Work Experiences**

#### Past 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
- Capital Representative, State Capital Investment Corporation
- Chief Accountant, Saigon Beer Alcohol Beverage Corporation
- Director, Binh Tay Liquor Joint Stock Company



#### **Mr. Luong Thanh Hai**

Member of the Board of Directors

Year of birth: 1964 Nationality: Vietnamese

**Date of first appointment:** July 21, 2018 **Date of termination:** April 28, 2021

#### **Academic and Professional Qualifications**

• PhD of Economics

#### **Work Experiences**

- Capital Representative, State Capital Investment Corporation
- 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

#### **SABECO Introduction SABECO Annual Report 2021**



#### **Mr. Neo Gim Siong Bennett**

General Director

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
- Heineken International Senior Management Course, Insead CEO Food, Fraser and Neave Limited Business School (Fountainbleu - France)
- SEM Singapore Executive Program, Tsinghua University, CEO Marine, EMAS Offshore Services Pte Ltd Beijing, China

#### **Work Experiences**

#### **Current positions include:**

- Chairman, Sai Gon Beer Trading Company Limited
- Chairman, Saigon Songlam Beer Joint Stock Company
- Chairman, Chuong Duong Beverages Joint Stock Company
- Chairman, Western Sai Gon Beer Joint Stock Company
- · Chairman, Sai Gon Beer Company Limited
- Chairman, Me Linh Point Limited
- Chairman, Malaya Vietnam Glass Limited
- Director, Ebenezer NDT Service Pte Ltd
- · Director, Koi Marine Engineering Services Pte Ltd
- · Director, Eliezer Pte. Ltd.
- Director, BNeo Consultants Pte. Ltd.
- Director, Staccato Music China Pte. Ltd.
- Director, Climb Asia Pte. Ltd.

#### Past positions include:

- · Chairman, Saigon Song Hau Beer Trading Joint Stock Company
- · CEO, YCH Group
- Regional Director, Asia Pacific Breweries Ltd (Singapore)
- General Director, ExxonMobil Unique (Vietnam) Co., Ltd
- Board Member, National Kidney Foundation (Singapore)



#### Mr. Koo Liang Kwee Alan

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

Year of birth: 1970 Nationality: Singaporean

Date of appointment: October 1, 2021

#### **Academic and Professional Qualifications**

- Master of Business Administration, Macquarie Graduate School of Business, Australia
- Bachelor of Accountancy, Nanyang Technological University,
- Ordinary member, Singapore Institute of Directors
- · Heineken International Management Executive Course, Insead Business School
- Leadership Excellence in Action Program (Heineken Asia Pacific), Insead Business School
- Afton Chemical Leadership Development Course
- Novartis HBS Finance Excellence Program, Harvard Business School
- Non-Practising CPA, Institute of Singapore Chartered Accountants

#### **Work Experiences**

#### **Current positions include:**

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

- Senior Vice President (Group Finance)/Board Member, Yeo Hiap Seng Subsidiaries
- Group Chief Financial Officer/Board Member of 2 joint ventures and 3 Malaysian subsidiaries, Delfi Limited
- Finance Director (China)/Board Member/Legal Representative of 2 trading companies, Heineken Asia Pacific Pte Ltd
- Finance Director (Vietnam)/Board Member of 3 breweries, Heineken Asia Pacific Pte Ltd
- Finance Director (Asia Pacific), Afton Chemical Asia Pte Ltd
- Financial Controller (North China Cluster), Asia Pacific **Breweries Limited**
- Financial Controller (Asia Pacific), Novartis Consumer Health Group
- Regional Business Planning and Analysis Manager, Novartis Consumer Health Group

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#### **Venus Teoh Kim Wei**

Deputy General Director in charge of Marketing

Year of birth: 1974 Nationality: Malaysian

Date of appointment: April 1, 2021

#### **Academic and Professional Qualifications**

- Bachelor of Business in Finance and Marketing, University of Southern Queensland, Australia
- Senior Leadership Program, Insead Business School (France)

#### **Work Experiences**

#### **Current positions include:**

Chairman, Saigon Song Hau Beer Trading Joint Stock Company

#### Past positions include:

- International Brand Director (Tiger Beer), The Heineken Company
- Marketing Director, Asia Pacific Breweries (Singapore)
   Pte Ltd
- Head of Global Brands, Innovation and Mainstream Brands (Asia Pacific), The Heineken Company
- Regional Marketing Manager (Asia Pacific),
   The Heineken Company
- Senior Marketing Manager, Asia Pacific Breweries Limited
- Tiger Brand Development Manager, Asia Pacific Breweries Limited
- Channel Development Manager, Asia Pacific Breweries Limited
- Product and Marketing Manager, Philip Lighting
- Trade Marketing Manager, Sara Lee Household and Body Care (Malaysia)
- Category Analyst, Sara Lee Household and Body Care (UK)
- Key Account Executive, Sara Lee Household and Body Care (Malaysia)



#### Mr. Ng Kuan Ngee Melvyn

Deputy General Director in charge of Sales

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



#### Mr. Lam Du An

Deputy General Director in charge of Technology - Production

Year of birth: 1967 Nationality: Vietnamese

Date of appointment: October 18, 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
- · Chairman, Saigon Nghetinh Beer Joint Stock Company

#### Past positions include:

- · Director, Sai Gon Vinh Long Beer Joint Stock Company
- Project Manager of plant construction of Saigon Beer -Bac Lieu Brewery
- Project Manager of plant construction of Saigon Beer-Vinh Long Brewery



#### **Mr. Tran Nguyen Trung**

Chief Accountant

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 Sai Gon Beer Joint Stock Company
- Member of Board of Supervisors, Saigon Beer Center Trading Joint Stock Company
- Chief Accountant, Saigon Beer Company Limited
- Chief Accountant, Saigon Beer Group Company Limited

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

#### SABECO Introduction SABECO Annual Report 2021



#### **Mr. Nguyen Hoang Giang**

General Director - SATRACO

Year of birth: 1966 Nationality: Vietnamese

**Date of appointment:** August 6, 2018

#### **Academic and Professional Qualifications**

- Navigation Engineer, University of Vietnam Maritime, Hai Phong, Vietnam
- Program on Investment Appraisal (Distinction), Inservice 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 Eastern Trading Joint Stock Company
- Chairman, Sai Gon Beer Bac Trung Bo Trading Joint Stock Company
- Chairman, Bia Saigon Mien Trung Trading Joint Stock Company
- Chairman, Saigon Phutho Beer Joint Stock Company
- Director, Sai Gon Khanh Hoa Beer Joint Stock Company

#### Past positions include:

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



#### Mr. Teo Hong Keng

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

**Year of birth:** 1972 **Nationality:** Singaporean

**Date of first appointment:** May 9, 2018 **Date of termination:** October 1, 2021

#### **Academic and Professional Qualifications**

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

#### **Work Experiences**

#### Past positions include:

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



#### Mr. Hoang Dao Hiep

Deputy General Director in charge of Marketing

Year of birth: 1973 Nationality: Vietnammese

**Date of first appointment:** October 1, 2018 **Date of termination:** February 28, 2021

#### **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**

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

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### **DEVELOPMENT PLANNING**

SABECO has continued to boost business activities towards effectiveness and sustainability to affirm its market leading position.

#### **POINTS OF FOCUS**

Sales		<ul> <li>Secure the domestic market, boost exports, and penetrate into new markets.</li> <li>Diversify distribution channels, improve capacity and operational efficiency of the distribution system.</li> </ul>
Brands	SABECO	<ul> <li>Review brand positioning.</li> <li>Develop brand architecture.</li> <li>Conduct brand health measurements.</li> </ul>
Production	AAA	<ul> <li>Ensure and improve products quality.</li> <li>Enhance the efficiency of breweries.</li> <li>Increase management capacity and rationalize production and consumption areas.</li> </ul>
★ Supply Chain		<ul> <li>Rationalize warehouses and transportation.</li> <li>Optimize route planning.</li> <li>Improve delivery services.</li> </ul>



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#### **KEY RISKS**



**RAW MATERIAL RISKS** 

The prolonged Covid-19 pandemic has resulted in unprecedented disruptions of the global supply chain. Labor shortages, goods stuck at ports and high freight rates have caused raw material prices to increase significantly since the beginning of 2021, especially aluminum price accelerating and showing no signs of stabilizing in 2022. Not to mention starting from May 2021, Southern provinces of Vietnam were hit by the devastating 4<sup>th</sup> wave of Covid-19 with more than three months of strict lockdowns, causing further delays in delivering raw materials.

To mitigate those aforementioned impacts, SABECO procured key raw materials in advance to avoid price fluctuations. Besides, the Corporation continued to maintain its sources of supply from multiple suppliers to minimize the risk of input shortages, proactively coordinated among different regions, and at the same time changed its delivery methods in order to ensure sufficient supply for production.



#### **PRODUCTION RISKS**



#### **ENVIRONMENTAL RISKS**

In 2021, Vietnamese beer businesses continued to confront significant obstacles related to production disruption and risks of employees' health due to the severe Covid-19 outbreak. However, SABECO and its breweries decisively implemented BCP and "3 onsite" in a timely manner, aiming to ensure employees' safety and maintain production. Since October 2021, the production system of SABECO has resumed at 100% capacity and continued to provide high quality beer products to the market.

In general, SABECO and other businesses have been facing the risks of climate change, rise of sea level and saltwater intrusion. Being one of the leading companies in environmental protection and sustainable development, the Corporation has implemented various solutions to cope with different climate change scenarios such as:

- · Adopting the RO (reverse osmosis) water treatment technology.
- Switching from fossil fuel boilers (coal, oil, etc.) to BIOMASS boilers using plant-based fuels (rice husks, sawdust, leaves, etc.) in order to save on costs and reduce greenhouse gas emissions.
- Installing solar panels at eight breweries for energy saving and environmental protection.



**EXCHANGE RATE RISKS** 

The fluctuation of exchange rate might 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 maintained by the State Bank of Vietnam, the risks of exchange rate for SABECO have been lessened.



The Covid-19 pandemic has caused a huge impact on consumption channels, especially on-trade such as restaurants and bars. On the other hand, this challenge has also created numerous potentials for the growth of e-commerce channels, where consumers are becoming more familiar and adopting new shopping behaviors. This proves to be the new area for beer businesses to step in to expand their consumption channels besides tradition channels, which are heavily affected by consumers' hesitation on eating out. During recent years, SABECO has focused on accelerating its presence and product availability on leading e-commerce platforms to mitigate the impact from on-trade as well as to reach out to more consumers.

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, not to mention the competition from domestic players. The mainstream segment, which has always been one of the Corporation's strengths, has therefore faced intense competition recently.

In addition, 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.



#### **POLICY RISKS**

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

- In 2021, the complicated development of the Covid-19 pandemic continue to happen around the world. The Vietnamese government has taken drastic policies to mitigate the consequences of the pandemic on the health of citizens. In many localities, social distancing measures were strictly imposed, instructing people to stay at home, avoiding public gatherings, suspending entertaining activities and festivals, as well as closing down all non-essential services such as restaurants, karaoke bars and night clubs. These have severely affected the top line and bottom line of all beer businesses in general and SABECO as well. As a result, SABECO should proactively prepare back up plans different scenarios.
- The Vietnamese government has also amended and issued new legal documents to further improve the legal framework for investment and business. Legal documents related to SABECO's business activities and effective in 2021 include:
- » Enterprises Law 2020, effective from January 1, 2021, has changed various regulations related to corporate governance.
- $> \quad \text{Securities Law 2019, effective from January 1, 2021, has included various articles affecting public companies and stock market.} \\$
- $\\ \text{$\tt w$ Investment Law 2020, effective from January 1, 2021, has changed various regulations related to business investment activities.}$

As a result, SABECO should continues to review and amend its internal regulation system in order to better respond to the current legal system, thereby improving production and consumption, increasing revenue and profits, and solidifying the Corporation's leading position in the market.

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### REPORT OF THE BOARD OF DIRECTORS

#### **ASSESSMENT OF 2021 PERFORMANCE**

#### Overview

2021 was a year full of challenges for both the world and the Vietnamese economy.



#### **Macroeconomics**

- According to Press release of Vietnam's Government, although the Covid-19 pandemic continued to have a strong global outbreak, the world economic situation in 2021 was improving as the rapid implementation of vaccination has reduced the number of infections in many countries in the world. The growth rates of economies were clearly different as the pace of vaccine deployment and supporting policies varied from country to country.
- Global trade continued to recover but its momentum was expected to slow down. The World Trade Organization (WTO) forecasts world merchandise trade volumes to grow by only 8% in 2021, and there was a divergence between regions.
- The United Nations Conference on Trade and Development (UNCTAD) shared the same view as the WTO but forecast global growth in trade in goods and services at 9.5% in 2021 due to the sharp increase in trade flow of goods at the end of 2020, leading to higher forecast models of UNCTAD.
- According to the World Bank (WB), prices of many commodities have increased sharply in 2021 compared to 2020. All prices of Brent oil, base metal, and a number of agricultural products had increased. The International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD) jointly stated that consumer price inflation around the world has increased in recent months due to higher commodity prices, supply-side disruption and strong consumer demand when economies re-opened. Shortterm inflation risks were increasing. The impact of higher transportation costs and commodity prices would cause an increase in inflation that is likely to last through 2022.

According to the World Bank, global financial conditions were different between developed economies and emerging and developing economies. In advanced economies, financial conditions were relatively supportive. In emerging and developing economies, financial conditions have tightened since mid-June 2021. The inability to control the epidemic and the risks of individual countries continued to create disparities in interest rates and borrowing costs and weaken local currencies in some emerging and developing economies.

Lockdown measures in response to the Covid-19 pandemic have slowed down existing investment projects. The crisis has negatively impacted most types of investment, especially direct investment in industrial and infrastructure projects. Foreign direct investment (FDI) fell sharply in advanced economies but moderated in developing economies due to increased investment flows into Asia. In Southeast Asia, FDI was likely to increase, depending on how well countries in the region contained a new wave of pandemic outbreaks in 2021.

According to the report of IMF, world economic growth is facing the following four risks and non-economic factors:



01

The distribution of vaccines in emerging markets and developing economies leading to vaccination rates slower than expected. The cautiousness in shopping spending is accompanied by worries about the employment and income prospects.

02

Weak fiscal stimulus in the United State (US) causes low US growth, leading to impact on the nation's trading partners.

0.3

The sudden tightening of financial conditions causes emerging markets and developed economies to face the dual effects of tighter external financial conditions and a health crisis, increasing fractures in the global recovery.

)4

Social unrest, geopolitical tensions, attacks on critical infrastructure, natural disasters increasing in frequency and climate change.

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**Vietnamese Economy and Beer Market** 

2021 was an extraordinary year with many challenges and opportunities for the market in general, and the beer industry in particular.

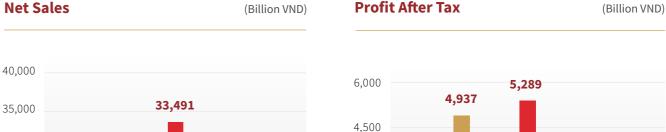


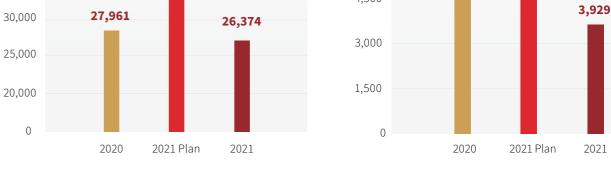
- According to World Bank (WB), thanks to a solid foundation, Vietnam's economy has shown remarkable resilience in times of crisis, recently the Covid-19 pandemic.
- From the General Statistics Office of Vietnam (GSO), the
  economic growth rate in Q3 2021 decreased by 6.02%,
  compared to the same period in 2020. This was the worst
  decrease in Vietnam's historical data due to Covid-19
  pandemic which has seriously affected all areas of the
  economy, with many key economic localities having had
  to implement prolonged social distancing to prevent the
  epidemic. The economic growth rate in 2021 was 2.58%.
- Vietnam is witnessing rapid changes in population and social structure. Its population is expected to grow to 110 million by 2050. Although strongly affected by the Covid-19 wave, the population structure of Vietnam still shows signs of growth. According to the latest 2021 data of GSO, Vietnam's population stands at 98.6 million which was an increase from 97.34 million in 2020 and is expected to increase further to more than 99.3 million by 2022.
- Vietnam's economy had been growing rapidly with increasing GDP, increasing per capita income and increasing urbanization. Population is also growing and amongst

- the youngest in the region. These factors will drive the consumption demand and support future growth for the beer industry in Vietnam.
- According to the report presented at the meeting of the National Assembly of Vietnam, Vietnam rankings 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 in 2021 based on the report of the GSO, drawing participations from a variety of leading beer companies around the world.
- While Covid-19 causes short-term impact, the Law on Alcohol Harm Prevention has a long-term impact. Decree No. 100 of Government, issued on December 30, 2019, imposed heavy penalties for using a vehicle on the road under the influence of alcohol. Moreover, Decree No. 24 of Government, issued on February 24, 2020, introduced stricter regulations on alcohol advertising, specifically including (1) governing advertising for alcohol below 15% and beer, (2) restricting the use of actors drinking alcohol in cinematographic, theatrical and television works and (3) taking measures to prevent people under 18 years from accessing information and buying wine.

#### **Business Performance in 2021**

In 2021, the Board of Directors operated in accordance with the Law, the Corporation's Charter, and relevant regulations and delivered commendable results as follows:











#### **Earnings and Dividend**

The accomplishments from our disciplined execution across all business areas included relatively satisfactory earnings and sustainable dividend payouts. Our relatively stable operational performance allowed a dividend payment of up to 35% of par value to shareholders, thereby meeting the plan approved at the 2021 AGM.

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#### The Board of Directors' Activities in 2021

Due to Covid-19 pandemic, in 2021, the Board of SABECO held five meetings via video conference to facilitate the implementation of company's 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 circular for urgent business decisions.

### 05 meetings

Via video conference

#### Remuneration

Remuneration for Board members was approved in the 2021 AGM. Hence, they received the 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, BOD members have been working with the highest sense of responsibility, developing their leadership capacity to pursue SABECO's sustainable development in the interests of shareholders.

#### **Activities of Committees**

- The AC reviewed FS and SABECO's internal control system, 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.
- Mr. Nguyen Tien Vy, an independent BOD member, oversaw human resources activities and ensured remuneration policies were in accordance with the Law and the Corporation's Charter and relevant regulations in order to support the Board on these matters. In this connection, prior to consideration of the Board, he reviewed and put forward to the Corporation certain recommendations related to human resources including, but not limited to, the organizational structure and the appointment of senior executives of SABECO and its group of companies.



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

All related party transactions 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 carried out on normal commercial terms and no harm to the interests of the Corporation.

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

Company	Me Linh Point Limited
Transaction Detail	Consultant services
Board's approval	Resolution No.61/2021/NQ-HDQT dated May 18, 2021



As required by Securities Law, the Board performance review by Independent Directors was conducted by circulation per seven (07) assessment criteria such as (1) Board Composition, (2) Strategy and Performance, (3) Board risk management and internal controls, (4) Information management, (5) Board procedures, (6) Top management performance and succession planning, (7) Director development. The assessment form used contain questionnaires with a 5-level rating scale.

As per the results, in 2021, the overall rating was "meeting expectation". The Board operated in accordance with the Law and SABECO's Charter aimed at achieving positive results for the corporation. The instructions under the Board's authority regarding governance, strategic supervision, master plans of action, risk management, annual budgets, nomination and remuneration have been executed professionally. Besides, the Board has ensured adequate communications with shareholders, investors, regulators and the general public by pursuing a transparent and effective disclosure policy. The suggestions of the Board for performance improvement have been noted for implementation in 2021.



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### 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 trading subsidiaries.
- Implemented Digital transformation of project "SABECO 4.0" aiming to optimize, standardize and automate the way of working across all SABECO breweries and trading companies nationwide in order to strengthen SABECO market leadership in the Vietnam Beer Market.
- Implemented Manual of Authority (MOA) to support coordination and alignment between different levels as well as between Head office and subsidiaries.

#### **Sales and Marketing Activities**

- Reviewed product portfolio and market 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 targetting the premium segment.
- Increased Product Distribution and Product Visibility at Outlets (such as Project Lighting Strike and Project Forward Leap).
- Expanded Modern Trade and E-Commerce.
- Improved sales execution and salesforce competencies such as Sales Force Automation (SFA) and Distribution Management System (DMS).

- Sponsored Leicester City one of the most prestigious teams in the United Kingdom in order to uplift the image of Bia Saigon through broadcast not only in national media but also international.
- Became the official supporting partner of the Vietnam national footbal team.









- Contributed many essential items to quarantine areas across the country and supported small businesses in the food and beverage industry who were facing difficulties to overcome the Covid-19 pandemic.
- Launched the National Day campaign "Stronger Together" to celebrate Vietnam's National Day through launching programs such as "Limited Edition Vietnam National Cans" campaign in nationwide cities and provinces; collaboration with "Cau Be Tho", a Saigon-based artist and "Icon Denim", and a famous local fashion brand, CSR programs "Community Care" and "Collecting Millions Stars".
- Received the title of Top 50 Best Listed Companies for the 5<sup>th</sup> time in a row in 2021.
- Launched SABECO 63 provincial cans for Tet 2022.
- Became a main sponsor for SEA Games 31.











 Signed a strategic cooperation agreement with Vietnam National Administration of Tourism (VNAT) to organize activities to promote the culture, sports and tourism of Vietnam.

#### **Operation Report**



#### **Production and Supply Chain Activities**

- Maintained highest standards of product quality by improving procurement process of raw materials and production process.
- Closely monitored price movement of raw materials and ensured timely purchasing of production materials to optimize production costs.
- Enhanced efficiency and capabilities for supply chain within SABECO system.
- Strengthened quality of 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 reduce 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.
- Achieved remarkable achievements in the international arena such as Gold Award in the Australian International Beer Awards for Bia Saigon Gold; Silver Award in the Australian International Beer Awards for Bia Saigon Chill; Silver Award in the Australian International Beer Awards for Bia Saigon Lager and many other important awards.
- Rolled out the Transportation Management System (TMS) and Warehouse Management System (WMS) which were vital parts of the SABECO 4.0 project.

#### **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.

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#### **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 organisation.
- Implemented the new salary structure which applied the Key Performance Indicators (KPIs) evaluation system to trading subsidiaries.
- Issued company's Code of Business Ethics and Code of Conduct.

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

- As of December 31, 2021, SABECO has 26 subsidiaries with over 50% of ownership, 18 associates and joint ventures.
- Most of SABECO's subsidiaries and associates in main business activities (beer manufacturing and trading) and supporting
  industries (packaging, transportation, mechanical) had recorded positive results despite being impacted by the Covid-19
  pandemic, thereby improving returns on SABECO's capital investment.



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## REPORT OF THE INDEPENDENT DIRECTORS

#### ORGANIZATIONAL STRUCTURE OF THE AUDIT COMMITTEE



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

Mr. Pramoad Phornprapha Independent member of the BOD, AC Chairman

Mr. Nguyen Tien Vy Independent member of the BOD, AC member

Mr. Michael Chye Hin Fah **BOD** member, AC member

#### THE SUPERVISION OF THE BOD AND MANAGEMENT

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

#### COORDINATION BETWEEN THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS, **MANAGEMENT AND SHAREHOLDERS**

- The AC always coordinates well with members of the BOD, The AC periodically reports the supervision results to and Management within the scope of work of the AC.
- The AC received full support from the BOD and Management The AC supervises the periodical financial statements and to fulfill its duties for 2021.
- the BOD.
  - financial performance results.

#### REMUNERATION, OPERATION EXPENSES AND OTHER BENEFITS OF THE AUDIT COMMITTEE

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

#### **MEETINGS OF THE AUDIT COMMITTEE**

During the fiscal year ended December 31, 2021, the AC held five meetings and each committee member's attendance is presented as per below:

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



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#### THE AUDIT COMMITTEE'S SUPERVISION RESULTS



#### **Financial Statements**

The AC had reviewed quarterly, semi-annual, and annual FS before Management submitted them to the BOD, and then to shareholders at the AGM, or for public release as required by the law, and assessed whether they were presented fairly, completely, and timely in accordance with current accounting standards and regulations and legal requirements. For 2021, the results of the review showed that:

- Quarterly and annual FS were prepared and disclosed in accordance with current accounting standards and regulations.
- Although it is not required by the law, Q1 2021 and Q3 2021 financial statements were reviewed by the Independent Auditor, who helped improve the reliability and credibility of the reports before being disclosed.
- There were no major changes in accounting policies, accounting standards, or tax policies during the year, which had material impact on the financial position and FS.

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

#### **Related Party Transactions**

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

#### **Compliance and Fraud Prevention**

The AC would supervise the effectiveness of SABECO's internal controls to prevent fraud and ensure compliance with the law and the Corporation's charter and regulations. The AC would focus on the efficiency of internal audit and risk management systems. The AC reviewed SABECO's internal control system every quarter based on the audit report of the Internal Audit Department. The report included recommendations to improve some internal controls so that the Corporation's business operations would be adequate, effective, and appropriate. In addition, the AC also supported SABECO to set up the whistleblowing channel, review of SABECO's investment to identify divestment opportunities and develop risk management policy.

#### **Internal Audit function**

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

#### **Independent Audit Services**

The AC found that the proposed 2021 audit plan and its implementation by the Independent Auditor were suitable to meet the Corporation's requirements in terms of scope, objectives, methodology, and timeline while ensuring the auditing service quality and independence with no conflict of interest.

In implementing the 2021 audit plan, KPMG, successfully fulfilled its tasks as the Independent Auditor and met the AC's expectations and ensured the reliability and integrity of the FS disclosed to shareholders and relevant stakeholders.

For the financial year 2022, the BOD will submit the proposal of selecting an independent auditing firm to the AGM for approval.

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## REPORT OF THE BOARD OF MANAGEMENT

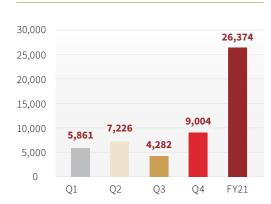
#### **EVALUATION OF 2021 BUSINESS PERFORMANCE**

2021 continued to be challenging year for SABECO as well as the Vietnam beer industry, due to adverse impacts from the 3<sup>rd</sup> and 4<sup>th</sup> waves of Covid-19 along with strict social distancing measures imposed in Ho Chi Minh City and Southern provinces. Beer consumption in both on-premise and off-premise dropped significantly since the on-trade channel was shut down while delivering non-essential goods, including beer products, was forbidden under Directive 16. The Corporation's business activities only started to recover in Q4 2021, following Vietnam's easing of restrictions.

#### **Sales Performance**

SABECO's beer sales were robust before it started to weaken in May 2021 given the resurgence of Covid-19 and tightened lockdown restrictions in Ho Chi Minh City and Southern provinces. However, SABECO managed to mitigate the volume shortfall and gain market share despite various challenges, driven by (1) its nationwide distribution network, especially in the North and rural areas with less severe impacts, (2) its exposure to modern and online channels, (3) proactive marketing and promotional activities, and lastly (4) the downtrading trend among consumers which favored SABECO's strength in the mainstream segment.

## Net sales (Billion VND)



#### **Net Sales**

Net sales reached VND26,374 billion, decreased by 5.7% YoY due to lower volume although this was partially mitigated by price increases for most of SKUs.

#### **Gross Profit**

The gross margin reached VND7,609 billion, decreased by 10.5% YoY as a result of lower net sales, an increase in raw material costs as well as the impact of provision for packaging material and fixed overheads over lower sales during lockdown period.

#### Profit after tax (Billion VND)



#### **Operating Expenses**

G&A expenses was VND598 billion, decreased by 14.9% YoY due to better cost management. While selling expenses was VND3,500 billion, increased by 22.4% YoY due to higher A&P expenses for football sponsorship and various regional consumer promotion as well as higher salesman/promotion agent expenses.

#### **Profit After Tax**

Profit after tax reached VND3,929 billion, decreased by 20.4% YoY, resulting from lower gross profit and higher A&P expenses.

#### **Consolidated Financial Indicators**

Financial Ratio	Unit	2020	2021	
Growth Ratio				
Net Revenue		-26.2%	-5.7%	
Gross Profit		-11.0%	-10.5%	
Net profit	%	-8.1%	-20.4%	
Total asset		1.5%	11.4%	
Equity		5.7%	6.5%	
Liquidity Ratio				
Current Ratio		3.77	3.15	
Quick Ratio	Time	3.45	2.90	
Cash Ratio		3.34	2.84	
Tunrover Ratio				
Inventory Turnover Ratio		10.53	11.44	
Receivable Turnover Ratio	Ti	246.37	309.74	
Payable Turnover Ratio	Time	9.54	9.26	
Total Asset Turnover Ratio		1.03	0.91	
Operating Profitability Ratio				
Gross Margin		30.4%	28.8%	
Net Margin		17.7%	14.9%	
ROE		23.9%	17.9%	
ROA	%	18.2%	13.6%	
Cost of goods sold/Net sales		69.6%	71.2%	
G&A/Net sales		2.5%	2.3%	
Selling expense/Net sales		10.2%	13.3%	
Risk Ratio				
Debt Equity Ratio	<del>-</del> ·	0.32	0.32	
Interest Coverage Ratio	Time	106.42	112.13	

## **Assets**

VND 30,487 billion

▲ 11.4% YTD

Total assets were VND30,487 billion, increased by 11.4% YTD

The current assets increased by 17.2% YTD mainly coming from higher cash and cash equivalent, term deposit and inventories.

The long-term assets decreased by 3.2% YTD mainly coming from OCB and DIG divestment, and lower profit sharing from investments in joint ventures and associates.

#### Liabilities

VND 7,892 billion



▲ 28.1% YTD

Liabilities were VND7,892 billion, increased by 28.1% YTD mainly coming from 2021 dividend payables, trade account payables for packaging, and Saigon Beer - Quang Ngai Brewery expansion and higher accrual of marketing and promotion expenses.

#### **Owner's equity**

VND 22,595 billion



▲ 6.5% YTD

Owners' equity were VND22,595 billion, increased by 6.5% as a result of accumulated profit for the period.



**Investments in Subsidiaries, Associates,** and Joint Ventures

As of December 31, 2021, SABECO wholly owned 5 companies, 21 subsidiaries with more than 50% of ownership, and 18 associates and joint ventures.

SABECO's subsidiaries, associates and joint ventures, which operated in the main business (e.g., beer production and sales) and those in related businesses (e.g., packaging and mechanics), generally achieved positive results given a challenging and difficult year.

In 2021 Chuong Duong Beverages Joint Stock Company completed the construction of new factory in Nhon Trach, launched a new variant under heritage Sa Xi brand called Sa Xi Zero, targeting health-conscious consumers, as well as held the groundbreaking of built-to-suit warehouse at My Phuoc 3 Industrial Park with a total investment of more than VND320 billion. While Binh Tay Liquor Joint Stock Company also introduced Feel Cocktail with 3 variants to ride on the rising ready-to-drink trend as well as rebranded Nang Huong Liquor with new and more premium packaging.

In addition, SABECO divested its shares in OCB and DIG and realized significant gains.



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#### **2021 HIGHLIGHTS**

#### Sales

In 2021, SABECO continued to focus on increasing its product distribution and visibility at outlets through lighting strike and forward leap projects, along with numerous attractive promotions launched for Bia Saigon and 333 brands.

Due to the Covid-19 resurgence and lockdown restrictions enacted by the government, which resulted in virtually no ontrade sales, SABECO had greater exposure to off-premise than on-premise, as well as accelerated its penetration into modern trade and e-commerce platforms, in order to gain market share and reach out to more consumers. With the intention to provide convenient services and elevate customers' experience during social distancing, home delivery was also launched nationwide.

Besides, developing sales execution and competencies was also one of the strategic objectives for SABECO in 2021. By progressively implementing digital solutions, e.g., Distribution Management System (DMS) and Sales Force Automation (SFA), to trading companies, the sales process was optimized and standardized, helping enhance the competitiveness and productivity of the sales team. In addition, the Corporation also organized various sales training programs throughout the year, aiming to professionalize its sales force to better serve distributors and consumers.







#### **Brand Investment**

In light of the intense competition, SABECO prioritized its investment on marketing to strengthen the Corporation's brand equity and awareness.

Along with deploying street billboards in key cities, improving and increasing outlet signages, SABECO, through its Bia Saigon Chill brand, was also the gold sponsor for the highly anticipated Rap Viet All-Star Concert 2021.

Furthermore, Bia Saigon has also supported Vietnam sporting activities by sponsoring for the Vietnam sports delegation at the upcoming 31<sup>st</sup> SEA Games, and being the key partner and exclusive sponsor in the beer industry for Vietnam's national football team during the period of 2021 – 2022, thereby reinforcing Bia Saigon as the national pride of Vietnam.

As part of an effort to drive the positive message of unity during the pandemic, SABECO rolled out the national day campaign of "Stronger Together" by launching the limited edition for Bia Saigon Lager cans designed by Cau Be Tho, a Saigon-based emerging artist, as well as collaborating with Icon Denim, a famous local fashion brand, to come up with a unique fashion collection.

In order to celebrate the new year of 2022, SABECO launched comprehensive Tet campaigns for Bia Saigon and 333 brands, especially the largest collection with 63 limited edition provincial cans for Bia Saigon Lager, representing Vietnam prominent landmarks. In addition, SABECO also packaged Bia Saigon Gold cans in the shape of limited edition shiny gold bars, representing wealth and prosperity. Following its debut, an exclusive parade with pickup trucks full of "gold" around Ho Chi Minh City was organized and attracted lots of public attention since then. With a premium beer taste, an impressive design, and meaningful messages, Bia Saigon Gold continued to be the precious Tet gift, thereby affirming its position in the beer market of Vietnam.

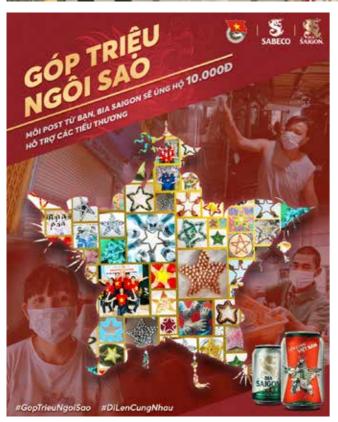


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### Production

SABECO's beer products won various prestigious awards from different international competitions

Along with SABECO 4.0, the production management software was deployed, completed and put into use during the period of 2019-2020, and successfully implemented for breweries in 2021, thus strengthening SABECO's quality management and production efficiency. The Corporation also adopted solar energy systems for cost efficiency and carbon footprint reduction at eight breweries as well as supported some of the subsidiaries with their capacity expansion projects.

The Production division also established SABECO Technical Support Team, consisting of experts from various breweries to research and apply advanced initiatives for production processes, and at the same time assist breweries to enhance their efficiency and quality.

In terms of 2021 recognitions, SABECO's beer products won various prestigious awards from different international competitions, including the Gold Medal for Bia Saigon Gold, Silver Medals for Bia Saigon Lager and Bia Saigon Chill at the Australian International Beer Awards 2021, and the Gold Quality Award for Bia Saigon Special as well as Sliver Quality Awards for Bia Saigon Export, Bia Saigon Lager, and 333 by Monde Selection. These recognitions reaffirmed the Corporation's commitment to quality and thus improved its brand equity not only domestically but also internationally, thereby bringing pride to Vietnam.





Gold Medal
The Australian International Beer 2021



Silver Medal
The Australian International Beer 2021



Gold Quality Award
Monde Selection 2021



Silv

Silver Quality Award
Monde Selection 2021

#### **Supply Chain**

Due to the impact of lockdown restrictions, SATRACO worked closely with all breweries to implement synchronous management, in order to not only control the Covid-19 situation within the system but also ensure the adequacy and quality of goods supply. Market fluctuations in all regions were closely monitored through weekly sales and operations meetings, thereby evaluating and offering appropriate solutions for each different scenario to balance between production and supply needs as well as avoid supply chain disruptions. Warehouses and transportation vendors were also strictly supervised to comply with safety regulations against Covid-19.

In addition, the utilization of Transportation Management System (TMS) together with Warehouse Management System (WMS) helped track real-time inventory visibility, optimize transportation routes and the number of warehouses needed, constantly improving operational efficiencies and lowering costs while still maintaining the fresh beer flavor.

#### Cost

Constantly pursuing cost optimization, SABECO continued to carry out several initiatives such as active hedging of raw and packaging materials, reducing energy consumption and materials wastage, installing solar panels, taking part in joint procurement, spending on the must-have and deferring on the nice-to-have, and applying digital transformation.



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#### People



Aiming to maintain business operations while also ensuring the safety and health of employees in the context of Covid-19, BCP was appropriately activated throughout the system and closely monitored by the Management and member companies. At the same time, essential items and specific instructions on preventing the spread of Covid-19 were provided to all employees, as well as quickly coordinated with Ho Chi Minh City Center for Diseases Control (HCDC) and medical forces to roll out vaccination programs.

The Corporation also deployed SABECO Care, a health protection and counseling program for frontline employees such as sales and promoter teams due to their regular travel and close contact. Breweries applying the "3 on-site" model were fully equipped with necessary supplies and facilities as well as frequent Covid-19 checkups to comply with requirements from local authorities.

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## **2022 OUTLOOK**

#### **MACROECONOMICS OVERVIEW AND THE BEER MARKET IN 2022**

#### Overview

- According to the Resolution of the National Assembly on the socio-economic development plan in 2022, the GDP growth target
  of 2022 is 6-6.5%, the average GDP per capita is about 4,700-5,000 USD/person and the average consumer price index is 4%;
  State budget deficit compared to GDP is about 4%.
- According to the meeting of the National Assembly, the Government believes that in 2022 with many new factors, along with
  the general trend, Vietnam must embrace "living with the epidemic" to gradually recover, although the level of recovery may
  be uneven; implement a faster and stronger digital transformation in parallel with the goal of controlling the outbreak of the
  disease; economic restructuring towards high autonomy, improved adaptability, and proactive response to change even in the
  context of a prolonged epidemic. At the same time, the Government is also considering adjusting monetary and fiscal policies
  to be appropriate, feasible, flexible, and adaptable in the context of a prolonged epidemic; focusing on implementing 3 key
  points: (1) restoring and promoting production and business; (2) boosting export business; (3) accelerating the disbursement of
  public investment capital and mobilizing social resources, developing a synchronous infrastructure system, especially strategic
  infrastructure.
- According to the World Bank, Vietnam remains an attractive destination for investors in the medium term. Vietnam's strong
  fundamentals will help investors hedge against short-term volatility caused by the Covid-19 pandemic. Internally, domestic
  consumption and public investment will play an important role in the recovery of economic growth in 2022.
- With the newly amended Enterprise Law, Investment Law, Securities Law and other regulations to enhance transparency in
  the investing environment, especially for foreign investors, Vietnam hopes to increase the stock market's capitalization equal
  to the country's GDP in 2021. A lager market capitalization will help Vietnam move from a frontier market to an emerging one.



The Vietnam beer industry suffered significantly as a result from these two unprecedented incidents - Covid-19 pandemic and restrictive laws.

#### **Beer Market in 2022**

- In late 2021 and early 2022, a bright spot of recovering socio-economic
  activities in general and the beer production and trading industry is to
  stimulate tourism activities and restaurants. Food services are allowed
  to re-open but must comply with strict regulations on prevention and
  controlling the pandemic.
- The beer production and trading industry still faces difficulties due to
  the increase in the price of raw and packaging materials, the scarcity
  of goods caused by traffic congestion, and the large increase in
  freight charges (caused by the epidemic situation, natural disasters,
  the government's isolation plan) which has pushed up commodity prices
  in the context of the pandemic.
- The industry continues to grapple with the impact of implementation of Decree No.100/2019/NĐ-CP dated December 30, 20219 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 trend of consuming mass premium beer brands will continue to grow over the long run. However, potential consumers' downtrading may have an impact on 2022 sales due to their income being affected by the lingering Covid-19 pandemic.
- The competition continues to be intense with every beer manufacturer vying for higher market share.
- Alcoholic beverages in Vietnam are subject to 3 taxes: import tax (from 5-80% depending on the type of FTA), value added tax - VAT (10%) and special consumption tax - SST (increase from 50% to 65% in 2018).



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#### **2022 PLANNING**

In spite of major challenges from the Covid-19 pandemic and Decree No. 100/2019/NĐ-CP dated December 30, 2019 on prohibiting drink driving, the focus that will be the driving force for economic growth in 2022 is the stabilization of production and business segments that will leverage on domestic consumption, thanks to the growing purchasing power of local Vietnamese as the Government of Vietnam implement effective disease controls coupled with high vaccination rates.





#### The Board provides guidance in the following areas:

- Implementing resolutions of the General Meeting of

   Shareholders including achieving 2022 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.
- Maintaining focus on the domestic market and reaching out to the international market.
- Promoting research and development initiatives to improve product quality and new product offerings.
- Applying SABECO 4.0 digital system in administrative and business activities for SABECO and its group of companies.
- Enhancing capabilities and efficiency of SABECO's supply chain system.
- Integrating effective methods of human resources management and applying the Key Performance Indicators (KPIs) reward system.

- Focusing on radical reforms to increase investment and operational efficiencies and reducing costs, thereby increasing productivity.
- Focusing on E-commerce and the on-off premise channels according to the global's trend.
- 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's 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.

**Corporate Governance** 

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## **REPORT ON CORPORATE GOVERNANCE**

#### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS**





Establishing clear roles, responsibilities and commitments of the Board

The governance model of SABECO includes the General Meeting of Shareholders, the Board of Directors, the Audit Committee under the Board of Directors and General Director. 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 for the Corporation's best interest.

Changes of the Board of Directors in 2021:

No.	Board of Directors	Position	Date of appointment	Date of termination
1	Mr. Koh Poh Tiong	Chairman	23/04/2018	
2	Mr. Pramoad Phornprapha	Independent Director	21/07/2018	
3	Mr. Nguyen Tien Vy	Independent Director	21/07/2018	
4	Ms. Tran Kim Nga	Director	09/05/2018	
5	Mr. Michael Chye Hin Fah	Director	21/07/2018	
6	Mr. Le Thanh Tuan	Director	28/04/2021	
7	Ms. Ngo Minh Chau	Director	28/04/2021	
8	Mr. Nguyen Tien Dung	Director	21/07/2018	28/04/2021
9	Mr. Luong Thanh Hai	Director	21/07/2018	28/04/2021

The Board has recognized its crucial duties 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 fiscal year ended December 31, 2021, the Board and the AC had organized 5 meetings in the form of video conference due to the complex situation of Covid-19.



No.	Board members	Position	Attendance	Percentage	Reasons for absence				
THE BOARD OF DIRECTORS									
1	Mr. Koh Poh Tiong	Chairman	5/5	100%					
2	Mr. Pramoad Phornprapha	Independent Director	4/5	80%	Personal reasons				
3	Mr. Nguyen Tien Vy	Independent Director	5/5	100%					
4	Ms. Tran Kim Nga	Director	5/5	100%					
5	Mr. Michael Chye Hin Fah	Director	5/5	100%					
6	Mr. Le Thanh Tuan	Director	2/3	67%	Personal reasons				
7	Ms. Ngo Minh Chau	Director	3/3	100%					
8	Mr. Nguyen Tien Dung	Director	2/2	100%					
9	Mr. Luong Thanh Hai	Director	2/2	100%					
THE A	AUDIT COMMITTEE								
1	Mr. Pramoad Phornprapha	Chairman	4/5	80%	Personal reasons				
2	Mr. Nguyen Tien Vy	Member	5/5	100%					
3	Mr. Michael Chye Hin Fah	Member	5/5	100%					

In addition to the online meetings above, the Board has discussed and voted by circulation on a number of business matters throughout the year. As of December 31, 2021, the Board has issued 99 resolutions in total.



Corporate Governance

#### List of 2021 resolutions:

No.	Resolution	Date	Content
1	01/2021/NQ-HĐQT	26/01/2021	Approved the dividend payment in advance
2	02/2021/NQ-HĐQT	26/01/2021	Approved the organization of 2021 Annual General Meeting of SABECO
3	03/2021/NQ-HĐQT	26/01/2021	Approved 2021 budget plan
4	04/2021/NQ-HĐQT	26/01/2021	Approved 2021 revised Internal Audit plan and 2021 IA budget in relation to Staff secondment service fee
5	05/2021/NQ-HĐQT	26/01/2021	Approved SABECO's Manual of Authorities
6	06/2021/NQ-HĐQT	26/01/2021	Approved divestment of investment at Orient Commercial Joint Stock Company
7	07/2021/NQ-HĐQT	26/01/2021	Approved declaration the conflict of interest of all employees of SABECO and subsidiaries
8	08/2021/NQ-HĐQT	26/01/2021	Approved in principle on investment of the project at Nha Trang City, Khanh Hoa Province
9	09/2021/NQ-HĐQT	26/01/2021	Approved in principle on investment of the project of Chuong Duong Beverages Joint Stock Company
10	10/2021/NQ-HĐQT	02/02/2021	Approved one additional legal representative of Tan Thanh Investment Trading Company Limited
11	11/2021/NQ-HĐQT	03/02/2021	Approved the contents to vote at Development Investment Construction Corporation's EGM in 2021
12	12/2021/NQ-HĐQT	03/02/2021	Approved proposal of SABECO's Management on seeking opinion content of SABECO Capital Representative at Saigon – Bentre Beer Joint Stock Company
13	13/2021/NQ-HĐQT	23/02/2021	Approved proposal on personnel matter at Sai Gon Beer Packaging Joint Stock Company, Sai Gon – Ha Noi Beer Corporation
14	14/2021/NQ-HĐQT	25/02/2021	Approved Sanctions Compliance Policy
15	15/2021/NQ-HĐQT	26/02/2021	Approved the termination of position as Deputy General Director in charger of Marketing
16	16/2021/NQ-HĐQT	15/03/2021	Approved adjustment of the selling – buying price of SABECO's domestic beer products

No.	Resolution	Date	Content
17	17/2021/NQ-HĐQT	18/03/2021	Approved the contents to vote at Sai Gon – Dong Xuan Beer Alcohol Joint Stock Company's AGM in 2021
18	18/2021/NQ-HĐQT	18/03/2021	Approved the contents to vote at Malaya – Vietnam Glass Limited's Council Members Meeting
19	19/2021/NQ-HĐQT	18/03/2021	Approved the contents to vote at Saigon – Songlam Beer Joint Stock Company's AGM in 2021
20	20/2021/NQ-HĐQT	18/03/2021	Approved the contents to vote at Saigon – Nghetinh Beer Joint Stock Company's AGM in 2021
21	21/2021/NQ-HĐQT	18/03/2021	Approved the contents to vote at Binh Tay Liquor Joint Stock Company's AGM in 2021
22	22/2021/NQ-HĐQT	19/03/2021	Approved proposal on personnel matter at Saigon – Nghetinh Beer Joint Stock Company, Saigon – Songlam Beer Joint Stock Company
23	23/2021/NQ-HĐQT	19/03/2021	Approved adjustment of the selling – buying price of SABECO's export beer products
24	24/2021/NQ-HĐQT	24/03/2021	Approved the 2021 AGM documents of SABECO  Approved Ms. Tran Kim Nga – Board Member to be elected as the Chairperson of 2021 AGM
25	25/2021/NQ-HĐQT	24/03/2021	Approved new remuneration for Members of the Board of Directors, Chairman and members of Committees directly under the BOD of SABECO
26	26/2021/NQ-HĐQT	25/03/2021	Approved proposal on personnel matter at Trading companies, Sai Gon – Ha Tinh Beer One Member Company Limited, Mechanical and Industrial Construction Joint Stock Company
27	27/2021/NQ-HĐQT	25/03/2021	Approved the contents to vote at Saigon – Ha Noi Beer Corporation's AGM in 2021
28	28/2021/NQ-HĐQT	26/03/2021	Approved the contents to vote at Sai Gon Beer Tay Nguyen Trading Joint Stock Company's AGM in 2021
29	29/2021/NQ-HĐQT	29/03/2021	Approved the guidance on the management of housing allowance for expatriate employees
30	30/2021/NQ-HĐQT	31/03/2021	Approved the appointment of Ms. Venus Teoh Kim Wei as the Deputy General Director in charge of Marketing

#### **Corporate Governance**

No.	Resolution	Date	Content
31	31/2021/NQ-HĐQT	31/03/2021	Approved housing allowance for expatriate's members of the Management
32	32/2021/NQ-HĐQT	02/04/2021	Approved proposal on personnel matter at Trading companies, Saigon Tay Do Beer – Beverage Joint Stock Company
33	33/2021/NQ-HĐQT	05/04/2021	Approved the contents to vote at Sai Gon Beer Northeast Joint Stock Company's AGM in 2021
34	34/2021/NQ-HĐQT	05/04/2021	Approved the contents to vote at Sai Gon Beer Packaging Joint Stock Company's AGM in 2021
35	35/2021/NQ-HĐQT	05/04/2021	Approved the contents to vote at Saigon – Baclieu Beer Joint Stock Company's AGM in 2021
36	36/2021/NQ-HĐQT	05/04/2021	Approved the contents to vote at Sai Gon – Quang Ngai Beer Joint Stock Company's AGM in 2021
37	37/2021/NQ-HĐQT	06/04/2021	Approved the contents to vote at Sai Gon – Vinh Long Beer Joint Stock Company's AGM in 2021
38	38/2021/NQ-HĐQT	09/04/2021	Approved the contents to vote at Sai Gon Beer Eastern Trading Joint Stock Company's AGM in 2021
39	39/2021/NQ-HĐQT	09/04/2021	Approved the contents to vote at Sai Gon – Mien Trung Beer Joint Stock Company's AGM in 2021
40	40/2021/NQ-HĐQT	12/04/2021	Approved the contents to vote at Chuong Duong Beverages Joint Stock Company's AGM in 2021
41	41/2021/NQ-HĐQT	12/04/2021	Approved the contents to vote at Saigon Song Hau Beer Trading Joint Stock Company's AGM in 2021
42	42/2021/NQ-HĐQT	12/04/2021	Approved the contents to vote at Saigon Beer Nam Trung Bo Trading Joint Stock Company's AGM in 2021
43	43/2021/NQ-HĐQT	12/04/2021	Approved the contents to vote at Saigon Song Tien Beer Trading Joint Stock Company's AGM in 2021
44	44/2021/NQ-HĐQT	12/04/2021	Approved the contents to vote at Saigon Beer Center Trading Joint Stock Company's AGM in 2021
45	45/2021/NQ-HĐQT	13/04/2021	Approved the contents to vote at Saigon Beer Mien Trung Trading Joint Stock Company's AGM in 2021

No.	Resolution	Date	Content
46	46/2021/NQ-HĐQT	14/04/2021	Approved the contents to vote at Saigon - Lamdong Beer Joint Stock Company's AGM in 2021
47	47/2021/NQ-HĐQT	14/04/2021	Approved the contents to vote at Western - Sai Gon Beer Joint Stock Company's AGM in 2021
48	48/2021/NQ-HĐQT	16/04/2021	Approved the contents to vote at Saigon - Phutho Beer Joint Stock Company's AGM in 2021
49	49/2021/NQ-HĐQT	16/04/2021	Approved the contents to vote at Saigon – Bentre Beer Joint Stock Company's AGM in 2021
50	50/2021/NQ-HĐQT	16/04/2021	Approved the contents to vote at Saigon Tay Do Beer - Beverage Joint Stock Company's AGM in 2021
51	51/2021/NQ-HĐQT	19/04/2021	Approved the contents to vote at Sai Gon Beer Bac Trung Bo Trading Joint Stock Company's AGM in 2021
52	52/2021/NQ-HĐQT	19/04/2021	Approved the contents to vote at Northern Sai Gon Beer Trading Joint Stock Company's AGM in 2021
53	53/2021/NQ-HĐQT	20/04/2021	Approved the contents to vote at Sai Gon – Kien Giang Beer Joint Stock Company's AGM in 2021
54	54/2021/NQ-HĐQT	20/04/2021	Approved additional AGM Agenda and AGM Documents
55	54A/2021/NQ-HĐQT	23/04/2021	Approved SABECO AGM Documents
56	55/2021/NQ-HĐQT	27/04/2021	Approved the contents to vote at PVI Joint Stock Company's AGM in 2021
57	57/2021/NQ-HĐQT	29/04/2021	Approved proposal on personnel matter at Sai Gon Beer Tay Nguyen Trading Joint Stock Company
58	58/2021/NQ-HĐQT	11/05/2021	Approved the contents to vote at Saigon - Dong Ha Tourism Joint Stock Company's AGM in 2021
59	59/2021/NQ-HĐQT	12/05/2021	Approved Business Ethics and Code of Conduct
60	60/2021/NQ-HĐQT	12/05/2021	Approved the contents to vote at Sai Gon – Khanh Hoa Beer Joint Stock Company's AGM in 2021

#### **Corporate Governance**

No.	Resolution	Date	Content
61	61/2021/NQ-HĐQT	18/05/2021	Approved proposal on matter related to consultancy service agreement with Melinh Point Limited
62	62/2021/NQ-HĐQT	09/06/2021	Approved proposal on matter related to investment project of Chuong Duong Beverages Joint Stock Company
63	63/2021/NQ-HĐQT	10/06/2021	Approved proposal on personnel matter and Charter at Vietnam Spirits and Wine LTD
64	64/2021/NQ-HĐQT	21/06/2021	Approved proposal on personnel appointed as Capital Representatives of Sai Gon Beer Trading company Limited
65	65/2021/NQ-HĐQT	21/06/2021	Approved to select Independent Auditor for SABECO and its group of companies' financial statements and other businesses upon request for the fiscal year 2021, QI/2022 and all relevant periods as deemed neccessary
66	66/2021/NQ-HĐQT	24/06/2021	Approved settlement of the completed project regarding "Investment in Sai Gon - Ha Tinh Beer Brewery"
67	67/2021/NQ-HĐQT	24/06/2021	Approved proposal of SABECO's Management on seeking opinion content of SABECO Capital Representative at Tan Thanh Investment Trading Company Limited
68	68/2021/NQ-HĐQT	24/06/2021	Approved proposal of SABECO's Management on seeking opinion content of SABECO Capital Representative at Tan Thanh Investment Trading Company Limited
69	69/2021/NQ-HĐQT	30/06/2021	Approved the budget and implementation plan for procurement and administration plan of COVID-19 vaccine for SABECO and its group of companies' employees.
70	70/2021/NQ-HĐQT	14/07/2021	Approved proposal of SABECO's Management on banking/treasury restructuring for SABECO and its subsidiaries
71	71/2021/NQ-HĐQT	28/07/2021	Approved adjustment of the selling – buying price of SABECO's domestic beer products
72	72/2021/NQ-HĐQT	28/07/2021	Approved proposal of SABECO's Management on matters of Vietnam Spirits and Wine LTD
73	73/2021/NQ-HĐQT	28/07/2021	Approval the appointment of Mr. Koo Liang Kwee as Senior Finance and Accounting Consultant
74	74/2021/NQ-HĐQT	29/07/2021	Approval in principal proposal for relaunch Bia Saigon Special
75	75/2021/NQ-HĐQT	10/08/2021	Approval proposal regarding inventory liquidation of Duplex coated paper that is being no longer needed of Saigon Beer Packaging Joint Stock Company

No.	Resolution	Date	Content
76	76/2021/NQ-HĐQT	20/08/2021	Approved the selling – buying price of SABECO's export beer products
77	77/2021/NQ-HĐQT	24/08/2021	Approved proposal regarding extending and renewing short-term credit line contract at bank of Sai Gon – Kien Giang Beer Joint Stock Company
78	78/2021/NQ-HĐQT	26/08/2021	Approved the audited half year Financial Statements 2021 of SABECO
79	78A/2021/NQ-HĐQT	15/09/2021	Approved proposal on personnel matter at Sai Gon Beer Trading Company Limited, Sai Gon – Dong Xuan Beer Alcohol Joint Stock Company, Saigon-Songlam Beer Joint Stock Company, Saigon-Nghetinh Beer Joint Stock Company
80	79/2021/NQ-HĐQT	16/09/2021	Approved of admenments made to the Charter of Saigon Beer Group Company Limited
81	80/2021/NQ-HĐQT	17/09/2021	Approved divestment of investment at Development Investment Construction Corporation
82	81/2021/NQ-HĐQT	17/09/2021	Approved proposal to terminate Mr. Teo Hong Keng as Deputy General Director – in charge of Accounting, Finance and other support functions and appointment of Mr. Koo Liang Kwee as Deputy General Director – in charge of Accounting, Finance and other support functions
83	82/2021/NQ-HĐQT	04/10/2021	Approved of admenments made to the Charter of Saigon Beer Trading Company Limited
84	83/2021/NQ-HĐQT	08/10/2021	Approved amending the JV contract and amendments made to the Charter of Me Linh Point Limited
85	84/2021/NQ-HĐQT	11/10/2021	Approved proposal on personnel matter at Sai Gon – Quang Ngai Beer Joint Stock Company
86	85/2021/NQ-HĐQT	11/10/2021	Approved the draft of Operation Regulation of the Audit Committee of SABECO
87	86/2021/NQ-HĐQT	20/10/2021	Approved the selling – buying price of Bia Saigon Gold products
88	87/2021/NQ-HĐQT	10/11/2021	Approved EGM form and draft of online GMS working regulation at Saigon – Nghetinh Beer Joint Stock Company
89	88/2021/NQ-HĐQT	11/11/2021	Approved proposal on personnel matter at Mechanical and Industrial Construction Joint Stock Company

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#### **Corporate Governance**

No.	Resolution	Date	Content
90	89/2021/NQ-HĐQT	11/11/2021	Approved the contents to vote at Mechanical and Industrial Construction Joint Stock Company's AGM in 2021
91	90/2021/NQ-HĐQT	15/11/2021	Approved proposal regarding extension of Joint Venture contract at Crown Beverage Cans Saigon Limited
92	91/2021/NQ-HĐQT	19/11/2021	Approved proposal to add the Business line and update Charter of Saigon Beer Center Trading Joint Stock Company
93	92/2021/NQ-HĐQT	25/11/2021	Approved the contents to vote at Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company's EGM in 2021
94	93/2021/NQ-HĐQT	25/11/2021	Approved proposal of SABECO's Management on voting Opinion Form of the Board of Saigon Binh Tay Beer Group Joint Stock Company
95	94/2021/NQ-HĐQT	29/11/2021	Approved proposal of SABECO's Management on voting Opinion Form of the Board of Saigon Binh Tay Beer Group Joint Stock Company
96	95/2021/NQ-HĐQT	09/12/2021	Approved EGM form and draft of online GMS working regulation at Saigon - Songlam Beer Joint Stock Company
97	96/2021/NQ-HĐQT	09/12/2021	Approved the contents to vote at Saigon Binh Tay Beer Group Joint Stock Company's AGM in 2021
98	97/2021/NQ-HĐQT	20/12/2021	Approved on dividend payment in advance of 2021 in cash
99	98/2021/NQ-HĐQT	27/12/2021	Approved proposal on personnel matter at Trading companies, Saigon Beer Group Company Limited, Saigon – Lamdong Beer Joint Stock Company



#### **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 Vietnamese, 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, legal, 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.

At SABECO, the rights and obligations of the person in charge of corporate governance are currently implemented by the Corporation's BOD Office, an independent department under the Board of Directors. However, in order to fully comply with regulations and apply best practices to corporate governance, SABECO is in the process of appointing a qualified person to be in charge of corporate governance.



#### **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, including Mr. Pramoad Phornprapha and Mr. Nguyen Tien Vy, who have been on board for less than 5 years and possess necessary qualifications and full eligibility to hold such positions.

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.



#### **Establishing Board committees**

The Board has set up specialized sub-committees to Charter have been developed as a practical benchmark help the Board fulfill its inherent functions and avoid any conflicts of interest.

The Board established the Audit Committee which consisted of three non-executive Board members, of whom two out of three members, including the Chairman of AC, are Independent Directors of the Board. 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 approved by the Board. The authorities, composition, and working procedures specified in the AC near future if necessary.

to measure and evaluate AC performance. In 2021, the AC Charter has been revised to reflect changes in current laws and regulations.

In addition, Mr. Nguyen Tien Vy, an Independent Director, has been 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 within SABECO group of companies, and other key human resources related matters.

Other sub-committees of the Board would be established in the

**Corporate Governance SABECO Annual Report 2021** 



#### **Ensuring effective Board performance**

The determination of levels and pay grades for members of the Board and the Management has been linked to SABECO's business performance, fulfillment of duties and responsibilities, as well as individual performance and compliance with applicable laws. Remuneration for members of the Board and the Management shall be included in business expenses of the Corporation and recorded as a separate item in audited annual FS.

Remuneration packages for the Board and the Management of SABECO for the year ended December 31, 2021 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 Director	-	100%	-	100%
Mr. Nguyen Tien Vy	Independent Director	-	100%	-	100%
Mr. Michael Chye Hin Fah	Director	-	100%	-	100%
Ms. Tran Kim Nga	Director	-	100%	-	100%
Mr. Le Thanh Tuan	Director	-	100%	-	100%
Ms. Ngo Minh Chau	Director	-	100%	-	100%
Mr. Nguyen Tien Dung	Director	100%	-	-	100%
Mr. Luong Thanh Hai	Director	78%	22%	-	100%
THE BOARD OF MANAGEMEN	NT				
Mr. Neo Gim Siong Bennett	General Director	88%	-	12%	100%
Mr. Koo Liang Kwee	Deputy General Director	88%	-	12%	100%
Ms. Venus Teoh Kim Wei	Deputy General Director	88%	-	12%	100%
Mr. Ng Kuan Ngee Melvyn	Deputy General Director	88%	-	12%	100%
Mr. Lam Du An	Deputy General Director	88%	-	12%	100%
Mr. Tran Nguyen Trung	Chief Accountant	88%	-	12%	100%
Mr. Teo Hong Keng	Deputy General Director	100%	-	-	100%
Mr. Hoang Dao Hiep	Deputy General Director	100%	-	-	100%

(\*) Mr. Koh Poh Tiong, Chairman of the Board, waived his remuneration for 2021.



#### 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 which is suitable to the needs

of the Corporation and its organizational culture. Currently at SABECO, the Board has approved the Code of Business Conduct and Ethics which has been communicated to all employees and put into practice since 2021

#### **CONTROL ENVIRONMENT**



#### Establishing a sound risk management and control environment

The Board has recognized its responsibility to ensure a sound In addition, the AC provides the Board with recommendations system of risk management and internal control to safeguard in respect of selecting the Independent Auditor, as well as shareholders' investments and the Corporation's assets.

The Board has established the IA Department which provides objective assurance and consultancy in order to add value and improve the Corporation's operations. IA authorities, compositions, remunerations, annual budgets, working processes and other relevant matters have been regulated under a separate IA Charter which has been approved by the Audit Committee. The Director of IA, who is a senior executive of the Corporation but not a member of the Management, has directly reported to AC. The appointment of IA Director was also approved by the AC. The AC and the IA also organized annual private meeting to discuss matters related to SABECO's business.

engagement fees and overall terms of services to be provided by the Independent Auditor.

During SABECO AGM 2021, shareholders approved the Board's proposal to select KPMG Vietnam to be in charge of auditing SABECO's Financial Statements for the fiscal year of 2021 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.

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#### **Corporate Governance**

#### **DISCLOSURE AND TRANSPARENCY**



#### **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 complied with the regulations of listed companies. SABECO has always published information in two languages ie., Vietnamese and English, and usually after trading hours. The Corporation's disclosure system has guaranteed fair access to information for shareholders, investors, and other stakeholders while not supporting any abuse of internal information or insider trading.

All quarterly FS were published within 30 days of the end of each quarter. The audited first half FS were published within 60 days of the end of the second quarter, while the audited full year FS were released within 90 days of the end of the fiscal year. SABECO has always complied with all information disclosure deadlines in 2021.



Information disclosure	Latest deadline by the law	Actual date of disclosure
Q1 2021 Financial Statements	30/04/2021	29/04/2021
Q2 2021 Financial Statements	30/07/2021	29/07/2021
Audited 1H 2021 Financial Statements	29/08/2021	27/08/2021
Q3 2021 Financial Statements	30/10/2021	27/10/2021
Q4 2021 Financial Statements	30/01/2022	26/01/2022
Audited FY 2021 Financial Statements	31/03/2022	30/03/2022
2021 Annual Report	20/04/2022	19/04/2022

After disclosing quarterly financial statements, SABECO usually organized meetings for investors and analysts to have the opportunities for direct conversations with the Management to address related concerns. In 2021, four meetings were held in total via video conference.

#### **SHAREHOLDERS' RIGHTS**



Establishing a framework for the effective exercise of shareholders' rights

#### Shareholders' rights

SABECO has acknowledged and respected the rights of all 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 and accuracy of information disclosed so that shareholders would be able to make well-informed decisions at AGM, including casting their votes and expressing their opinions on the Corporation's changes, proposals, and the election of members of the Board.

#### **Conducting The Annual General Meeting of Shareholders**

In 2021, adopting changes from the Law on Enterprises 2020 in organizing the General Meeting of Shareholders, SABECO has complied and sent the invitation as well as AGM documents to shareholders at least 21 days before the AGM date instead of 10 to make inquiries and express their opinions as well as offer days in previous years. The Corporation also posted all relevant information on HOSE's and SABECO's websites for easy access and shareholders to have sufficient time to carefully study those documents.

At AGM 2021, foreign Board members attended via video conference due to travel restrictions, whereas Vietnamese Board members and the Management were available to address shareholders' concerns at the meeting. The Corporation's

Independent Auditor, KPMG Vietnam, also participated to report on their auditing preparations and contents of these audited reports. During the meeting, shareholders were encouraged recommendations.

The AGM Minutes were accurately and completely recorded in a timely manner as required by the law, then disclosed together with the AGM Resolution to SSC, HOSE, and posted on SABECO's website within 24 hours of the AGM date, and eventually sent to each shareholder via post within 15 days of the AGM date, thereby ensuring full compliance with current laws and regulations.

#### **Dividend payout**

SABECO has paid all declared dividends within six months of the AGM date.

In 2021, per the AGM Resolution on 2021 dividend plan and the Corporation's performance, the Board of Directors has approved the 2021 advance dividend payment in cash, including the first payment of 20% in January 2022 and the second payment of 15% in March 2022.

Year	Payment Type	Payment 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%
2020	By cash	35%
2021	By cash	35%

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#### All shareholders shall be treated equally

Shareholders' votes have been on a "one share, one vote" basis. All rights pertaining to each class of shares were also publicly disclosed. In addition, AGM materials such as invitation letters, documents, the Resolution and Minutes, were provided in both Vietnamese and English to facilitate all shareholders including foreigners.

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

All related party transactions occurred were subject to strict reviews and approval processes by following the pre-defined approval matrix under the Charter of SABECO. The Audit Committee would then review and discuss 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 are required to disclose to the Board whether they directly, indirectly, or on behalf of third parties, had material interests in any transactions or matters which directly affected the Corporation. The Board must ensure that transactions between related parties were

All related party transactions occurred were subject to strict carried out on normal commercial terms and did no harm to reviews and approval processes by following the pre-defined the interests of the Corporation.

Excluding transaction within SABECO group of companies, transactions between SABECO and other related parties were approved by the Board as follows:

- **Company:** Me Linh Point Limited
- Transaction detail: Consultant services
- Board's approval: Resolution No. 61/2021/NQ-HDQT dated May 18, 2021

Stock transactionsStock trading of internal personsStock trading of related personsNoneNone

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



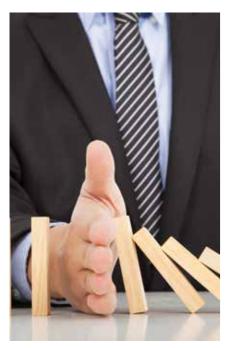
#### **Building effective stakeholder engagements**

The Board has always considered and taken into account all stakeholders' interests, who would be affected by the Corporation's operations and decisions. The Board has also ensured that the Corporation would respect all legitimate interests and rights of stakeholders as established by the law or contractual commitments. The Board has already come up with interactive plans for different stakeholders, in hope of demonstrating the Corporation's commitments to stakeholder engagements 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 acknowledge communication from external stakeholders; (ii) recognize issues and come up with responses; and (iii) provide relevant documents if necessary.

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## **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, including:

- 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 risks cannot be prevented.
- Assist in decision making, planning, and prioritizing work based on the knowledge of business activities, opportunities, and challenges.
- Protect intellectual properties with respect to images, trademarks, trade names, industrial designs, copyrights, and make good use of intellectual property assets.
- Optimize operational efficiency and enhance competitive advantages.

#### **EVALUATION OF RISK MANAGEMENT**

#### **Methods**

- Organize a management structure with relevant functions to execute the workflow appropriately and professionally.
- 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 implementing activities as well as review, revise, and update them to facilitate internal and external changes.
- Deploy the manual of authority (MOA) system to ensure systematization in the management process of SABECO.
- Enhance performance through processes, guidelines, and training programs as per the annual plan.

- Apply technologies to enhance efficiency and improve productivity.
- Organize evaluation programs, internal controls, and internal audits to review the compliance as well as the effectiveness of the system.
- Apply management standards of ISO 9000, ISO 14000, ISO 22000, ISO 17025, ISO 50000 throughout the entire SABECO system.
- Deploy the business continuity plan (BCP) as well as preparations such as fire drills, environmental troubleshooting, etc., to improve risks forecasting and responses to emergencies.

#### **Risk Identification and Analysis**

At the present, risks have been identified through:

- Periodical data reporting and tools such as the accounting software.
- The analysis of management system on Quality Food Safety Environment of SABECO. In 2021, SABECO evaluated its management system on Quality Food Safety Environment at all breweries.
- · Performing internal audits to assess the compliance of current rules, regulations, and processes.

#### **Participation in Risk Management**

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



Execution



Units/individuals, who directly perform, will control risks related to their works and ensure expected outcomes.



Inspection



Units/individuals, who are assigned with inspection and control, will carry out inspections to ensure works as planned.



Coordination and planning



Units/individuals, who are assigned to coordinate and participate in the decision making and implementation processes upon their functions.

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#### **Common Risks**

Factors involved in risk control processes:

Human

Technology

System of regulations and procedures

#### Specific risks as follows:



Market risks



Decreased market demand due to the impact of Covid-19, brand positioning, intense competition, cross-territory sales and risk of losing market share.



Production risks



Defective products, broken equipment, labor accidents, inappropriate production planning, food safety and environmental incidents, coupled with the disruption to global supply of raw and packaging materials.



Financial risks



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



Data management risks



Inaccurate and delayed information as well as information leakage.



Internal management risks



Incomplete internal management of synchronized policies and vertical entities, resulting in various risks in sales activities, cost management, cash flow, transportation and warehouse management.



Legal and compliance risks



Contractual disputes, violations of legal requirements on corporate governance (e.g., information disclosures, RPTs, appointments of related persons), lack of compliance in performance, lack of law acknowledgement, copyright and trademark disputes, violations of conformity announcement and regulations in advertising and promotion.

In addition, legal regulations have imposed higher requirements on the food and beverage business, including regulations related to the production and trading of beer and alcoholic beverages. The law on prevention of alcoholic beverage harms was passed to grant the State more control in the field of alcoholic beverage management and to mitigate harmful effects of beer and alcoholic beverages. Therefore, SABECO had to review its internal regulations to comply with the law as well as disseminate law acknowledgement to all employees to limit law violations.



Other risks



The imbalance between production and consumption by region, work stagnation due to lack of coordination and poor performance.

#### **Overall Assessment on Risk Management**

- The Management has received awareness training on their responsibilities of risk management. The risk management competencies should be further trained.
- · Information technology has been applied in a number of fields to improve work efficiency and control.
- Risk identification has not been implemented in a comprehensive and systematic way.
- 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 the Management's responses and actions.

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Address risks and provide

#### **Corporate Governance**

MEASURES TO PREVENT AND MINIMIZE RISKS

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

#### **Principles**





Risk management should be implemented thoroughly and consistently for the entire system.

Risk control measures should be established on the principle of prevention and linked to the Corporation's value chain.





The Management would direct and appoint persons in charge of risk management in each area.

The risk management system should be established with the use of information technology and efficient working procedures.

#### **Main Solutions**

Appoint personnel for risk management and assessment as well as inspection and supervision in the entire system.

Finalize internal governance documents including risk management policies, disseminate and train relevant people for implementation.

Develop a comprehensive risk management system with regular and periodic assessment plans, establish an information management system and grant access to relevant personnel to review the 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 standards and uniform risk assessment methods.
- 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 2022**



Amend and complete internal regulations

Conduct trainings on legal documents and internal regulations



related mitigations









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## **INVESTOR RELATIONS**



In 2021, despite prolonged lockdowns and communication challenges, SABECO has continued to focus on strengthening and expanding IR functions to ensure benefits for shareholders and meet the increasing demand of engagement from domestic and international investors.



#### **ENSURE TRANSPARENCY, FAIRNESS, AND BENEFITS FOR SHAREHOLDERS**

Acknowledging the importance of information access to investors, SABECO IR Department has ensured that public disclosures in 2021 were made in an accurate and timely manner. Periodic reports and extraordinary information have been uploaded on the Corporation's website and disclosed to HOSE and SSC in accordance with current regulations. In addition, all announcements have been made in both Vietnamese and English in order to facilitate both local and foreign shareholders and investors for ease of information access.

In addition, SABECO's website and its latest Annual Report have also been updated in terms of contents, design, and format in order to be in line with the corporate identity and market's best practices, thereby providing investors with reliable data and a comprehensive picture of the Corporation's current business activities.

Event planning and documents of AGM 2021 continued to be upgraded and standardized. The AGM took place in Ho Chi Minh City downtown area with medical and seating arrangements to facilitate shareholders' attendance while mitigating Covid-19 impacts. Moreover, AGM documents were posted on SABECO's website 21 days prior to the meeting date as required by the law to ensure that shareholders had enough time to study all agenda items, which in turn improved the quality of discussions and voting at the AGM.

## STRENGTHEN THE RELATIONSHIP WITH INVESTORS THROUGH COMMUNICATION AND COORDINATION

In 2021, SABECO IR Department has proactively communicated to investors and interested parties, including receiving and responding promptly to inquiries of shareholders and investors through various channels such as phone calls, emails, and investor meetings. Many other interactive initiatives such as press releases, analyst reports, and quarterly presentations have been put into place as part of the Corporation's efforts to meet the ever-increasing demand of investors.

Due to travel restrictions imposed in the light of Covid-19, SABECO's quarterly investor briefings were hosted via video conference in order to engage investors and analysts and provide them with official updates and valuable insights on the Corporation's current activities and strategies, as well as the opportunities to have direct conversations with the Management to address related concerns. Besides, feedback and comments of attendees for each investor briefing were collected for future betterments and consideration.



Sustainable Development Report

SABECO Annual Report 2021

## **OVERVIEW**

#### INTRODUCTION

Sustainable Development Report is prepared on an annual basis to present and disclose official information on sustainable development objectives, planning, and activities of SABECO. Throughout this report, SABECO commits to the transparency in announcing sustainable development contents, thereby strengthening the trust of stakeholders and affirming the Corporation's 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 in accordance with Global Reporting Initiative (GRI) standards and the Guideline of Information Disclosure on Environment and Society from the State Securities Commission of Vietnam (SSC) and International Finance Corporation (IFC).

In preparation for the report, SABECO takes into account its activities and impacts as well as interests and expectations of stakeholders in relation to the Corporation's strategies on operation and sustainable development.



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 strategies from January 1, 2021 to December 31, 2021, 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:

- 2021 Financial Statements were audited by KPMG Limited Vietnam.
- Certificates in the fields 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: 5<sup>th</sup> Floor, Vincom Center, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

**Sustainable Development Report** 

#### **SABECO Annual Report 2021**

## SUSTAINABLE DEVELOPMENT INDICATORS

#### **FINANCIAL INDICATORS**



**Total Production Capacity** 

billion liters per year



**Owners' Equity** 

22,595



**Total Assets** 

30,487

billion VND

**Net Sales** 

26,374

billion VND

**Profit After Tax** 

3,929

billion VND

ROE



2021 Dividend **Payout** 

35%

**ROA** 

13.6%

17.9%

#### **NON-FINANCIAL INDICATORS**



**Human Capital** 

employees (as of December 31, 2021)



**2021 CSR Contribution** 

billion VND

#### **2021 AWARDS**



### **VIETNAM'S TOP 50**

**BEST LISTED COMPANIES IN 2021** 

Forbes Vietnam



#### **VIETNAM'S TOP 50 BEST PERFORMING COMPANIES**

Nhip Cau Dau Tu Magazine & Thien Viet Securities



#### **CORPORATE EXCELLENCE**

**AWARD** 

The Asia Pacific Enterprise Awards 2021



The Australian International Beer Awards 2021

The Royal Agricultural Society of Victoria



01 Gold Medal

Bia Saigon Gold



★ 02 Silver Medals

Bia Saigon Chill and Bia Saigon Lager



★ 03 Bronze Medals

Bia Saigon Special, Bia Saigon Export and Bia Lac Viet



**The Monde Selection 2021** 

The International Quality Institute



01 Gold Medal

Bia Saigon Special



03 Silver Medals

Bia Saigon Export, Bia Saigon Lager and 333



**The International Brewing Awards 2021** 

Brewing Technology Services Ltd, Anh



01 Bronze Medal Bia Saigon Export

The Asia Beer Championship 2021

Asia Brewers Network, Singapore



01 Bronze Medal

Bia Lac Viet

123

**SABECO Annual Report 2021** 

**Sustainable Development Report** 

# SUSTAINABLE DEVELOPMENT STRATEGIES



#### **MAIN PRINCIPLES**

- Keep the balance of economy, society and environment, including stakeholders who are working towards the implementation of sustainable growth of the business.
- Reduce the impacts from the implementation of the Corporation's value chain to align with the growth of business by covering dimensions of society, environment, and occupational health and safety.
- Adhere to good conduct of its business and risk management by covering all dimensions that have an impact on an appropriate manner in business operation and compliance with applicable laws and regulations.
- Support the development of innovation and technologies to sustain operation, deliver growth and shape the future for the Corporation.

- Commit and conduct sustainable performance transparently for continuous development.
- Recognize the importance of natural resources and environment by encouraging the use of resources effectively along with developing innovation and technologies in order to increase the efficiency and reduce any environmental impact.
- Place importance to and care of the quality and safety of food chain by serving consumers with healthy and safety products, with responsibility to society and environment.
- Be aware of the compliance with the sustainability policy throughout the Corporation's value chain.

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



Environment



Develop green, clean and energy saving systems, as well as utilize environmentally friendly sources of energy in order to protect and conserve the environment.



People



Invest in human capital and create a sustainable work environment.



Social



Commit to establishing strong relationships with local communities through practical and meaningful initiatives, thereby contributing positive values to the society as a whole.

#### **4Cs COMMITMENT**

With a strong commitment to investing in business activities while maintaining sustainable development, SABECO always strives for positive changes to enhance the position of Vietnamese brands as well as development for local communities and the country. The Corporation's sustainable development strategies focus 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 fresh products to meet different consumers' tastes and needs while ensuring compliance with environmental and labor safety regulations.

Conservation



SABECO emphasizes on cutting costs and reducing water and energy consumption in business operations, also utilizing sustainable resources such as solar energy and environmentally friendly packaging materials.

Country



SABECO encourages the creativity and efforts of the Vietnamese. SABECO supports the rising spirit of Vietnam through various activities to promote the working capability of talents in Vietnam, while continuing to invest in the Corporation's brands and products to create positive values which will contribute to the overall development and prosperity of the country, thereby bringing pride to Vietnam.

Culture



SABECO supports activities to preserve and promote the traditional cultural values of Vietnam.

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#### **HIGHLIGHTED ACTIVITIES OF 4Cs**

#### CONSUMPTION





#### The Australian International Beer Awards 2021

- Achieving various medals in different categories, notably Gold Medal for Bia Saigon Gold in the Australian Style Lager category.
- Affirming SABECO's efforts to bring the best quality of beer to consumers.

#### CONSERVATION





#### **Green energy**

- · Using BIOMASS.
- Investing in solar power at breweries.

#### Sustainable packaging

#### Wastewater treatment

• 100% wastewater is treated before its return to the environment.

#### CULTURE





# Three-year partnership with the Vietnam National Administration of Tourism

 Assisting in preserving culture, promoting the country's beauty, and contributing to the recovery and development of Vietnam's tourism industry.



## Tet collection of 63 Vietnamese provincial cans

 Launching the largest collection including 63 limited edition provincial cans.



#### **Tien Phong Marathon 2021**

- Creating a healthy playground for the young generation.
- Promoting the beauty of nature, culture, and people in Pleiku, Gia Lai, thereby contributing to tourism resumption.

#### COUNTRY





#### Proud sponsor of the Vietnam national football team

- Supporting sport activities of the country.
- Honoring the spirit of solidarity and efforts to bring pride to Vietnam.



#### "Community Care" program

- Joining hands with the government in the fight against Covid-19.
- Encouraging the community spirit to overcome tough periods together.



#### "Collecting Million Stars" program

- Spreading the message of "Stronger Together".
- Supporting small businesses in the food and beverage industry within Ho Chi Minh City, who were most affected by Covid-19.



#### "Tet - One Home" program

- Helping struggling workers and students come home for family reunion on the Lunar New Year occasion.
- Promoting the spirit of national solidarity and togetherness.



#### Diamond sponsor of the 31st SEA Games

Accompanying and supporting the Vietnam sports delegation at the 31st SEA Games.

#### MANAGEMENT OF SUSTAINABLE DEVELOPMENT

	A
7	

#### 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 SARECO



#### The Board of Management

- Research, build, and propose key objectives and plans for sustainable development based on the Board guidance.
- Communicate objectives and detailed plans to member companies and functional departments through task assignments and supervising the implementation.



# Risk management of sustainable development

- Integrate business strategies and objectives into a 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 evaluate the frequency and extent of those risks in order to provide the Management with appropriate and timely recommendations.



# Member companies and functional departments

• Implement sustainable development tasks assigned by the Board and the Management.

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## STAKEHOLDER ENGAGEMENT

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





Main concerns	SABECO's action	Results in 2021	Interactive channels
Products' quality and safety	<ul> <li>Apply advanced science and technology to improve products 'quality and designs</li> <li>Comply with production standards and regulations</li> </ul>	Beer freshness was ensured in the market	
Customer care	<ul> <li>Launch limited edition products</li> <li>Expand the distribution system</li> <li>Launch various attractive trade promotions</li> <li>Collect feedback from consumers</li> <li>Research into dynamic market demands</li> </ul>	<ul> <li>SABECO received various positive feedback from consumers</li> <li>Product distribution and visibility were increased</li> <li>Brand awareness and brand equity were improved</li> </ul>	<ul> <li>Annual distributors conference</li> <li>SABECO website and social networks</li> <li>Via phone and emails</li> <li>Market visits</li> <li>Surveys</li> </ul>
Sales policies for distributors	<ul> <li>Apply motivated incentive schemes</li> <li>Support distributors during Covid-19</li> </ul>	<ul> <li>Distributors were encouraged to invest in SABECO and their own businesses</li> <li>SABECO and distributors overcame difficulties together</li> </ul>	

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Main concerns	SABECO's action	Results in 2021	Interactive channels
Information transparency	Comply with regulations of information disclosure	Information was disclosed timely and sufficiently	Quarterly Investor
Benefits for shareholders and investors	<ul> <li>Maintain dividend payout</li> <li>Ensure fairness for all shareholders and investors</li> </ul>	The 2021 dividend rate was maintained at 35%	Briefings  AGM and EGM  SABECO website  Third-party
Management capability and corporate value	<ul> <li>Continue to restructure and improve corporate governance</li> <li>Enhance the overall operational efficiency</li> </ul>	<ul> <li>SABECO received awards and recognitions for its corporate brand and products</li> <li>The Corporation's leading position was reaffirmed</li> </ul>	conferences  Via phone and emails  Surveys



Main concerns	SABECO's action	Results in 2021	Interactive channels
Long-term partnership, fairness, and openness in cooperation	<ul> <li>Involve legal consulting in all contracts</li> <li>Ensure data confidentiality for all suppliers</li> <li>Select suppliers based on their qualifications, experience, and reputation</li> <li>Resolve conflicts on the basis of goodwill and respect</li> <li>Maintain and strengthen long-term partnership between SABECO and suppliers</li> <li>Information sharing for better work efficiency</li> <li>Forward buying of raw materials for hedging purposes</li> </ul>	<ul> <li>SABECO was considered a reliable partner for various suppliers in the market</li> <li>Close and mutually beneficial relationships were maintained and developed</li> <li>Stable and high-quality sources of raw materials were ensured</li> <li>Pricing was competitive and transparent</li> </ul>	<ul> <li>Suppliers network within SABECO group of companies</li> <li>Negotiation meetings</li> <li>Virtual meetings</li> <li>Via phone and emails</li> </ul>



Main concerns	SABECO's action	Results in 2021	Interactive channels
Remuneration, welfare, training, and promotion policies	<ul> <li>Preserve jobs and salaries for employees during the severe Covid-19 outbreak</li> <li>Apply a performance-based salary structure to ensure the competitiveness and fairness</li> <li>Recognize and evaluate contributions and achievements of employees</li> <li>Organize training courses to improve the professionalism for employees</li> <li>Communicate viewpoints and aspirations of employees to the Communist Party and Labor Union</li> </ul>	<ul> <li>Employees' security         and motivation were         maintained</li> <li>Employees were supported         in developing their career         paths</li> <li>Work efficiency was         comparable to salary and         bonus</li> </ul>	<ul> <li>Bi-annual Town Hall Meetings</li> <li>Annual training courses</li> <li>SABECO website</li> </ul>
Working environment	<ul> <li>Ensure a professional, collaborative, safe, and clean working environment</li> <li>Organize regular discussions and talks between the Management and employees</li> <li>Implement BCP during times of Covid-19 outbreak</li> <li>Carry out vaccination programs for all employees</li> </ul>	<ul> <li>There were no occupational injuries in 2021</li> <li>Safety and wellness of employees were ensured during the Covid-19 outbreak</li> <li>Employee's communication and bonding were improved throughout the Corporation</li> </ul>	<ul> <li>Internal newsletters</li> <li>Meetings with the Communist Party and Labor Union</li> </ul>



Main concerns	SABECO's action	Results in 2021	Interactive channels
Information and image of SABECO	<ul> <li>Issue and implement regulations on public speeches and information to be given to the press</li> <li>Enhance corporate communication</li> <li>Build and maintain strong relationships with the media, especially local newspapers</li> </ul>	<ul> <li>SABECO news was released timely, accurately, and transparently</li> <li>Clear messages of SABECO were conveyed</li> <li>The reputation of the Corporation was strengthened</li> </ul>	<ul> <li>Suppliers network within SABECO group of companies</li> <li>Negotiation meetings</li> <li>Virtual meetings</li> <li>Via phone and emails</li> </ul>

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## AUTHORITIES/GOVERNMENT/ASSOCIATIONS

Main concerns	SABECO's action	Results in 2021	Interactive channels
Compliance with the law and regulations	<ul> <li>Comply with laws and regulations related to SABECO businesses</li> <li>Update relevant legal documents</li> </ul>	<ul> <li>SABECO was considered one of the largest contributors to the State budget</li> <li>The Corporation's brand reputation and value were maintained</li> </ul>	Conferences and forums hosted by     State agencies
Support for State policies and activities	<ul> <li>Participate in programs and activities launched by authorities</li> <li>Partnership with the Vietnam National Administration of Tourism</li> <li>Sponsorship for the Vietnam national football team</li> <li>Contribute to improving provincial economies</li> </ul>	<ul> <li>SABECO created stable jobs for local people, promoted the beauty of the country, as well as brought pride to Vietnam</li> <li>SABECO was considered one of the most active enterprises in supporting State activities</li> </ul>	State agencies, including provincial governments  • Activities organized by VBA and VCCI

## COMMUNITY

Main concerns	SABECO's action	Results in 2021	Interactive channels
Contributions to the society	<ul> <li>Launch various large-scale CSR activities</li> <li>Join hands with the government in the fight against Covid-19</li> </ul>	<ul> <li>SABECO's reputation and Bia Saigon brand was strengthened within local communities</li> <li>The Corporation's message of "Stronger Together" was clearly delivered</li> </ul>	<ul> <li>Meeting with provincial authorities</li> <li>Projects of sustainable development</li> <li>CSR activities</li> <li>National and local media and social networks</li> </ul>
Environmental protection	<ul> <li>Comply with regulations on environmental protection</li> <li>Conduct various initiatives to cut down on raw materials, energy, and natural resources</li> <li>Raise awareness of environmental protection among employees</li> </ul>	Environmental impacts     were minimized	

## **ENVIRONMENTAL PROTECTION**

#### **CLIMATE CHANGE**

As an enterprise who commits to investing in business activities together with sustainable development, SABECO has always been aware of its roles and responsibilities in environmental protection, especially in the context of climate change being one of the biggest challenges of the world. Therefore, the Corporation has proactively implemented various green initiatives as well as encouraged stakeholders to mitigate short-term and long-term negative impacts on the environment through the following guidelines:

- Ensure compliance with the environmental legislation.
- Set the clear target for environmental protection manners such as reduction of water consumption, energy consumption, pollutant emissions, effluents, and waste.
- Continuously review and rectify the Corporation's performance which may affect environment, especially the matter which may affect nature and climate change.
- Develop and implement the environmental protection policy and have the environmental management system in accordance with national and international standards.
- Implement the sustainable development of packaging by using returnable glass bottles, recycled cullet and aluminum can, and eco-friendly packaging design, reducing the materials consumption from nature resources.

- Encourage to continuously improve environmental management of the production process to prevent and mitigate negative impact on environment and climate change.
- Issue the internal regulations to guide the good environmental management, implement manners to reduce the impact on climate change and do the best practices among companies in the group.
- Encourage the efficient and conservative use of natural resources to keep the balance of the environment and society.



# **Total amount of greenhouse gas emissions from SABECO breweries in 2021** (tCO<sub>2</sub>e)



#### ★ Initiatives for reducing greenhouse gas emissions

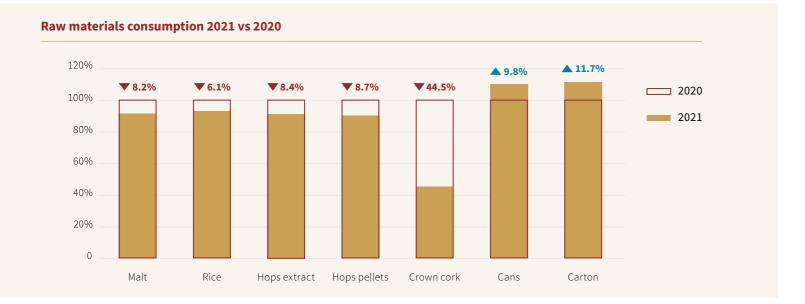
- Switch from diesel forklifts to liquefied petroleum gas forklifts which are eco-friendly.
- Use BIOMASS boilers instead of fossil fuel boilers.
- Invest in solar energy for breweries within the system.
- Utilize downgauging and recyclable packaging.

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#### MANAGEMENT OF RAW MATERIALS

In 2021, the quality and usage of raw materials throughout the production process continued to be well-managed with market demand gradually shifting from consuming bottles to cans due to more convenience.



The breweries have flexibly adapted and been fully prepared to resume operation and fulfill the market demand after lockdown restrictions were lifted. Furthermore, the breweries have synchronously implemented initiatives, strengthen supervision and strict control of the production process to reduce raw materials consumption per unit. In general, the initiatives were based on the following principles:

- · Initiatives, which could be deployed immediately and compatible with existing equipment/systems and processes, would be prioritized, followed by other initiatives that require investment or upgrade.
- · Initiatives for saving, which account for a large proportion of raw materials, would be prioritized to get the best result.

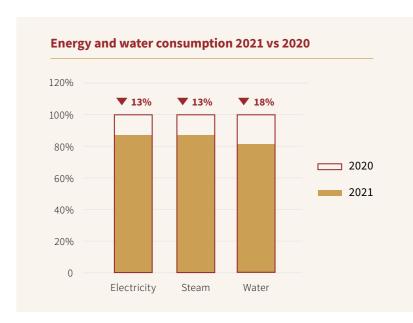
SABECO has applied rigorous requirements to all raw materials. Particularly, ingredients that affect product quality, food hygiene and safety such as barley malt, hops, cans, ends, bottles, crown corks, etc., have been purchased directly from suppliers, which means the quality control of raw materials has been assured before re-distributing to breweries. Auxiliary ingredients, which do not affect the beer quality, food safety and hygiene, have been 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 such as European Brewery Convention (EBC), Mitteleuropäische Brautechnische Analysenkommision (MEBAK), American Society of Brewing Chemists (ASBC), and Deutsches Institut für Normung (DIN).

Specialized laboratories have been set up with a full range of modern equipment to fully analyze the technical requirements of input materials such as Skalar malt analyzer, HPLC, GC and Trumac nitrogen analyzer. All inputs have been subject to "Qualified" certification issued by the Quality Control Department before being put into use. This "Qualified" certification has taken into account the right supplier, the right country/origin of production under the approved list, and requirements of quality, food safety, and environment under relevant regulations.

In addition, SABECO has conducted relevant risk management for the Corporation's supply chain, including periodically reviewing suppliers at their manufacturing sites to ensure process compliance among the related parties.

#### **ENERGY AND WATER**

Due to the impact of prolonged social distancing, the production volume in 2021 was lower than that of 2020, yet the breweries still had to consume energy and water to maintain semi-finished goods. The Technical team has made efforts to research and apply various saving initiatives to reduce energy and water consumption compared to 2020.



#### ★ Initiatives for saving energy

- Maintain and upgrade machinery, technology, and
   Recover and reuse water. infrastructure to save energy.
- Adjust the aeration time of aeration tanks in the wastewater. Renovate the vacuum pump cooling system.
- Automatically stop the wrapping machine when there is
   Adopt the improved cleaning in place (CIP) system to reduce no load.
- Invest in a high-pressure plate-frame press to save on
   Reuse wastewater and excess hot water. electricity and costs of transporting and treating sludge.
- Optimize the operation of the compressed air system, separate the compressed air system to remove dust to save electricity.
- · Invest in the inverter running air compressor.
- Reduce the evaporation rate of wort boiling kettles.
- · Pipes insulation and heat exchangers.
- Use BIOMASS boilers from plant materials (e.g., rice husks, sawdust, cashew shells and leaves).
- · Invest in solar power systems.



#### Initiatives for saving water

- Recover and reuse rainwater.
- water usage compared to the initial CIP process.
- Apply advanced hygiene regimes for equipment.
- Recover all condensates and return to the boiler.



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#### **ADVANCED TECHNOLOGY**



Placing technologies and techniques as foundations of the Corporation's competitive and development strategies, SABECO breweries have been equipped with state-of-the-art machinery and equipment imported from European industry leaders such as Krones AG, KHS, etc., integrated into a highly automated production system to reduce energy consumption. SABECO has been constantly improving and applying modern technology and equipment in production process. Since 2017, the breweries have been equipped with equipment for checking bottles, codes, testing labels, and CO<sub>2</sub> stripping 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 operators' health, and reduce the consumption of inputs (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. Several technical staffs attended Brew Master courses in the United States and Germany, in which 51 Brew Masters were trained throughout the system from 2012. SABECO also invited many reputable organizations and specialists to provide technical training for managers and plant operators to improve their skills. In addition, technicians also participated in advanced training courses on yeast propagation, chemical and microbiology analysis, beer sensory analysis, maintenance and management systems that are in line with international standards.

#### INVESTMENT IN WASTEWATER AND WASTEWATER TREATMENT SYSTEM

All breweries ensure that wastewater has met the QCVN 40:2011 standard (type A or B) before being discharged into the environment or the wastewater collection systems of industrial zones. The monitoring of wastewater environment has been regularly conducted to be in line with the approved frequency as stated in environmental impact assessment reports.

In addition, the breweries have had silos containing spent grains and scrap packaging. Domestic waste has always 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 has also been invested to generate electricity and make compost.

#### **ENVIRONMENTAL MANAGEMENT SYSTEM**

Breweries have been approved for the Environmental Impact Assessment/Environmental Protection Commitment/ Environmental Protection Scheme, and achieved the certificate of environmental management system according to ISO 14001:2015.

26 breweries have also obtained the certificates of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 22000 (Food Safety Management System) and HACCP (Hazard Analysis and Critical Control Points). In addition, the breweries have had laboratories accredited with ISO 17025 to ensure the beer quality throughout the entire system.

SABECO will focus on improving standards and the advanced management system as well as carry out relevant works to achieve ISO 50001 (Energy Management System) for its breweries in the 2022 – 2023 period.

Environmental documents including procedures, appendices, and instructions for control and operation related to the environment have been issued and are required for all member companies to commit to and organize audits every six months to ensure compliance.

26 breweries have achieved the certificates of



ISO 9001

ISO 14001

ISO 22000

HACCP



#### 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 have been neither labor accidents nor fire incidents in 2021.



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## **HUMAN CAPITAL DEVELOPMENT**

Along with its business activities, SABECO has always placed employees at its core as the Corporation believes that people play a vital role in sustaining development for enterprises, as well as respects diversified values and dedications from all employees who have contributed to the success of SABECO thus far.

In order to maintain the leading position in Vietnam and reach out to international markets, SABECO has always focused on building and fortifying its "WARM" workforce along with creating a professional, motivated, dynamic, and fair working environment, thereby boosting the Corporation's competitive advantages and strengthening engagement with employees.

The comprehensive transformation has brought SABECO, a Vietnamese organization with its long-standing culture, an opportunity to reach out and adopt global practices, i.e., Global Values. The program with three key elements including Collaboration - Creating Values - Caring for Stakeholders, has been designed with intentions to engage and connect all employees as well as promote solidarity and trust while working towards common goals, thereby bringing the best out of employees and at the same time, creating sustainable values for the Corporation.

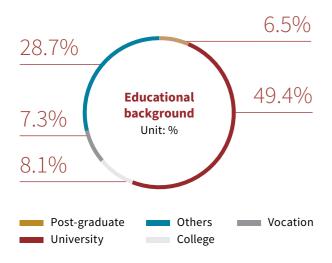


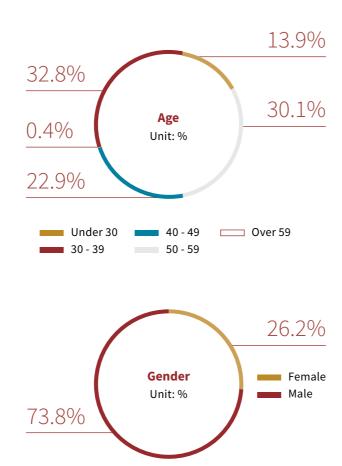
#### **OVERVIEW OF LABOR FORCE**

#### **Total number of employees**

8,135

(according to the latest Audited Consolidated Financial Statements, in which 804 work directly for the Corporation).





#### 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 functional department

#### Recruitment method

Admission tests and direct interviews with the Human Capital team and line managers.

#### Recruitment notice

Detailed information will be posted on recruitment channels.



73
new employees
in 2021

In 2021, SABECO recruited a total of 73 new employees spanning across different departments. The "Onboarding Program for Newcomers" has been designed to help new hires familiarize themselves with the way of working in SABECO, important policies, and the Corporation's organizational culture. In addition, newcomers have also received active guidelines and timely support from the Human Capital team during their probation periods, so that they can quickly adapt to the new working environment and do their best.

#### **REMUNERATION AND WELFARE**

SABECO has placed high importance on creating a performance-based culture, meaning the new salary structure has been strictly related to job positions and individual performance in order to motivate employees to work hard and perform well. In terms of bonus, it has now been distributed based on tasks completion, as well as performances of individuals and the Corporation as a whole. Besides, SABECO has also offered extra allowances to help facilitate employees' best performances.

Apart from regular employees' benefits under the law such as social insurance, health insurance and 24-hour accident insurance, SABECO has constantly improved its welfare regimes through various activities such as outing trips, birthday and holiday gifts. In addition, SABECO has also taken good care of employees' relatives such as giving gifts to their children on the occasions of International Children's Day.

#### **TRAINING**

In 2021, SABECO continued to implement a thorough training process for functional departments and its two owned breweries to ensure a uniform management mechanism across all business units as well as develop competencies for all levels of staff. The total number of training hours was 418 hours.



**Total number of training hours** 

418 hours

#### **EMPLOYEES' SAFETY AND HEALTH**

SABECO has always aimed to constantly improve its working environment in order to ensure occupational safety and health for all employees as well as facilitate them for performance optimization.

- Periodical health check
- Occupational diseases detection
- · Working environment measures
- Supply of protective equipment for individuals
- Compulsory insurances on labor, occupational diseases, and health
- Fire prevention

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#### **COVID-19 RESPONSES**

In an attempt to maintain business operations and supply chain while at the same time ensuring job stability and the well-being for all employees in context of the severe 4th outbreak of Covid-19 in Vietnam, SABECO has activated the business continuity plan (BCP) for its group of companies since May 2021, with close monitoring from the Management of the Corporation and member companies.



#### PANDEMIC BUSINESS CONTINUITY PLAN (BCP) ACTION PLAN

**Pre-outbreak Preparation** 

> **Outbreak Occurs**

Immediate Response/Adapt

Recovery

Restoration

Return

- Update BCP / Conduct BCP Exercise
- Backup critical files
- Prepare backup office, equipment, teams
- Activate BCP plan (team split/working from home/coreteam) when receive announcement from Ministry of Health (MOH)
- Assess situation daily/weekly, update BCP plan accordingly
- Adjust BCP plan according to real situation at units (if applicable)
- Notify business partners of relevant changes (if applicable)
- Deploy Backup staff, ensure working conditions
- Notify business partners of relevant changes (if applicable)
- Preparation for normal mode of operation
- · Return to normal operations
- Review BCP



**TEAM A** 

**TEAM B** 

Normal employees

Normal employees

Coreteam

Coreteam

Normal employees will work at main office or at home according to notice.

Coreteam need to operate daily task will work at main office or secondary office upon notice.

Team will work separately at appointed location and period upon guidelines and notice.

- **Key actions** Conduct online meetings.
  - Report F0, F1, and F2 cases immediately.
  - Come up with different scenarios and backup plans in case of further social distancing regulations.
  - Timely update on the Covid-19 situation and closely monitor all business units through daily BCP meetings.
  - Maintain employees' communication and motivation through internal newsletters.
  - Provide medical masks, face shields, and hand sanitizers to employees.
  - Strictly follow the prescribed pandemic prevention measures and 5K guidelines.
  - Prepare temporary stay-on premise facilities for employees who have to stay at their workplace 24/7 in accordance with the requirements announced by local authorities.

Facilities prepared for employees staying on premise:



Necessities such as mattress, mosquito net, pillow, and blanket.



Additional benefits and allowances.



Basic entertainment and Wi-Fi.



Periodical Covid-19 testing.



Meals and tea breaks.

Even after Ho Chi Minh City lifted social distancing restrictions and employees could return to the office, SABECO has continued to implement its BCP and take precautions in accordance with the government's regulations and guidelines in order to minimize the risk of infection for employees, customers, and partners.

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#### **Criteria for** employees working at the head office

- Fully vaccinated, or
- · At least 1 dose of vaccine (for the one-dose vaccine type) and at least 14 days after the injection, or
- · Infected employees who have completed the quarantine period with a certificate from the authorized authority.

#### **Requirements for** employees

- · Always uphold the spirit of vigilance, initiative, flexibility in self-protection, health care, and safe living.
- Wear face masks, wash your hands often, maintain personal and workplace hygiene.
- · Strictly comply with medical declarations.
- Keep a safe distance at work.
- · Online meetings preferred. In case of physical meetings, the minimum vaccination rate and maximum number of attendees must be ensured and comply with current regulations.
- Immediately report infected or suspected cases.
- No discrimination in the workplace for those who have completed the medical quarantine or have to go on business trips to areas at risk of Covid-19 or have recovered from Covid-19.

#### **Requirements for** guests

- · Register with the reception.
- Present a proof of "Covid green card" or a negative test result within 72 hours.
- · Comply with 5K guidelines.
- Check temperature, wear masks, and sanitize hands.

The Corporation has also supported employees through offering welfare schemes to cover treatment or quarantine costs if employees get infected while at work, preparing facilities and necessities in case "3-on-spot" is reactivated, as well as distributing medical masks, face shields, and hand sanitizers to employees.

Understanding challenges faced by the frontline workforce including regular travels and making close contacts, the Corporation has deployed SABECO Care which is a health protection and counseling program for sales and promoter teams across the system. In addition, frontliners in Covid-19 affected areas were fully equipped with protection gears for daily works, such as face shields, medical masks, gloves, hand sanitizers and detailed 5K guidelines, in order to ensure the utmost safety for them and their families.

#### **Vaccination progress**

In the face of the unpredictable development of Covid-19, SABECO was one of the first large enterprises to explore ways to work with relevant authorities to procure Covid-19 vaccines for its employees, thereby demonstrating its corporate citizenship roles and responsibilities at the time when the country needed help the most. Furthermore, the Corporation also coordinated with Ho Chi Minh City Center for Diseases Control (HCDC) and medical forces to promptly roll out vaccination programs for the entire group of companies.

#### As of February 8, 2022



1<sup>st</sup> dose

~84% emplovees employees

2<sup>nd</sup> dose

~23%

3rd dose employees



#### "GROW WITH SABECO" PROJECT



"Grow with SABECO" is a charity fund established by people with full of love for SABECO children. Aiming to raise 600 million VND annually, the fund has called for donations from various sources to be able to support children in need of SABECO employees. Through this project, SABECO wishes to accompany them on their paths of growing up, and also serve as a second big warm family where they belong from their early age.

After successfully awarding 92 scholarships for the first time in 2020, the second scholarship payout for the second semester of 2020 - 2021 schoolyear was carried out based on the following criteria: (1) student grades, (2) total average monthly income per household, and (3) fatal diseases and/or serious labor accidents.

#### **2021 HIGHLIGHTS**



184 applications



awarded scholarships



As part of the SABECO Family Day and Vietnam Family Day celebrations, "Grow with SABECO" has called for fundraising drawings from all SABECO children and it has been very well received. These paintings will be used for future auctions from which the proceeds will then help more underprivileged children of the Corporation.









Sustainable Development Report

SABECO Annual Report 2021

# **SOCIAL RESPONSIBILITIES**



# SPREADING THE SPORTSMANSHIP WITH TIEN PHONG MARATHON 2021

SABECO reaffirmed its commitment to join hands to bring positive values to the country through practical actions and contributions, thereby promoting sports training for health, endurance, and perseverance of the young generation.

Heading towards a dynamic and positive Vietnam as well as boosting sportsmanship in the community, SABECO, in collaboration with the Vietnam Athletics Federation, Tien Phong News, and the People's Committee of Gia Lai, jointly organized the 62<sup>nd</sup> Tien Phong Marathon National Championship 2021 (Tien Phong Marathon) on March 28, 2021.

With a meaningful message of "the forest dream", Tien Phong Marathon 2021 was held in Pleiku, Gia Lai, and attracted more than 4,300 professional and amateur runners, and at the same time supporting the Prime Minister's call to plant 1 billion trees by 2025 for a green Vietnam.

Being one of the diamond sponsors, SABECO reaffirmed its commitment to join hands to bring positive values to the country through practical actions and contributions, thereby promoting sports training for health, endurance, and perseverance of the young generation. In addition, the Corporation also intended to assist local authorities to reactivate tourism after the prolonged impacts of Covid-19 by broadcasting the beauty of nature, culture, and people in Pleiku, Gia Lai.





# "COMMUNITY CARE" PROGRAM

Despite the fact that Covid-19 has been in the news for more than two years, it still heavily impacts on various aspects of life and the socioeconomics, placing pressures on the national medical system as well as raising insecurity and anxiety in the community.

In the face of complicated and unpredictable developments of the pandemic, the most essential thing is to help each other overcome difficulties altogether. SABECO, with a long history in Vietnam, witnessing various changes of the country, is more aware than ever of its role and responsibilities to the society, and the Corporation is ready to give strength to the country and the Vietnamese people to overcome Covid-19.

From August 19 – 26, 2021, SABECO and the Central Youth Federation of Vietnam launched the "Community Care" program with its goal of empowering the frontline workforce, who are making unwavering efforts to fight against the pandemic, and lessening hardship for local households. The program was implemented in Ho Chi Minh City, Binh Duong, Dong Nai, Can Tho, and Khanh Hoa, as well as extended to other provinces and cities such as Tay Ninh, Ba Ria – Vung Tau, and Soc Trang.

In response to the Prime Minister's call for "millions of welfare packages" given to families in need, SABECO also delivered 5,000 gift bags with a total value of 2 billion VND to 5,000 households in 8 provinces and cities.

In order to implement the program, SABECO engaged its member companies, in conjunction with the Vietnam Youth Federation, Vietnam Volunteer Center, and local Youth Unions, towards a common goal and mission. SABECO also called for support from partners, customers, and companies within the Corporation's ecosystem, including contributions of goods, transportation, and participation from local volunteers as well as volunteers from SABECO group of companies.



**Sustainable Development Report** 

**SABECO Annual Report 2021** 

# **Key highlights**

The "Community Care" program once again demonstrated the kindness, sharing, timely support, and the spirit of "Stronger Together" from SABECO, other organizations and individuals, thereby not only bringing practical and meaningful gifts to the frontline workforce and people facing difficulties as a result of Covid-19, but also joining hands with the government in fighting against the pandemic.

200+

hospitals supported

5,000 households relieved





intensive care ventilation MEK-ics MV2000 EVO

65,000 N95 face masks and protective gears











35,500

hand sanitizer bottles

20,000

cartons of purified water bottle









Sustainable Development Report

SABECO Annual Report 2021



# "COLLECTING MILLION STARS" PROGRAM

Since the outbreak of Covid-19 pandemic in Vietnam, not only large businesses but also various small businesses have suffered significant losses, facing bankruptcies or getting closed down, and been in the utmost need of community support.

This prompted SABECO and Bia Saigon brand to accompany the Central Committee of Ho Chi Minh Youth Union in launching the "Collecting Million Stars" program, running from August 28 to September 15, 2021, with the end goal of supporting small businesses in the food and beverage industry within Ho Chi Minh City for their recovery and stabilization under new normal conditions, thereby spreading the spirit of "Stronger Together" during the pandemic.

Inspired by the star of pride on the Vietnamese flag, all participants were encouraged to express their creativity through daily activities such as cooking, makeup, home decorating, drawing, or any photo taking that represented a star, and share them on social media with positive messages to cheer up the frontline workforce and those who were affected by the pandemic across the country. For every public post on social media featuring creative star images and meaningful messages with hashtags #GopTrieuNgoiSao, #DiLenCungNhau as well as tagging Bia Saigon fan page, SABECO and Bia Saigon brand would contribute VND10,000 to the program's fund.









The "Collecting Million Stars" campaign achieved more than 54,000 interactions and over 40,000 comments on social media as well as attracted more than 32,000 participants from all walks of life, including painters, artists, influential people, social media communities to students and youth union members across the country. Various positive messages and words of encouragement in different forms were sent to the frontline workforce, showing the appreciation for their relentless efforts in fighting against the pandemic. In addition, "Collecting Million Stars" was honored to be ranked 2<sup>nd</sup> among Top 10 community campaigns that received the most attention on social networks in September 2021 according to YouNet Media, a leading provider of social media analytics in Vietnam.

After the program concluded, SABECO and Bia Saigon brand made a contribution of VND3 billion to the program's fund. Based on selected criteria, 600 severely affected small food and beverage household businesses in Ho Chi Minh City were granted a relief package of VND5 million per household. On September 23, 2021, representatives of Ho Chi Minh Youth Union and Bia Saigon visited and handed over the gifts to 5 household businesses while the remaining ones received the gifts via bank transfer.









**Supported for** 

600
household businesses

**Sustainable Development Report** 

**SABECO Annual Report 2021** 

# **CSR PROGRAM TO SUPPORT FISHERMEN IN KHANH HOA**

With the commitment to invest in business activities along with sustainable development and join hands to improve the social welfare in communities where SABECO operates, the Corporation partnered with Khanh Hoa Youth Union and other local authorities to organize a CSR program called "Tuoi Tre Khanh Hoa, Vi Bien Dao Que Huong" in order to support fishermen in Van Ninh, Khanh Hoa on December 15, 20221.

During the program, representatives of SABECO and Saigon Beer Nam Trung Bo Trading Joint Stock Company awarded gifts with a total value of VND600 million, including 1,000 life jackets to help young fishermen head for the open sea and participate in rescue and climate change activities, as well as 40 navigation systems for fishing vessels. Furthermore, 1,000 national flags and 50 medical bags were also granted to motivate fishermen to head out and protect the sovereignty over the sea of Vietnam.

With this CSR program, SABECO aimed to reaffirm its 4Cs sustainable development commitment as well as support local authorities to encourage Khanh Hoa fishermen to protect the sovereignty over the sea of Vietnam, thereby promoting peace and stability for national development.



# "TET - ONE HOME" PROGRAM

Tet is the sacred time when people across the country look back to their roots and family reunions. However, the severe Covid-19 outbreak in 2021 has imposed tremendous hardships on the lives of many Vietnamese people, especially workers, students, and frontline forces, and made them unable to return home to celebrate Tet with their families.

With the spirit of "Tet Stronger Together", SABECO and the Central Committee of Ho Chi Minh Youth Union jointly launched a community initiative called "Tet – One Home" to support struggling workers and students by giving them an opportunity to return home for Tet after a year full of difficulties, thereby honoring the spirit of national solidarity and family togetherness. Besides, the program also aimed to express appreciations to frontline medical staffs and volunteers for their silent sacrifices and vast contributions in the fight against Covid-19.

The program was launched from December 24, 2022 to December 28, 2022 with a total contribution value of up to VND7 billion. Specifically, 270 plane tickets, 1,530 bus tickets, and 200 train tickets were granted to 2,000 selected workers and students in Hanoi, Bac Ninh, Bac Giang, Ho Chi Minh City, Binh Duong, and Dong Nai. In addition, Tet gits were distributed to 800 students, workers, youth union members, and frontline volunteers in Hoa Binh, Hanoi, Quang Ninh, and Ho Chi Minh City, those who wished to stay at their localities to celebrate Tet.

Financial support aside, those granted tickets and gifts also carried a spiritual encouragement to welcome the new year of 2022 with joy, optimism, and hope, as well as to work hard for the recovery and development of the country.



# **Total contribution**

VND / billion

for 2,000 selected workers and students



270 plane tickets



1,530 bus tickets



200

train tickets

**Legal Representative** 

**Auditor** 

Audited Consolidated Financial Statements

SABECO Annual Report 2021

# **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 18 May 2020. The Enterprise Registration Certificate and its updates were issued by the Ho Chi Minh City Department of Planning and Investment.

# **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. Le Thanh Tuan	Member (from 28 April 2021)
Ms. Ngo Minh Chau	Member (from 28 April 2021)
Mr. Nguyen Tien Dung	Member (until 27 April 2021)
Mr. Luong Thanh Hai	Member (until 27 April 2021)

# **Board of Management**

Mr. Neo Gim Siong Bennett	General Director
Mr. Koo Liang Kwee	Deputy General Director (from 1 October 2021)
Ms. Venus Teoh Kim Wei	Deputy General Director (from 1 April 2021)
Mr. Teo Hong Keng	Deputy General Director (until 30 September 2021)
Mr. Ng Kuan Ngee Melvyn	Deputy General Director
Mr. Lam Du An	Deputy General Director Saigon - Nguyen Chi Thanh Brewery's Director
Mr. Hoang Dao Hiep	Deputy General Director (until 28 February 2021)

Audit Committee	Mr. Pramoad Phornprapha	Chairman	
	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	

No. 187, Nguyen Chi Thanh Street

Ward 12, District 5 Ho Chi Minh City

Vietnam

KPMG Limited Vietnam

SABECO Annual Report 2021

# 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 2021.

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 5 to 71 give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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; 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, 25 March 2022

# 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 2021, 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 25 March 2022, as set out on pages 5 to 71.

# **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 2021 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.

Nelso

Nelson Rodriguez Casihan Practicing Auditor Certificate No. 2225-2018-007-1

Deputy General Director

CHI NHAN

Chang Hung Chun
Practicing Auditor Registration

Certificate No. 0863-2018-007-1

KPMG Limited's Branch in Ho Chi Minh City

Vietnam Audit Report No.: 21-01-00317-22-4 Ho Chi Minh City, 25 March 2022

# **SABECO Annual Report 2021**

Form B 01 - DN/HN

# Consolidated balance sheet as at 31 December 2021

# Form B 01 - DN/HN

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

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

	Code	Note	31/12/2021 (VND)	1/1/2021 (VND)
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		22,877,033,322,264	19,513,381,452,440
Cash and cash equivalents	110	6	3,606,454,403,209	2,726,137,088,387
Cash	111		685,368,712,799	844,203,088,387
Cash equivalents	112		2,921,085,690,410	1,881,934,000,000
Short-term financial investments	120		16,991,239,000,000	14,547,419,432,877
Held-to-maturity investments	123	7(a)	16,991,239,000,000	14,547,419,432,877
Accounts receivable – short-term	130		467,956,130,071	590,846,416,109
Accounts receivable from customers	131	8	100,965,921,832	69,331,890,605
Prepayments to suppliers	132		29,859,261,503	164,204,071,490
Other short-term receivables	136	9(a)	679,386,330,628	699,600,027,317
Allowance for doubtful short-term debts	137	10(a)	(342,255,383,892)	(342,289,573,303)
Inventories	140	11(a)	1,668,001,734,209	1,446,832,994,933
Inventories	141		1,755,711,816,417	1,525,038,920,678
Allowance for inventories	149		(87,710,082,208)	(78,205,925,745)
Other current assets	150		143,382,054,775	202,145,520,134
Short-term prepaid expenses	151	12(a)	88,941,911,437	143,821,768,836
Deductible value added tax	152		25,339,672,708	22,192,035,247
Taxes receivable from State Treasury	153	20(b)	29,100,470,630	36,131,716,051
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		7,609,991,050,161	7,861,591,322,918
Accounts receivable – long-term	210		12,640,850,386	11,958,390,566
Accounts receivable from customers – long-term	211		5,973,013,018	5,988,013,018
Loans receivable – long-term	215		4,000,000,000	4,000,000,000
Other long-term receivables	216	9(b)	41,960,830,291	41,278,370,471
Allowance for doubtful long-term debts	219	10(b)	(39,292,992,923)	(39,307,992,923)

	Code	Note	31/12/2021 (VND)	1/1/2021 (VND)
Fixed assets	220		4,401,799,818,086	4,874,503,649,521
Tangible fixed assets	221	13	3,301,127,455,616	3,753,389,023,744
Cost	222		10,847,023,021,517	10,774,956,789,192
Accumulated depreciation	223		(7,545,895,565,901)	(7,021,567,765,448)
Finance lease tangible fixed assets	224	14	167,492,355,505	178,134,173,132
Cost	225		173,582,726,065	179,020,927,499
Accumulated depreciation	226		(6,090,370,560)	(886,754,367)
Intangible fixed assets	227	15	933,180,006,965	942,980,452,645
Cost	228		1,102,972,910,981	1,102,196,654,036
Accumulated amortisation	229		(169,792,904,016)	(159,216,201,391)
Investment properties	230	16	41,270,248,842	65,173,748,670
Cost	231		67,677,985,241	92,668,621,947
Accumulated depreciation	232		(26,407,736,399)	(27,494,873,277)
Long-term work in progress	240		551,470,893,844	28,138,829,026
Construction in progress	242	17	551,470,893,844	28,138,829,026
Long-term financial investments	250		2,125,162,874,416	2,351,285,997,476
Investments in associates and jointly controlled entities	252	7(c)	2,010,071,605,619	2,049,028,504,129
Equity investments in other entities	253	7(c)	434,314,271,916	665,885,700,116
Allowance for diminution in the value of long-term financial investments	254	7(c)	(409,691,883,024)	(444,497,086,674)
Held-to-maturity investments	255	7(b)	90,468,879,905	80,868,879,905
Other long-term assets	260		477,646,364,587	530,530,707,659
Long-term prepaid expenses	261	12(b)	263,131,483,984	330,639,468,718
Deferred tax assets	262	18	194,842,028,699	170,769,540,045
Long-term tools, supplies and spare parts	263	11(b)	19,672,851,904	29,121,698,896
TOTAL ASSETS (270 = 100 + 200)	270		30,487,024,372,425	27,374,972,775,358

# Consolidated balance sheet as at 31 December 2021 (continued)

# Form B 01 - DN/HN

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

	Code	Note	31/12/2021 (VND)	1/1/2021 (VND)
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,892,238,669,264	6,159,696,384,430
Current liabilities	310		7,258,020,535,153	5,173,043,219,872
Accounts payable to suppliers	311	19(a)	2,400,247,668,451	1,652,906,614,848
Advances from customers	312		63,252,571,190	64,714,811,339
Taxes payable to State Treasury	313	20(a)	1,416,974,562,127	1,257,298,332,033
Payables to employees	314		218,498,138,481	360,587,762,596
Accrued expenses	315	21	370,691,834,530	237,321,466,479
Unearned revenue – short-term	318		517,454,548	781,818,369
Other payables – short-term	319	22(a)	2,227,840,485,776	966,919,825,167
Short-term borrowings and finance lease liabilities	320	23(a)	321,746,371,972	448,791,959,859
Provisions – short-term	321		-	199,849,423
Bonus and welfare fund	322	24	238,251,448,078	183,520,779,759
Long-term liabilities	330		634,218,134,111	986,653,164,558
Long-term accounts payable to suppliers	331	19(b)	123,520,604,800	167,227,272,000
Other payables – long-term	337	22(b)	54,810,064,986	54,553,516,000
Long-term borrowings and finance lease liabilities	338	23(b)	341,226,010,423	526,263,958,457
Deferred tax liabilities	341	18	33,303,325,207	36,606,382,644
Provisions – long-term	342	25	81,358,128,695	126,213,421,774
Science and technology development fund	343		-	75,788,613,683

	_		
SABECO	Annual	Donort	2021
SADECU	Alliluat	KEDUIL	ZUZI

# Form B 01 - DN/HN

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

	Code	Note	31/12/2021 (VND)	1/1/2021 (VND)
EQUITY (400 = 410)	400		22,594,785,703,161	21,215,276,390,928
Owners' equity	410	26	22,594,785,703,161	21,215,276,390,928
Share capital	411	27	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		27,339,292,861	26,865,333,874
Investment and development fund	418	28	1,122,241,373,127	1,122,846,170,630
Retained profits	421		13,655,871,142,263	12,374,498,805,733
- Retained profits brought forward	421a		10,132,670,088,304	7,805,481,048,248
- Retained profit for the current year	421b		3,523,201,053,959	4,569,017,757,485
Non-controlling interest	429		1,373,313,368,684	1,275,045,554,465
TOTAL RESOURCES (440 = 300 + 400)	440		30,487,024,372,425	27,374,972,775,358

25 March 2022

Prepared by:

Approved by:

**Koo Liang Kwee** 

# Consolidated statement of income the year ended 31 December 2021

# Form B 02 - DN/HN

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

	Code	Note	2021 (VND)	2020 (VND)
Revenue from sales of goods and provision of services	01	31	26,578,007,393,513	28,135,622,624,299
Revenue deductions	02	31	204,261,099,655	174,298,787,288
Net revenue (10 = 01 - 02)	10	31	26,373,746,293,858	27,961,323,837,011
Cost of goods sold and services provided	11	32	18,765,181,482,365	19,460,229,052,562
Gross profit (20 = 10 - 11)	20		7,608,564,811,493	8,501,094,784,449
Financial income	21	33	1,119,597,121,857	974,401,634,870
Financial expenses	22	34	22,784,167,607	105,449,377,566
In which: Interest expense	23		48,739,800,374	63,681,326,473
Share of profits in associates and jointly controlled entities	24	7(c)	172,939,963,562	267,405,919,991
Selling expenses	25	35	3,500,368,629,369	2,859,036,781,083
General and administration expenses	26	36	597,716,255,412	702,005,344,515
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		4,780,232,844,524	6,076,410,836,146
Other income	31		95,929,356,826	55,952,250,986
Other expenses	32		19,267,951,607	20,544,761,167
Results of other activities (40 = 31 - 32)	40		76,661,405,219	35,407,489,819
Accounting profit before tax (50 = 30 + 40)	50		4,856,894,249,743	6,111,818,325,965
Income tax expense – current	51	38	954,964,248,596	1,124,942,822,470
Income tax (benefit)/expense – deferred	52	38	(27,375,546,091)	50,029,533,241
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		3,929,305,547,238	4,936,845,970,254

SABECO Annual Report 2021

Form B 02 - DN/HN

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

	Code	Note	2021 (VND)	2020 (VND)
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		3,929,305,547,238	4,936,845,970,254
Attributable to:				
Equity holders of the Company	61		4,723,496,860,190	
Non-controlling interest	62		252,053,205,934	213,349,110,064
Earnings per share				(Restated)
Basic earnings per share	70	39	5,502	7,145

25 March 2022

Prepared by:

Approved by:

- N

**Hoang Thanh Van**Accountant

**Tran Nguyen Trung** *Chief Accountant* 

**Koo Liang Kwee**Deputy General Director

# Consolidated statement of cash flows for the year ended 31 December 2021 (Indirect method)

# Form B 03 - DN/HN

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

	Code	Note	2021 (VND)	2020 (VND)
CASH FLOWS FROM OPERATING ACTIVITIES	;			
Accounting profit before tax	01		4,856,894,249,743	6,111,818,325,965
Adjustments for				
Depreciation and amortisation	02		557,477,760,126	593,451,595,931
Allowances and provisions	03		(63,136,957,901)	(41,308,902,896)
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		(24,130,427,975)	10,993,808,785
Profits from investing activities	05		(1,072,403,100,336)	(933,512,405,110)
Shared profits in associates and jointly controlled entities	05		(172,939,963,562)	(267,405,919,991)
Interest expense	06		48,739,800,374	63,681,326,473
Reversal of science and technology development fund	07		(73,817,939,085)	-
Operating profit before changes in working capital	08		4,056,683,421,384	5,537,717,829,157
Change in receivables	09		(52,721,845,531)	70,185,855,564
Change in inventories	10		(223,957,039,716)	573,632,990,375
Change in payables and other liabilities	11		658,279,721,558	(660,694,079,661)
Change in prepaid expenses	12		145,399,315,693	(44,422,006,927)
			4,583,683,573,388	5,476,420,588,508
Interest paid	14		(35,346,961,903)	(72,029,586,806)
Corporate income tax paid	15		(919,005,428,188)	(1,038,633,850,562)
Other payments for operating activities	17		(111,479,623,915)	(237,145,573,484)
Net cash flows from operating activities	20		3,517,851,559,382	4,128,611,577,656
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(329,541,012,650)	(367,442,290,535)
Proceeds from disposals of fixed assets	22		3,485,470,000	1,440,687,000
Placements of term deposits at banks	23		(18,159,840,000,000)	(16,247,323,041,096)
Collections of term deposits at banks	24		15,706,420,432,877	14,066,130,358,492

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	Code	Note	2021 (VND)	2020 (VND)
Proceeds from disposals of equity investments in other entities	26		444,560,822,504	-
Receipts of interests and dividends	27		1,111,565,947,946	1,023,969,279,237
Net cash flows from investing activities	30		(1,223,348,339,323)	(1,523,225,006,902)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		2,984,178,514,935	3,061,076,110,807
Payments to settle loan principals	34		(3,301,893,636,020)	(3,309,442,411,518)
Payments to settle finance lease liabilities	35		-	(12,727,272,727)
Payments of dividends	36		(1,096,306,570,171)	(3,734,027,010,258)
Net cash flows from financing activities	40		(1,414,021,691,256)	(3,995,120,583,696)
Net cash flows during the year (50 = 20 + 30 + 40)	50		880,481,528,803	(1,389,734,012,942)
Cash and cash equivalents at the beginning of the year	60		2,726,137,088,387	4,115,884,646,637
Effect of exchange rate fluctuations on cash and cash equivalents	61		(164,213,981)	(13,545,308)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	3,606,454,403,209	2,726,137,088,387

25 March 2022

Prepared by:

Approved by:

www

TổNG CÔNG TY CÓ PHẨN BIA-RƯỢU - NƯỚC GIẢI KHÁT SẢI GÒN

Hoang Thanh Van
Accountant

**Tran Nguyen Trung** *Chief Accountant* 

**Koo Liang Kwee**Deputy General Director

**Audited Consolidated Financial Statements** 

# Notes to the consolidated financial statements for the year ended 31 December 2021

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(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/QD-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 2021 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 2021, the Group had 26 subsidiaries and 18 associates and jointly controlled entities (1/1/2021: 26 subsidiaries and 18 associates and jointly controlled entities) as follows:

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			31/12/2021	/2021	1/1/2021	021
N N	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
-	SUBSIDIARIES					
н	Western - Sai Gon Beer Joint Stock Company	Producing and trading beer	51.00%	51.00%	51.00%	51.00%
7	Chuong Duong Beverages Joint Stock Company	Producing and trading beverages, canned food and accessories	62.06%	62.06%	62.06%	62.06%
т	Sai Gon - Quang Ngai Beer Joint Stock Company	Producing and trading beer	%95.99	%95.99	%95.99	%95.99
4	Binh Tay Liquor Joint Stock Company	Producing and trading alcohol	93.32%	93.47%	93.32%	93.47%
гO	Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company	Producing and trading beer and soft drinks	25.90%	56.24%	25.90%	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%
∞	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	%00.06	%00.06	%00.06	%00.06
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	94.45%	94.45%	94.45%	94.45%
13	Saigon Beer Mien Trung Trading Joint Stock Company (formerly known as "Bia Saigon Mien Trung Trading Joint Stock Company")	Trading beer, alcohol and beverages; providing warehousing and cargo transportation by car services	91.24%	91.24%	91.24%	91.24%
14	Sai Gon Beer Tay Nguyen Trading Joint Stock Company	Trading beer, alcohol and beverages; providing warehousing and transportation services	%00.06	%00:06	%00.06	%00.06
15	Saigon Beer Nam Trung Bo Trading Joint Stock	Trading beer, alcohol and beverages; providing warehousing and cargo transportation services	90.14%	90.14%	90.14%	90.14%

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No	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
16	Sai Gon Beer Eastern Trading Joint Stock Company	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	90.68%	%89.06	90.68%	90.68%
17	Saigon Song Tien Beer Trading Joint Stock	Trading beer, alcohol and beverages; providing warehousing and cargo transportation by road services	%00.06	%00.06	%00.06	%00.06
18	Saigon Song Hau Beer Trading Joint Stock Company	Trading beer, alcohol and beverages; providing cargo transportation by road and waterway services	%00.06	%00.06	%00.06	%00.06
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	51.00%	100%	51.00%	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	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 and trading beer, alcohol and beverages	52.91%	52.91%	52.91%	52.91%
=	JOINTLY CONTROLLED ENTITIES					
П	Me Linh Point Limited (*)	Providing office building leasing and management services	25.00%	25.00%	25.00%	25.00%
7	Crown Beverage Cans Saigon Limited	Manufacturing aluminium cans	30.00%	30.00%	30.00%	30.00%
ო	Malaya - Vietnam Glass Limited	Manufacturing glass products	30.00%	30.00%	30.00%	30.00%
4	San Miguel Yamamura Phu Tho Packaging	Manufacturing and trading metal packaging	35.00%	35.00%	35.00%	35.00%
Ŋ	Vietnam Spirits and Wine Ltd	Producing and trading alcohol and alcohol-related products	45.00%	45.00%	45.00%	45.00%

<u>۷</u>	Company name	Principal activities	% of equity interest	% of voting rights	% of equity interest	% of voting rights
= AS	ASSOCIATES					
6 Te	Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	Providing consulting construction and designing services	28.57%	28.57%	28.57%	28.57%
7 Tr	Truong Sa Food - Food Business Joint Stock Company	Producing agricultural products and foods	38.62%	38.98%	38.62%	38.98%
8 Sa	Saigon - Phutho Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	30.84%	33.85%	30.84%	33.85%
eS 6	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%
10 Ta	Tan Thanh Investment Trading Company Limited	Construction and real estates	29.00%	29.00%	29.00%	29.00%
11 Me	Mechanical and Industrial Construction Joint	Manufacturing, installing machinery, bridges and roads and industrial construction products	26.00%	26.00%	26.00%	26.00%
12 Sa	Sai Gon - Vinh Long Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	20.00%	20.00%	20.00%	20.00%
13 Sa	Sai Gon - Kien Giang Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	20.00%	20.00%	20.00%	20.00%
14 Sa	Sai Gon - Khanh Hoa Beer Joint Stock Company	Producing and trading beer, alcohol, beverage and spare parts	26.00%	26.00%	26.00%	26.00%
15 Sa	Saigon - Bentre Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	20.00%	20.00%	20.00%	20.00%
16 Sa	Saigon Binh Tay Beer Group Joint Stock	Producing, processing and trading food, beverage, beer and alcohol drinks	21.80%	22.18%	21.80%	22.18%
17 Sa	Saigon Tay Do Beer - Beverage Joint Stock Company	Producing and trading beer, alcohol, beverage, soya milk and fruit juice	27.62%	34.92%	27.62%	34.92%
18 Sa	Saigon - Baclieu Beer Joint Stock Company	Producing and trading beer, alcohol and beverages	10.20%	20.00%	10.20%	20.00%

(\*) The ownership of the Group in the joint venture with Me Linh Point Limited was stated in the joint venture agreement dated 24 November 1994 between Chuong Duong Beverages Joint Stock Company ("Chuong Duong"), a subsidiary of the Company, and the counter party Centrepoint Properties Ltd., a company established in Singapore. At the equitisation of Chuong Duong in 2014, the ownership of this joint venture agreement was transferred from Chuong Duong to the Company following the approval of the Ministry of Industry (now the Ministry of Industry and Trade). According to the joint venture agreement, profit allocated to each party in the joint venture follows a schedule stated in this agreement. For the year ended 31 December 2021, the ratios are 40% and 60% (2020: 40% and 60%) for the Group and the counter party, respectively.

As at 31 December 2021, the Group had 8,135 employees  $(1/1/2021:8,388\ employees)$ .

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# Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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# 2. BASIS OF PREPARATION

# (a) Statement of compliance

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

# (b) Basis of measurement

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

# (c) Annual accounting period

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

# (d) Accounting and presentation currency

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

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

# (a) Basis of consolidation

# (i) Subsidiaries

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

# (ii) Non-controlling interests

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

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

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# 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). They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss 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. The carrying amount of investments in equity accounted investees is also adjusted for the alterations in the investor's proportionate interest in the investees arising from changes in the investee's equity that have not been included in the income statement (such as revaluation of fixed assets, or foreign exchange translation differences, etc.).

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.

Cost of a business combination (cost of the acquisition) is the aggregate amount of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in the acquisition in exchange for control of the acquiree and any costs directly attributable to the business combination. Identifiable assets acquired, identifiable liabilities and contingent liabilities assumed in a business combination are recognised at fair value at the acquisition date.

Any goodwill that arises representing the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree is recognised in consolidated balance sheet, then amortised through to the consolidated statement of income. When the excess is negative (gain from bargain purchase), it is recognised in the consolidated statement of income for the acquired year after a reassessment has been performed to ensure that the measurement of identifiable assets acquired, liabilities and contingent liabilities assumed and the cost of the business combination appropriately reflects consideration of all available information as of the acquisition date.

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# (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 consolidated 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 Company's or its subsidiaries' 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.

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# (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 which may cause the Group to lose their invested capital, unless there is evidence that the value of the investment has not been diminished. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

# (e) Accounts receivable

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

# f) Inventories

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

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 straightline basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows: • buildings and structures

5 – 45 years

machinery and equipment

3 - 30 years 3 - 10 years

motor vehiclesoffice equipment

2 – 15 years

others

2 - 20 years

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# (h) Intangible fixed assets

# (i) Land use rights

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 13 to 50 years.

# (ii) Software

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

# (i) Investment properties

# (i) Investment property held to earn rental

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable 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 repair 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 16 - 47 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.

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# (j) Construction in progress

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

# (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 prevailing laws and regulations, 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 is 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.

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# (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.

# (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.

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# (q) Leases

# (i) Leased assets

Leases in terms of which the Group, as lessee, assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the shorter of the lease term and the estimated useful lives of the leased assets unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(g).

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated balance sheet.

# (ii) 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, over the term of the lease.

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# (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 annual accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year.

The Group did not have potentially dilutive shares and therefore does not present diluted earnings per share.

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# (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.

# (v) Comparative information

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Group's consolidated financial position, consolidated results of operation or consolidated cash flows for the prior year.

# IMPACTS OF CORONAVIRUS

The outbreak of the 2019 Novel Coronavirus ("Covid-19") pandemic in Vietnam and subsequent measures imposed by the Vietnam Government have had certain impacts on the Group's business and operating activities. The Group's management has adapted their business strategy and applied cost saving measures to reduce its financial impacts. The Covid-19 pandemic is continuing to have significant impacts to Vietnam and the Group's management will continue to monitor the situation of the Covid-19 pandemic and to apply appropriate measures.

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# 5. **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; and provision of rental and other services.

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 and trading activities. Accordingly, the financial information presented in the consolidated balance sheet as at 31 December 2021 and 1 January 2021 were mainly related to the Group's sales of beers activities. Note 31 and Note 32 disclosed breakdown of revenue and cost of sales per each category of products, which provided sufficient information as to the performance of each segment as identified above.

# (b) Geographical segments

The Group's geographical segments are distinguished based on the locations of customers, being the local or foreign customers, in which, export segments only accounted for an insignificant proportion of the Group's revenue and did not require a separate report. Accordingly, the financial information presented mainly reflected the business activities of the Group in the territory of Vietnam.

# 6. CASH AND CASH EQUIVALENTS

	31/12/2021 (VND)	1/1/2021 (VND)
Cash on hand	1,186,793,254	8,109,556,005
Cash in banks	684,181,919,545	836,093,532,382
Cash equivalents	2,921,085,690,410	1,881,934,000,000
	3,606,454,403,209	2,726,137,088,387

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less. Cash equivalents were denominated in VND and earned interest at rates ranging from 3.20% to 3.75% per annum (1/1/2021: 3.00% to 4.80% per annum).

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# 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 were denominated in VND and earned interest at rates ranging from 3.75% to 6.75% per annum (1/1/2021: 3.50% to 7.70% per annum).

# (b) Held-to-maturity investments – long-term

	31/12/2021 (VND)	1/1/2021 (VND)
Term deposits (i)	69,600,000,000	60,000,000,000
Bonds (ii)	20,868,879,905	20,868,879,905
	90,468,879,905	80,868,879,905

- This represented term deposits at banks with terms to maturity of more than 12 months from the reporting date. Term deposits were denominated in VND and earned interest at rates ranging from 5.20% to 5.50% per annum (1/1/2021: 5.50% to 6.10% per annum).
- (ii) This represented the Group's investments in bonds issued by Shipbuilding Industry Corporation. Allowance was fully made for this investment.

1/1/2021

Equity investments in other entities

(C)

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	Equity accounted/ Cost (VND)	Allowance (VND)	Carrying amount (VND)	Equity accounted/ Cost (VND)	Allowance (VND)	Carrying amount (VND)
ents in associates and ontrolled entities (i)	2,010,071,605,619	(75,707,513,102)	1,934,364,092,517	2,049,028,504,129	(102,210,427,352)	1,946,818,076,777
vestments in :ities (ii)	434,314,271,916	(333,984,369,922)	100,329,901,994	665,885,700,116	(342,286,659,322)	323,599,040,794
	2,444,385,877,535	(409,691,883,024)	2,034,693,994,511	2,714,914,204,245	(444,497,086,674)	2,270,417,117,571

# Investments in associates and jointly controlled entities

	31/12/2021	021		1/1/2021	21	
Company name	Equity accounted (VND)	Fair value (VND)	Allowance (VND)	Equity accounted (VND)	Fair value (VND)	Allowance (VND)
Truong Sa Food - Food Business Joint Stock Company	4,877,957,381	*)	(4,877,957,381)	4,877,957,381	*)	(4,877,957,381)
Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company	329,653,546	*)	•	329,653,546	*)	
Saigon - Phutho Beer Joint Stock Company	75,220,306,437	78,288,300,000			76,988,553,528	76,124,792,250
Mechanical and Industrial Construction Joint Stock Company	6,863,792,917	*)		6,634,611,156	(*)	
Saigon Tay Do Beer - Beverage Joint Stock Company	102,909,001,175	*)	1	105,166,392,165	*)	ı
Me Linh Point Limited	148,317,898,412	(*)	•	138,972,042,458	(*)	

	31/12/2021	021		1/1/2021	21	
Company name	Equity accounted (VND)	Fair value (VND)	Allowance (VND)	Equity accounted (VND)	Fair value (VND)	Allowance (VND)
Crown Beverage Cans Saigon Limited	399,664,328,265	*)	•	421,373,260,968	(*)	•
Malaya - Vietnam Glass Limited	298,120,109,369	*)	1	289,884,838,556	*)	1
San Miguel Yamamura Phu Tho Packaging Company Limited	62,864,180,949	(*)	1	62,363,920,103	(*)	1
Vietnam Spirits and Wine Ltd	29,620,590,750	*)	•	26,502,914,250	*)	(26,502,914,250)
Saigon Binh Tay Beer Group Joint Stock Company	454,830,093,909	(*)	1	497,424,046,356	(*)	1
Sai Gon - Mien Trung Beer Joint Stock Company	179,682,165,759	413,026,980,100	•	159,912,655,618	405,288,769,700	1
Tan Thanh Investment Trading Company Limited	70,829,555,721	(*)	(70,829,555,721)	70,829,555,721	(*)	(70,829,555,721)
Saigon - Baclieu Beer Joint Stock Company	37,721,306,901	25,956,365,217	1	37,736,550,074	28,164,607,059	1
Sai Gon - Vinh Long Beer Joint Stock Company	53,210,068,735	(*)	•	54,828,489,105	(*)	1
Sai Gon - Kien Giang Beer Joint Stock Company	11,524,000,597	(*)	•	23,576,877,118	(*)	1
Sai Gon - Khanh Hoa Beer Joint Stock Company	47,835,118,934	(*)	•	45,329,335,287	(*)	1
Saigon - Bentre Beer Joint Stock Company	25,651,475,862	(*)		26,296,850,739	(*)	
	2,010,071,605,619		(75,707,513,102)	2,049,028,504,129		(102,210,427,352)

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

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	(AND)	(VND)
Opening balance	2,049,028,504,129	1,878,458,174,350
Share of profits during the year	172,939,963,562	267,405,919,991
Dividends income during the year	(212,370,821,059)	(96,428,050,315)
Foreign exchange differences	473,958,987	(407,539,897)
CLOSING BALANCE	2,010,071,605,619	2,049,028,504,129

# **Equity investments in other entities**

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	31/12/2021	021		1/1/2021	TI	
Company name	Cost (VND)	Fair value (VND)	Allowance (VND)	Cost (VND)	Fair value (VND)	Allowance (VND)
Orient Commercial Joint Stock Bank	•	1	•	216,579,320,000	375,218,868,800	1
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	50,000,000,000	(*)	•	50,000,000,000	(*)	1
PVI Holdings	51,475,140,000	23,741,634,600	(27,733,505,400)	51,475,140,000	15,439,345,200	(36,035,794,800)
Underground Space Investment Development Corporation	23,085,000,000	(*)	(23,085,000,000)	23,085,000,000	(*)	(23,085,000,000)

,	31/12/20	.021		1/1/2021	11	
Company name	Cost (VND)	Fair value (VND)	Allowance (VND)	Cost (VND)	Fair value (VND)	Allowance (VND)
Phuong Dong Petroleum Tourism Joint Stock Company	30,700,950,000	10,584,000,000	(30,700,950,000)	30,700,950,000	5,145,000,000	(30,700,950,000)
Saigon Securities Investment Fund A2	35,757,720,722	(*)	(35,757,720,722)	35,757,720,722	(*)	(35,757,720,722)
Saigon Beer Transportation Joint Stock Company	26,588,267,394	(*)		26,588,267,394	(*)	
Vietnam - Binh Tay Alcohol Joint Stock Company	300,000,000	(*)	(300,000,000)	300,000,000	(*)	(300,000,000)
Nha Trang Trade Tourism Joint Stock Company	1,161,147,000	(*)	(1,161,147,000)	1,161,147,000	(*)	(1,161,147,000)
Dai Viet Securities Incorporation	45,000,000,000	(*)	(45,000,000,000)	45,000,000,000	(*)	(45,000,000,000)
Sabeco HP Investment Company Limited	24,426,586,800	(*)	(24,426,586,800)	24,426,586,800	(*)	(24,426,586,800)
Sai Gon - Dong Nai Beer Joint Stock Company	3,954,000,000	(*)	(3,954,000,000)	3,954,000,000	(*)	(3,954,000,000)
Saigon Dong Ha Tourist Joint Stock Company	5,600,000,000	(*)	(5,600,000,000)	5,600,000,000	(*)	(5,600,000,000)
Development Investment Construction Joint Stock Company		1		14,992,108,200	(*)	,
	434,314,271,916		(333,984,369,922)	665,885,700,116		(342,286,659,322)

(\*) The Group has not determined fair values of these investments 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.

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

	2021 (VND)	2020 (VND)
Opening balance	665,885,700,116	665,885,700,116
Disposals during the year	(231,571,428,200)	-
CLOSING BALANCE	434,314,271,916	665,885,700,116

# (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:

	2021 (VND)	2020 (VND)
Opening balance	444,497,086,674	435,473,931,648
Allowance made during the year	-	9,828,266,586
Allowance reversed during the year	(34,805,203,650)	(805,111,560)
CLOSING BALANCE	409,691,883,024	444,497,086,674

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# 8. ACCOUNTS RECEIVABLE FROM CUSTOMERS

# (a) Accounts receivable from customers detailed by significant customers

	31/12/2021 (VND)	1/1/2021 (VND)
Saigon Binh Tay Beer Group Joint Stock Company	18,644,465,335	7,687,442,501
Other customers	82,321,456,497	61,644,448,104
_	100,965,921,832	69,331,890,605

# (b) Accounts receivable from customers who are related parties

	31/12/2021 (VND)	1/1/2021 (VND)
Associates and jointly controlled entities		
Saigon Binh Tay Beer Group Joint Stock Company	18,644,465,335	7,687,442,501
Saigon Tay Do Beer - Beverage Joint Stock Company	7,577,154,805	1,890,142,790
Saigon - Bentre Beer Joint Stock Company	7,242,299,241	869,066,325
Sai Gon - Mien Trung Beer Joint Stock Company	3,699,895,975	1,362,991,088
Sai Gon - Vinh Long Beer Joint Stock Company	3,434,688,316	7,623,484,602
Sai Gon - Kien Giang Beer Joint Stock Company	1,985,236,782	2,771,522,337
Crown Beverage Cans Saigon Limited	1,656,827,820	288,200
Saigon - Phutho Beer Joint Stock Company	1,307,824,669	2,672,119,652
Malaya - Vietnam Glass Limited	960,432,412	1,813,347,717
San Miguel Yamamura Phu Tho Packaging Company Limited	107,553,600	283,298,400
Me Linh Point Limited	1,907,400	-

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# 9. OTHER RECEIVABLES

# (a) Other short-term receivables

_	31/12/2021 (VND)	1/1/2021 (VND)
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	315,540,611,807	329,185,963,259
Dividends receivable	2,115,900,000	37,954,694,500
Other short-term receivables	84,499,085,278	55,228,636,015
	679,386,330,628	699,600,027,317

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# Other short-term receivables from related parties

	31/12/2021 (VND)	1/1/2021 (VND)
The ultimate parent company		
Thai Beverage Public Company Limited	306,673,790	-
Associates and jointly controlled entities		
Tan Thanh Investment Trading Company Limited	277,230,733,543	277,230,733,543
Saigon Binh Tay Beer Group Joint Stock Company	3,567,403,781	486,225,636
Saigon - Phutho Beer Joint Stock Company	3,331,029,818	2,163,474,650
Sai Gon - Kien Giang Beer Joint Stock Company	2,384,727,251	738,433,728
Sai Gon - Vinh Long Beer Joint Stock Company	2,170,371,981	746,494,094
Saigon - Bentre Beer Joint Stock Company	2,149,337,786	395,806,235
Sai Gon - Mien Trung Beer Joint Stock Company	1,612,994,863	34,091,873,907
Sai Gon - Khanh Hoa Beer Joint Stock Company	743,181,047	-
Saigon Tay Do Beer - Beverage Joint Stock Company	641,811,615	89,004,219
Saigon - Baclieu Beer Joint Stock Company	551,717,303	47,736,076
Crown Beverage Cans Saigon Limited	6,455,989	-

# (b) Other long-term receivables

	31/12/2021 (VND)	1/1/2021 (VND)
Long-term deposits	33,941,965,291	33,259,505,471
Other long-term receivables	8,018,865,000	8,018,865,000
	41,960,830,291	41,278,370,471

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# 10. ALLOWANCE FOR DOUBTFUL DEBTS

# (a) Short-term

	31/12/2021			1/1/20			2021	
	Overdue days	Cost (VND)	Allowance (VND)	Recoverable amount (VND)	Overdue days	Cost (VND)	Allowance (VND)	Recoverable amount (VND)
Other short-term receivables	Over 2 years	327,346,619,725	(327,346,619,725)	-	Over 2 years	327,346,619,725	(327,346,619,725)	-
Prepayments to suppliers	Over 2 years	9,897,617,714	(9,897,617,714)	-	Over 2 years	9,985,832,259	(9,985,832,259)	-
Accounts receivable from customers	Over 2 years	5,011,146,453	(5,011,146,453)	-	Over 2 years	4,957,121,319	(4,957,121,319)	-
		342,255,383,892	(342,255,383,892)	-		342,289,573,303	(342,289,573,303)	-

# (b) Long-term

31/12/2021					1/1/2021			
	Overdue days	Cost (VND)	Allowance (VND)	Recoverable amount (VND)	Overdue days	Cost (VND)	Allowance (VND)	Recoverable amount (VND)
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	5,973,013,018	(5,973,013,018)	-	Over 2 years	5,988,013,018	(5,988,013,018)	-
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	8,451,100,000	(8,451,100,000)	-	Over 2 years	8,451,100,000	(8,451,100,000)	-
		39,292,992,923	(39,292,992,923)	-		39,307,992,923	(39,307,992,923)	-

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

	2021 (VND)	2020 (VND)
Opening balance	381,597,566,226	385,703,081,108
Allowance made during the year	118,310,589	991,453,684
Allowance reversed during the year	(167,500,000)	(1,123,305,444)
Allowance utilised during the year	-	(3,973,663,122)
CLOSING BALANCE	381,548,376,815	381,597,566,226

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# 11. INVENTORIES

# (a) Inventories

	31/12/	2021	1/1/2	021
	Cost (VND)	Allowance (VND)	Cost (VND)	Allowance (VND)
Goods in transit	87,329,388,606	-	139,641,084,955	-
Raw materials	377,717,585,270	(26,761,759,614)	401,351,146,325	(27,018,634,459)
Tools and supplies	209,343,056,203	(52,437,520,781)	147,061,665,076	(43,918,674,860)
Work in progress	183,105,942,939	-	214,176,027,541	-
Finished goods	893,573,424,979	(7,758,339,742)	617,075,790,253	(6,522,583,446)
Merchandise inventories	4,642,418,420	(752,462,071)	5,733,206,528	(746,032,980)
	1,755,711,816,417	(87,710,082,208)	1,525,038,920,678	(78,205,925,745)

Included in inventories as at 31 December 2021 was VND87,710 million (1/1/2021: VND78,206 million) of obsolete or slow-moving inventories that were difficult to sell.

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

	2021 (VND)	2020 (VND)
Opening balance	78,205,925,745	202,403,033,801
Allowance made during the year	20,124,444,747	22,752,405,970
Allowance reversed during the year	(8,799,249,774)	(82,788,727,822)
Allowance utilised during the year	(101,771,108)	(53,647,174,632)
Transfer to allowance for long-term tools, supplies and spare parts	(1,719,267,402)	(10,513,611,572)
CLOSING BALANCE	87,710,082,208	78,205,925,745

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# (b) Long-term tools, supplies and spare parts

	31/12/	/2021	1/1/2	021
	Cost (VND)	Allowance (VND)	Cost (VND)	Allowance (VND)
Long-term tools, supplies and spare parts	71,400,141,872	(51,727,289,968)	78,217,769,003	(49,096,070,107)-

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

	2021 (VND)	2020 (VND)
Opening balance	49,096,070,107	29,145,767,294
Allowance made during the year	8,983,920,977	17,166,775,116
Allowance reversed during the year	(8,071,968,518)	(7,730,083,875)
Transfer from allowance for inventories	1,719,267,402	10,513,611,572
CLOSING BALANCE	51,727,289,968	49,096,070,107

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# 12. PREPAID EXPENSES

# (a) Short-term prepaid expenses

	31/12/2021 (VND)	1/1/2021 (VND)
Advertising expenses	63,044,208,196	95,481,128,569
Rental expenses	14,442,801,559	14,409,108,940
Tools and instruments	2,290,321,806	4,319,656,098
Others	9,164,579,876	29,611,875,229
	88,941,911,437	143,821,768,836

# (b) Long-term prepaid expenses

	31/12/2021 (VND)	1/1/2021 (VND)
Returnable packaging	72,543,423,150	138,198,807,564
Prepaid land costs	83,773,064,149	64,212,617,641
Property held for future investment (*)	51,602,316,000	51,602,316,000
Tools and instruments	27,038,423,849	41,793,677,975
Others	28,174,256,836	34,832,049,538
	263,131,483,984	330,639,468,718

# (\*) Property held for future investment represented the value of land use rights awaiting transfer (Note 22(b)).

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

	2021 (VND)	2020 (VND)
Opening balance	330,639,468,718	328,604,633,780
Additions during the year	58,348,663,542	160,165,991,884
Transfer from construction in progress	1,610,962,880	3,326,643,517
Amortisation for the year	(148,912,584,744)	(161,454,452,643)
Transfer from tangible fixed assets	-	71,700,000
Transfer from investment properties	21,400,510,680	-
Transfer from/(to) short-term prepaid expenses	44,462,908	(75,047,820)
CLOSING BALANCE	263,131,483,984	330,639,468,718

# TANGIBLE FIXED ASSETS

	Buildings and structures (VND)	Machinery and equipment (VND)	Motor vehicles (VND)	Office equipment (VND)	Others (VND)	Total (VND)
Cost						
Opening balance	2,115,980,817,406	8,232,148,288,565	252,733,707,252	164,844,129,295	9,249,846,674	10,774,956,789,192
Additions	7,279,069,981	23,732,438,249	4,688,000,000	2,080,122,546	•	37,779,630,776
Transfer from construction in progress	5,014,246,530	43,558,964,913	2,826,702,715	663,636,364	182,430,784	52,245,981,306
Transfer from investment properties	3,201,696,632					3,201,696,632
Reclassification	3,769,522,279	(769,989,543)	1	(3,540,036,919)	540,504,183	1
Disposals	(951,133,325)	(7,106,276,632)	(11,226,762,052)	(859,759,060)	1	(20,143,931,069)
Other adjustments	1	1	1	(1,017,145,320)	1	(1,017,145,320)
CLOSING BALANCE	2,134,294,219,503	8,291,563,425,552	249,021,647,915	162,170,946,906	9,972,781,641	10,847,023,021,517
Accumulated depreciation						
Opening balance	1,075,752,830,510	5,604,489,684,149	204,083,392,117	130,578,998,258	6,662,860,414	7,021,567,765,448
Charge for the year	96,774,469,066	416,472,347,591	14,118,827,590	13,090,426,639	966,980,792	541,423,051,678
Transfer from investment properties	2,943,771,712		1	ı	ı	2,943,771,712
Reclassification	3,647,876,053	(493,372,223)	1	(3,663,319,707)	508,815,877	1
Disposals	(951,133,325)	(7,001,368,500)	(11,226,762,052)	(859,759,060)	1	(20,039,022,937)
CLOSING BALANCE	1,178,167,814,016	6,013,467,291,017	206,975,457,655	139,146,346,130	8,138,657,083	7,545,895,565,901
Net book value						
Opening balance	1,040,227,986,896	2,627,658,604,416	48,650,315,135	34,265,131,037	2,586,986,260	3,753,389,023,744
CLOSING BALANCE	956,126,405,487	2,278,096,134,535	42,046,190,260	23,024,600,776	1,834,124,558	3,301,127,455,616

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Included in tangible fixed assets as at 31 December 2021 were assets costing VND3,615,821 million (1/1/2021: VND3,177,789 million) which were fully depreciated but still in active use.

The net book value of tangible fixed assets retired from active use and held for disposal was to VND66,622 million as at 31 December 2021 (1/1/2021: VND62,578 million).

Historical cost of tangible fixed assets that the Group leased to its associates to earn rental income as at 31 December 2021 was VND61,027 million (1/1/2021: VND61,027 million).

# 14. FINANCE LEASE TANGIBLE FIXED ASSETS

# **Buildings and structures (VND)**

Cost	
Opening balance	179,020,927,499
Adjustments during the year	(5,438,201,434)
CLOSING BALANCE	173,582,726,065
Accumulated depreciation	
Opening balance	886,754,367
Charge for the year	5,203,616,193
CLOSING BALANCE	6,090,370,560
Net book value	
Opening balance	178,134,173,132
CLOSING BALANCE	167,492,355,505

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# 15. INTANGIBLE FIXED ASSETS

	Land use rights (*) (VND)	Software (VND)	Others (VND)	Total (VND)
Cost				
Opening balance	1,024,181,907,580	77,910,746,456	104,000,000	1,102,196,654,036
Additions	-	773,636,000	-	773,636,000
Transfer from construction in progress	-	2,620,945	-	2,620,945
CLOSING BALANCE	1,024,181,907,580	78,687,003,401	104,000,000	1,102,972,910,981
Accumulated amortisation				
Opening balance	90,430,621,437	68,683,873,954	101,706,000	159,216,201,391
Charge for the year	6,814,635,334	3,759,773,291	2,294,000	10,576,702,625
CLOSING BALANCE	97,245,256,771	72,443,647,245	104,000,000	169,792,904,016
Net book value				
Opening balance	933,751,286,143	9,226,872,502	2,294,000	942,980,452,645
CLOSING BALANCE	926,936,650,809	6,243,356,156	-	933,180,006,965

Included in intangible fixed assets as at 31 December 2021 were assets costing VND66,690 million (1/1/2021: VND66,192 million) which were fully amortised but 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 2021 (1/1/2021: VND304 million).

(\*) Land use rights as at 31 December 2021 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 22(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.

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

No	Location	Square meters	Revalued amount in connection with equitisation (VND)
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	7,729.0	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 balance sheet date. During the year, the Group has also recognised land rental and land tax expenses to the consolidated statement of income with an amount of VND30,518 million (2020: VND43,276 million) following the tax payment notices from local tax authorities.

# 16. INVESTMENT PROPERTIES

_	31/12/2021 (VND)	1/1/2021 (VND)
Investment property held to earn rental (a)	30,909,849,865	33,412,839,013
Investment property held for capital appreciation (b)	10,360,398,977	31,760,909,657
	41,270,248,842	65,173,748,670

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# (a) Investment property held to earn rental

	Land use rights (VND)	Buildings and structures (VND)	Total (VND)
Cost	-		
Opening balance	27,812,438,744	29,944,361,628	57,756,800,372
Transfer to tangible fixed assets	-	(3,201,696,632)	(3,201,696,632)
Disposals	-	(388,429,394)	(388,429,394)
CLOSING BALANCE	27,812,438,744	26,354,235,602	54,166,674,346
Accumulated depreciation			
Opening balance	8,510,892,550	15,833,068,809	24,343,961,359
Charge for the year	604,618,236	1,640,445,992	2,245,064,228
Transfer to tangible fixed assets	-	(2,943,771,712)	(2,943,771,712)
Disposals	-	(388,429,394)	(388,429,394)
CLOSING BALANCE	9,115,510,786	14,141,313,695	23,256,824,481
Net book value			
Opening balance	19,301,546,194	14,111,292,819	33,412,839,013
CLOSING BALANCE	18,696,927,958	12,212,921,907	30,909,849,865

# b) Investment property held for capital appreciation

# Land use rights (VND)

Cost	
Opening balance	34,911,821,575
Transfer to long-term prepaid expenses (*)	(21,400,510,680)
CLOSING BALANCE	13,511,310,895
Accumulated amortisation	
Opening and closing balance	3,150,911,918
Net book value	
Opening balance	31,760,909,657
CLOSING BALANCE	10,360,398,977

(\*) During the year, the Group's management decided to change the using purpose of one of its land use rights at My Phuoc 3 Industrial Zone, Thu Dau Mot City, Binh Duong Province, from held for capital appreciation to construct a warehouse. As a result, the Group has transferred the prepaid land costs relating to this land use right from investment properties held for capital appreciation to long-term prepaid expenses (Note 12(b)).

The fair values of investment properties have not been determined as the Group has not performed a valuation.

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# 17. CONSTRUCTION IN PROGRESS

	2021 (VND)	2020 (VND)
Opening balance	28,138,829,026	307,773,703,264
Additions during the year	576,174,484,629	300,190,623,200
Transfer to tangible fixed assets	(52,245,981,306)	(573,716,652,077)
Transfer to intangible fixed assets	(2,620,945)	(1,061,941,589)
Transfer to long-term prepaid expenses	(1,610,962,880)	(3,326,643,517)
Transfer to short-term prepaid expenses	-	(906,348,209)
Transfer to inventories	-	(813,912,046)
Other adjustments	1,017,145,320	-
CLOSING BALANCE	551,470,893,844	28,138,829,026

During the year, interest expenses capitalised in construction in progress amounted to VND3,766 million (2020: Nil).

Major constructions in progress were as follows:

	31/12/2021 (VND)	1/1/2021 (VND)
Production expansion project	454,205,653,793	-
Buildings and structures	55,809,123,448	-
Other projects	41,456,116,603	28,138,829,026
	551,470,893,844	28,138,829,026

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# 18. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Tax rate	31/12/2021 (VND)	1/1/2021 (VND)
Deferred tax assets recognised on:			
Allowance for diminution in the value of long-term financial investments	20%	61,118,473,962	65,243,864,533
Accrued expenses and provisions	20%	59,220,758,752	42,316,471,673
<ul> <li>Unrealised profits</li> </ul>	20%	47,008,025,218	39,444,313,110
<ul> <li>Allowance for inventories and long-terr tools, supplies and spare parts</li> </ul>	n 20%	23,888,046,052	20,900,876,816
Allowance for doubtful debts	20%	2,399,303,451	2,323,811,66
• Others	20%	1,207,421,264	540,202,248
Total deferred tax assets	_	194,842,028,699	170,769,540,04
Deferred tax liabilities recognised on:			
Allowance for diminution in the value of long-term financial investments	20%	29,998,637,331	31,945,415,04
Tools and instruments	20%	2,894,887,862	5,150,600,909
Accrued expenses and others	20%	409,800,014	(489,633,313
Total deferred tax liabilities		33,303,325,207	36,606,382,644

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# 19. ACCOUNTS PAYABLE TO SUPPLIERS

# (a) Accounts payable to suppliers – short-term

# (i) Accounts payable to suppliers detailed by significant suppliers

# Cost/Amount within repayment capacity

	31/12/2021 (VND)	1/1/2021 (VND)
Crown Beverage Cans Saigon Limited	564,615,342,170	223,084,440,143
Asia Packaging Industries (Vietnam) Company Limited	236,090,797,317	136,845,628,247
Other suppliers	1,599,541,528,964	1,292,976,546,458
	2,400,247,668,451	1,652,906,614,848

# (ii) Accounts payable to suppliers who are related parties

# Cost/Amount within repayment capacity

	31/12/2021 (VND)	1/1/2021 (VND)
Associates and jointly controlled entities		
Crown Beverage Cans Saigon Limited	564,615,342,170	223,084,440,143
Saigon Binh Tay Beer Group Joint Stock Company	44,420,956,582	19,812,398,470
Sai Gon - Mien Trung Beer Joint Stock Company	25,307,805,043	44,976,587,953
Sai Gon - Khanh Hoa Beer Joint Stock Company	10,309,697,221	18,108,761,000
Malaya - Vietnam Glass Limited	8,625,799,432	5,611,672,105
San Miguel Yamamura Phu Tho Packaging Company Limited	5,998,902,800	12,707,200,000
Saigon - Phutho Beer Joint Stock Company	4,910,444,105	11,483,668,900
Sai Gon - Kien Giang Beer Joint Stock Company	2,624,513,007	3,218,569,970
Saigon - Bentre Beer Joint Stock Company	1,656,446,388	9,454,426,850
Saigon Tay Do Beer - Beverage Joint Stock Company	1,319,957,122	6,011,317,950
Saigon - Baclieu Beer Joint Stock Company	1,293,737,720	2,149,649,700
Sai Gon - Vinh Long Beer Joint Stock Company	428,183,725	4,825,865,000
Me Linh Point Limited	-	319,000,000
Other related parties		
TBC-Ball Beverage Can Vietnam Co., Ltd	156,715,090,594	96,115,396,624
MM Mega Market (Vietnam) Company Limited	307,209,113	-

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# (b) Accounts payable to suppliers – long-term

# Accounts payable to suppliers detailed by significant suppliers

# Cost/Amount within repayment capacity

	31/12/2021 (VND)	1/1/2021 (VND)
Krones AG (*)	123,420,604,800	167,127,272,000
Others	100,000,000	100,000,000
	123,520,604,800	167,227,272,000

<sup>(\*)</sup> The long-term accounts payable to Krones AG is secured by held-to-maturity investments and by and tangible fixed assets. The long-term accounts payable to supplier will be repaid in 2024.

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# 20. TAXES PAYABLE TO/RECEIVABLE FROM STATE TREASURY

# (a) Taxes payable to State Treasury

	1/1/2021 (VND)	Incurred (VND)	Paid (VND)	Net-off (VND)	Reclassified to taxes receivable (VND)	31/12/2021 (VND)
Special sales tax	763,546,141,686	6,942,901,451,012	(6,818,994,323,120)	-	-	887,453,269,578
Corporate income tax	319,508,840,202	954,964,248,596	(919,005,428,188)	(190,735,228)	912,508,591	356,189,433,973
Value added tax	147,404,543,736	12,634,139,080,899	(1,458,504,293,832)	(11,183,713,822,935)	-	139,325,507,868
Personal income tax	21,420,232,919	96,526,406,996	(87,431,714,011)	(2,936,377,977)	88,859,551	27,667,407,478
Import-export tax	-	10,840,462,760	(10,840,462,760)	-	-	-
Other taxes	5,418,573,490	62,191,655,009	(56,365,784,911)	(5,041,118,177)	135,617,819	6,338,943,230
	1,257,298,332,033	20,701,563,305,272	(9,351,142,006,822)	(11,191,882,054,317)	1,136,985,961	1,416,974,562,127

# b) Taxes receivable from State Treasury

	1/1/2021 (VND)	Net-off (VND)	Reclassified from taxes payable (VND)	31/12/2021 (VND)
Corporate income tax	2,245,145,731	(190,735,228)	912,508,591	2,966,919,094
Personal income tax	3,717,307,576	(2,936,377,977)	88,859,551	869,789,150
Other taxes	30,169,262,744	(5,041,118,177)	135,617,819	25,263,762,386
	36,131,716,051	(8,168,231,382)	1,136,985,961	29,100,470,630

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# 21. ACCRUED EXPENSES

	31/12/2021 (VND)	1/1/2021 (VND)
Advertising and promotion expenses	297,522,986,129	159,236,197,134
Interest expenses	13,198,804,841	13,139,719,501
Others	59,970,043,560	64,945,549,844
	370,691,834,530	237,321,466,479

# 22. OTHER PAYABLES

# (a) Other payables – short-term

	31/12/2021 (VND)	1/1/2021 (VND)
Estimated land use rights payable to the State in connection with equitisation (*)	735,379,872,700	735,379,872,700
Short-term deposits received	112,619,187,330	134,765,892,226
Dividends payable	1,318,815,197,765	32,410,792,586
Other payables	61,026,227,981	64,363,267,655
	2,227,840,485,776	966,919,825,167

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 15).

# Other payables - short-term to related parties

_	31/12/2021 (VND)	1/1/2021 (VND)
The ultimate parent company		
Thai Beverage Public Company Limited	448,149,450	1,878,375,715
The intermediate parent company		
BeerCo Limited	1,727,126,808	-
The parent company		
Vietnam Beverage Company Limited	687,285,174,000	-
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	287,780,949	287,780,949
Saigon - Baclieu Beer Joint Stock Company	56,487,760	719,210
Sai Gon - Mien Trung Beer Joint Stock Company	-	215,350,400
Sai Gon - Khanh Hoa Beer Joint Stock Company	-	10,937,943
Other related parties		
Super Brands Company Pte. Ltd	2,477,547,727	2,464,069,317
Chang International Co., Ltd	750,049,954	667,563,948
Chang Beer Co., Ltd	743,116,593	-
Fraser and Neave, Limited	626,614,560	481,446,018
Fraser & Neave (Singapore) Pte. Limited	-	2,000,000

# (b) Other payables - long-term

	31/12/2021 (VND)	1/1/2021 (VND)
Land tax payable to the State (Note 12(b))	51,602,316,000	51,602,316,000
Long-term deposits received	3,207,748,986	2,951,200,000
	54,810,064,986	54,553,516,000

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# Short-term borrowings and finance lease liabilities

(a)

**BORROWINGS AND FINANCE LEASE LIABILITIES** 

	Carrying amount/ Amount within repayment capacity (VND)	Increase (VND)	Decrease (VND)	Carrying amount/ Amount within repayment capacity (VND)
Short-term borrowings	439,214,639,859	2,984,178,514,935	(3,110,316,316,020)	313,076,838,774
Current portion of long-term borrowings (Note 23(b))	9,577,320,000	7,597,790,000	(9,577,320,000)	7,597,790,000
Current portion of long-term finance lease liabilities (Note 23(b))	•	1,071,743,198	ı	1,071,743,198
	448,791,959,859	2,992,848,048,133	2,992,848,048,133 (3,119,893,636,020)	321,746,371,972

Terms and conditions of outstanding short-term borrowings were as follows:			
	Currency	31/12/2021 (VND)	1/1/2021 (VND)
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	VND	194,291,999,211	50,500,000,000
Vietnam Export Import Commercial Joint Stock Bank – Quang Ngai Branch	VND	99,522,236,155	69,985,955,236
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Minh Branch	VND	11,000,000,000	50,000,000,000
Shinhan Bank Vietnam Ltd - Ha Noi Branch	VND	8,262,603,408	•
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	USD		60,193,452,000
Joint Stock Commercial Bank for Investment and Development of Viet Nam – My Dinh Branch	VND		55,805,010,701
Vietnam Joint Stock Commercial Bank for Industry and Trade – Branch 4	VND		50,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Branch 4	VND		37,230,221,922
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Quang Ngai Branch	VND		35,500,000,000
Vietnam International Commercial Joint Stock Bank – Vinh Branch	VND		30,000,000,000

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The short-term VND denominated borrowings bore interest at rates ranging from 3.10% to 4.50% per annum (1/1/2021: from 3.30% to 5.00% per annum) and short-term USD denominated borrowings bore interest at rate of 2.50% per annum (1/1/2021: from 3.00% to 5.00% per annum). The short-term borrowings are secured by inventories, accounts receivables from customers, held- to-maturity investments, tangible fixed assets and investment properties.

# (b) Long-term borrowings and finance lease liabilities

	31/12/2021 (VND)	1/1/2021 (VND)
Long-term borrowings (i)	175,597,790,000	367,175,110,000
Finance lease liabilities (ii)	174,297,753,621	168,666,168,457
	349,895,543,621	535,841,278,457
Long-term borrowings repayable within twelve months	(7,597,790,000)	(9,577,320,000)
Long-term finance lease liabilities repayable within twelve months	(1,071,743,198)	-
	(8,669,533,198)	(9,577,320,000)
Repayable after twelve months	341,226,010,423	526,263,958,457

# (i) <u>Long-term borrowings</u>

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

	Currency	Year of maturity	31/12/2021 (VND)	1/1/2021 (VND)
Vietnam Joint Stock Commercial Bank for Industry and Trade – Branch 4	VND	2027	168,000,000,000	350,000,000,000
Joint Stock Commercial Bank for Investment and Development of Vietnam - Quang Minh Branch	VND	2022	5,938,590,000	13,856,710,000
Shinhan Bank Vietnam Ltd - Ha Noi Branch	VND	2022	1,659,200,000	3,318,400,000
			175,597,790,000	367,175,110,000

The long-term borrowings bore interest at rates ranging from 6.58% to 8.20% per annum (1/1/2021: 7.80% to 8.60% per annum) and are secured by tangible fixed assets, assets to be formed in the future and investment properties.

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168,666,168,457 Principal (VND) 5,947,689,088 65,736,670,272 290,121,009,483 361,805,368,843 Interest (VND) 65,736,670,272 530,471,537,300 5,947,689,088 Payments (VND) 5,290,122,308 174,297,753,621 Principal (VND) 340,951,232,619 15,029,787,622 59,116,000,972 Interest (VND) 515,248,986,240 Payments (VND) 434,741,332,140 16,101,530,820 Within two to five years More than five years Within one year

168,666,168,457

minimum lease payments under non-cancellable finance leases were as follows:

Finance lease liabilities

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# **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:

	2021 (VND)	2020 (VND)
Opening balance	183,520,779,759	294,925,203,277
Appropriation during the year (Note 26)	170,371,174,012	170,112,525,933
Adjustments to bonus and welfare fund (Note 26)	(8,696,312,008)	(57,485,195,218)
Utilisation during the year	(106,944,193,685)	(224,031,754,233)
CLOSING BALANCE	238,251,448,078	183,520,779,759

# **PROVISIONS – LONG-TERM**

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

	2021 (VND)	2020 (VND)
Opening balance	126,213,421,774	135,416,747,716
Provision made during the year	1,198,503,536	5,332,112,060
Transfer (to)/from provisions – short-term	(31,990,000)	172,000,000
Provision reversed during the year	(41,518,366,385)	(1,593,618,751)
Provision utilised during the year	(4,503,440,230)	(13,113,819,251)
CLOSING BALANCE	81,358,128,695	126,213,421,774

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# 26. CHANGES IN OWNERS' EQUITY

	Share capital (VND)	Other capital (VND)	Foreign exchange differences (VND)	Investment and development fund (VND)	Retained profits (VND)	Total equity attributable to owners of the Company (VND)	Non-controlling interest (VND)	Total (VND)
Balance as at 1 January 2020	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
Net profit for the year	-	-	-	-	4,723,496,860	190 4,723,496,860,190	213,349,110,064	4,936,845,970,254
Appropriation to bonus and welfare fund (Note 24)	-	-	-	-	(149,318,980,	(149,318,980,876)	(20,793,545,057)	(170,112,525,933)
Adjustments to bonus and welfare fund (Note 24)	-	-	-	-	51,522,281	739 51,522,281,739	5,962,913,479	57,485,195,218
Adjustments to investment and development fund	-	-	-	(7,538,772,810)	7,538,772	810 -	-	-
Dividends (Note 29)	-	-	-	-	(3,527,046,523,	(3,527,046,523,000)	(193,710,724,921)	(3,720,757,247,921)
Foreign exchange differences	-	-	(407,539,897)	-		- (407,539,897)	-	(407,539,897)
Appropriation to social activities fund	-	-	-	-	(5,160,121,	(5,160,121,829)	(879,933,576)	(6,040,055,405)
Adjustments to social activities fund	-	-	-	-	40,235,334	870 40,235,334,870	(187,026,621)	40,048,308,249
Others	-	-	-	12,114,283	1,634,714	209 1,646,828,492	320,401,507	1,967,229,999
Balance as at 31 December 2020	6,412,811,860,000	3,208,666,226	26,865,333,874	1,122,846,170,630	12,374,498,805	733 19,940,230,836,463	1,275,045,554,465	21,215,276,390,928

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	Share capital (VND)	Other capital (VND)	Foreign exchange differences (VND)	Investment and development fund (VND)	Retained profits (VND)	Total equity attributable to owners of the Company (VND)	Non-controlling interest (VND)	Total (VND)
Balance as at 1 January 2021	6,412,811,860,000	3,208,666,226	26,865,333,874	1,122,846,170,630	12,374,498,805,733	19,940,230,836,463	1,275,045,554,465	21,215,276,390,928
Net profit for the year	-	-	-	-	3,677,252,341,304	3,677,252,341,304	252,053,205,934	3,929,305,547,238
Appropriation to bonus and welfare fund (Note 24)	-	-	-	-	(148,992,864,643)	(148,992,864,643)	(21,378,309,369)	(170,371,174,012)
Adjustments to bonus and welfare fund (Note 24)	-	-	-	-	8,087,366,226	8,087,366,226	608,945,782	8,696,312,008
Dividends (Note 29)	-	-	-	-	(2,244,484,151,000)	(2,244,484,151,000)	(138,226,824,350)	(2,382,710,975,350)
Foreign exchange differences	-	-	473,958,987	-	-	473,958,987	-	473,958,987
Appropriation to social activities fund	-	-	-	-	(5,058,422,702)	(5,058,422,702)	(937,933,937)	(5,996,356,639)
Adjustments to social activities fund	-	-	-	-	111,684,257	111,684,257	315,745	112,000,002
Others	-	-	-	(604,797,503)	(5,543,616,912)	(6,148,414,415)	6,148,414,414	(1)
Balance as at 31 December 2021	6,412,811,860,000	3,208,666,226	27,339,292,861	1,122,241,373,127	13,655,871,142,263	21,221,472,334,477	1,373,313,368,684	22,594,785,703,161

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# 27. SHARE CAPITAL

The Company's authorised and issued share capital are:

# 31/12/2021 and 1/1/2021

	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 2021 and 31 December 2020.

# 28. 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.

# 29. DIVIDENDS

The Resolutions of the Board of Directors of the Company on 26 January 2021 and 20 December 2021 resolved to declare dividends to shareholders amounting to VND961,922 million (equivalent to VND1,500 per share) and VND1,282,562 million (equivalent to VND2,000 per share), respectively, from retained profits of 2020 (2020: VND3,527,047 million, equivalent to VND5,500 per share).

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# 30. OFF BALANCE SHEET ITEMS

# (a) Leases

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

	31/12/2021 (VND)	1/1/2021 (VND)
Within one year	255,812,162,338	246,064,601,593
Within two to five years	479,765,985,921	674,713,367,337
More than five years	463,262,312,599	556,310,437,539
	1,198,840,460,858	1,477,088,406,469

# (b) Assets, materials and goods held for third parties

	Unit	31/12/2021	1/1/2021
Beers	box/crate	2,591,718	3,668,219
Beverages	box/crate	176,538	72,637
Plastic crates	piece	14,950	142,727

# (c) Foreign currencies

31/12/2021 1/1/2021

	Original currency	VND equivalent	Original currency	VND equivalent
USD	541,227	12,270,976,966	348,970	8,025,226,712
AUD	17,871	285,465,703	-	-
EUR	3,165	80,316,825	5,921	165,702,273
		12,636,759,494		8,190,928,985

# 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:

	31/12/2021 (VND)	1/1/2021 (VND)
Approved and contracted	86,977,828,511	416,256,572,434

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

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

Net revenue comprised:

	2021 (VND)	2020 (VND)
Total revenue		
Sales of beers	23,238,177,342,527	24,825,638,007,449
Sales of raw materials	3,045,469,574,053	2,960,705,983,070
Sales of beverages	137,129,233,756	171,263,021,494
Sales of alcohol and wine	47,411,234,586	71,736,427,084
Others	109,820,008,591	106,279,185,202
	26,578,007,393,513	28,135,622,624,299
Less revenue deductions		
Sales discounts	190,197,799,804	171,883,259,341
Sales returns	14,063,299,851	2,415,527,947
	204,261,099,655	174,298,787,288
Net revenue	26,373,746,293,858	27,961,323,837,011

# 32. COST OF GOODS SOLD AND SERVICES PROVIDED

2021 (VND)	2020 (VND)
15,558,536,969,969	16,418,911,045,685
3,028,411,625,842	2,845,343,798,543
111,802,339,869	120,956,970,990
43,750,632,477	59,231,832,046
22,679,914,208	15,785,405,298
18,765,181,482,365	19,460,229,052,562
	15,558,536,969,969 3,028,411,625,842 111,802,339,869 43,750,632,477 22,679,914,208

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# 33. FINANCIAL INCOME

	2021 (VND)	2020 (VND)
Interest income from term deposits at banks	848,327,266,035	929,227,793,354
Gain on disposals of equity investments in other entities	219,311,557,533	-
Foreign exchange gains	49,947,987,367	42,079,317,739
Dividends income	1,383,714,900	3,092,406,500
Other financial income	626,596,022	2,117,277
	1,119,597,121,857	974,401,634,870

# 34. FINANCIAL EXPENSES

	2021 (VND)	2020 (VND)
Interest expense	48,739,800,374	63,681,326,473
Foreign exchange losses	7,376,309,203	32,531,682,398
(Reversal of allowance)/allowance for diminution in the value of long-term financial investments	(34,805,203,650)	9,023,155,026
Other financial expenses	1,473,261,680	213,213,669
	22,784,167,607	105,449,377,566

# 35. SELLING EXPENSES

	2021 (VND)	2020 (VND)
Advertising and promotion expenses	2,191,864,691,196	1,563,612,031,993
Staff costs	793,247,695,388	727,197,975,815
Rental expenses	135,188,763,304	138,836,925,600
Returnable packaging expenses	78,767,238,494	97,507,110,762
Transportation expenses	32,324,955,041	41,332,560,798
Depreciation and amortisation	25,105,571,201	23,129,282,780
Others	243,869,714,745	267,420,893,335
	3,500,368,629,369	2,859,036,781,083

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# 36. GENERAL AND ADMINISTRATION EXPENSES

	2021 (VND)	2020 (VND)
Staff costs	375,830,783,614	415,940,713,863
Rental expenses	58,024,994,916	75,269,818,546
Depreciation and amortisation	26,666,626,632	29,952,163,870
Others	137,193,850,250	180,842,648,236
	597,716,255,412	702,005,344,515

# 37. PRODUCTION AND BUSINESS COSTS BY ELEMENTS

	2021 (VND)	2020 (VND)
Raw material costs included in production cost	5,271,608,295,836	5,367,647,284,900
Labour costs and staff costs	1,587,526,811,957	1,507,607,536,510
Depreciation and amortisation	557,477,760,126	593,451,595,931
Outside services	3,376,124,303,125	2,876,725,251,113
Other expenses	403,345,950,249	542,196,698,775

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# 38. CORPORATE INCOME TAX

# (a) Recognised in the consolidated statement of income

	2021 (VND)	2020 (VND)
Current tax expense		
Current year	954,011,763,892	1,123,217,746,589
Under provision in prior years	952,484,704	1,725,075,881
	954,964,248,596	1,124,942,822,470
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(27,375,546,091)	50,029,533,241
Income tax expense	927,588,702,505	1,174,972,355,711

# (b) Reconciliation of effective tax rate

	2021 (VND)	2020 (VND)
Accounting profit before tax	4,856,894,249,743	6,111,818,325,965
Tax at the Company's tax rate	971,378,849,949	1,222,363,665,193
Effect of different tax rates in subsidiaries	(17,181,519,843)	(13,238,380,543)
Tax incentives	(18,021,034,836)	(15,746,768,043)
Tax exempt income	(34,864,739,694)	(54,099,665,298)
Non-deductible expenses	23,429,988,289	13,224,601,912
Changes in unrecognised deferred tax assets	139,884,457	20,984,159,491
Tax losses utilised	(994,142)	(296,462,626)
Under provision in prior years	952,484,704	1,725,075,881
Others	1,755,783,621	56,129,744
	927,588,702,505	1,174,972,355,711

# (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.

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# 39. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2021 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

	2021 (VND)	2020 (VND) (Restated)
Net profit for the year	3,677,252,341,304	4,723,496,860,190
Appropriation to bonus and welfare fund	(148,992,864,643)	(141,231,614,650)
Net profit attributable to ordinary shareholders	3,528,259,476,661	4,582,265,245,540

The appropriation of bonus and welfare fund for the year ended 31 December 2021 was estimated based on the budgeted amount that was approved by shareholders at Annual General Meeting of shareholders.

The appropriation of bonus and welfare fund for the year ended 31 December 2020 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 2020 have been restated to VND7,145 per share based on the adjusted amount appropriated to bonus and welfare fund (as previously reported: VND7,133 per share).

# (ii) Weighted average number of ordinary shares

There was no movement in the number of shares for the year ended 31 December 2021 and 31 December 2020. The weighted average number of ordinary shares used to calculate basic earnings per share for two presented years are 641,281,186 shares.

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# 40. 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:

	Transaction value	
	2021 (VND)	2020 (VND)
The ultimate parent company		
Thai Beverage Public Company Limited		
Payments on behalf of the Group	6,155,192,544	7,606,756,051
The intermediate parent company		
BeerCo Limited		
Payments on behalf of the Group	10,185,243,890	-
The parent company		
Vietnam Beverage Company Limited		
Dividends	1,202,749,054,500	1,890,034,228,500
Associates and jointly controlled entities		
Sai Gon - Khanh Hoa Beer Joint Stock Company		
Sales of raw materials	221,117,524,072	196,805,131,646
Provision of services	-	100,000,000
Sales of finished goods	102,931,600	-
Purchases of merchandise goods	652,161,376,737	597,503,580,844
Other transactions	-	993,519,451
Dividends received	-	2,600,000,000
Sai Gon - Kien Giang Beer Joint Stock Company		
Sales of raw materials	254,845,958,852	258,289,840,556
Provision of services	219,121,318	1,535,147,177
Sales of tools and supplies	7,600,000	-
Purchases of merchandise goods	775,724,723,429	872,774,105,609
Other transactions	28,156,800	1,583,294,711
Dividends received	-	2,300,000,000

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# Transaction value

	2021 (VND)	2020 (VND)
Saigon - Phutho Beer Joint Stock Company		
Sales of raw materials	212,467,158,527	192,019,007,038
Provision of services	-	120,000,000
Purchases of merchandise goods	645,412,261,719	557,922,051,140
Other transactions	-	516,984,000
Dividends received	6,347,700,000	6,347,700,000
Sai Gon - Mien Trung Beer Joint Stock Company		
Sales of raw materials	379,890,505,349	377,561,114,090
Provision of services	563,788,528	4,193,958,670
Sales of tools and supplies	88,482,000	-
Sales of other goods	318,100,000	-
Purchases of merchandise goods	1,278,755,571,382	1,334,315,992,270
Purchases of raw materials	1,965,336,008	-
Warehouse rental fee	873,059,168	905,274,906
Other transactions	483,091,565	1,270,671,636
Dividends received	24,375,807,500	33,660,770,500
Sai Gon - Vinh Long Beer Joint Stock Company		
Sales of raw materials	261,415,069,467	267,513,653,769
Provision of services	5,093,716,092	4,210,699,000
Sales of finished goods	3,027,400	38,442,800
Sales of tools and supplies	3,260,746	-
Purchases of merchandise goods	802,519,930,925	884,009,075,535
Purchases of raw materials	1,844,906,000	-
Dividends received	5,100,000,000	1,500,000,000
Purchases of others	446,600,000	-

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# Transaction value

	Transaction value	
	2021 (VND)	2020 (VND
aigon Binh Tay Beer Group Joint Stock Company		
Sales of raw materials	420,320,668,438	508,210,659,79
Provision of services	4,216,020,541	4,732,609,33
Purchases of merchandise goods	1,266,494,775,070	1,555,408,213,02
Other transactions	-	69,288,72
Dividends payment	3,100,027,500	5,216,685,90
aigon - Baclieu Beer Joint Stock Company		
Sales of raw materials	48,874,437,035	71,138,672,28
Provision of services	1,839,010,602	2,286,970,18
Purchases of merchandise goods	318,756,899,800	385,105,659,99
Purchases of raw materials	146,021,200	
Other transactions	-	1,495,701,92
Dividends received	-	2,402,400,00
aigon Tay Do Beer - Beverage Joint Stock Company		
Sales of raw materials	185,133,506,431	191,131,544,83
Sales of finished goods	109,710,150	88,010,73
Sales of tools and supplies	15,675,000	
Provision of services	511,856,064	960,158,60
Purchases of merchandise goods	555,853,075,362	649,926,506,74
Purchases of raw materials	212,961,000	
Other transactions	-	1,915,323,82
Dividends received	6,983,307,000	11,756,614,00
lalaya - Vietnam Glass Limited		
Sales of other goods	-	6,261,779,36
Sales of services	238,000,000	

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# Transaction value

	2021 (VND)	2020 (VND)
Sales of scrap	1,851,153,399	-
Purchases of packaging materials	53,216,890,506	43,155,318,816
Me Linh Point Limited		
Dividends received	32,650,829,635	29,987,776,415
Sales of finished goods	23,583,500	-
Purchases of services	7,935,167,159	2,942,120,109
San Miguel Yamamura Phu Tho Packaging Company Lim	nited	
Sales of finished goods	-	1,778,112,000
Sales of raw materials	1,253,280,000	-
Purchases of packaging materials	69,044,749,000	99,383,947,300
Other transactions	-	236,645,638
Crown Beverage Cans Saigon Limited		
Sales of raw materials and other goods	-	1,860,158,464
Provision of services	1,531,920,100	-
Purchases of merchandise goods	-	3,616,558,447
Purchases of packaging materials	1,814,231,591,609	1,541,129,091,401
Dividends received	136,091,200,930	-
Saigon - Bentre Beer Joint Stock Company		
Sales of raw materials	326,526,514,717	289,630,370,143
Sales of tools and supplies	228,408,600	-
Provision of services	251,625,528	1,572,178,328
Sales of finished goods	63,620,000	-
Purchases of merchandise goods	944,920,801,547	954,540,383,059
Purchases of raw materials	49,801,500	-
Dividends received	1,000,000,000	4,000,000,000

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# Transaction value

	2021 (VND)	2020 (VNI
Mechanical and Industrial Construction Joint Stock C	Company	
Sales of finished goods	75,663,900	
Other related parties		
TBC-Ball Beverage Can Vietnam Co., Ltd		
Purchases of packaging materials	900,534,430,105	792,456,083,54
Other purchases	169,800,000	
S.A.S. CTAMAD Co., Ltd		
Other purchases	9,090,908	
MM Mega Market (Vietnam) Company Limited		
Purchases of goods	5,307,015,205	
Super Brands Company Pte. Ltd.		
Payments on behalf of the Group	4,820,212,005	5,386,560,27
Fraser and Neave, Limited		
Payments on behalf of the Group	1,718,509,256	4,797,551,92
Fraser & Neave (Singapore) Pte. Limited		
Payments on behalf of the Group	-	2,000,00
InterBev (Singapore) Limited		
Sales of finished goods	-	214,472,29
Sales of merchandise goods	274,522,020	708,326,81
Chang International Co., Ltd		
Payments on behalf of the Group	4,764,149,269	5,655,431,92
Chang Beer Co., Ltd.		
Payments on behalf of the Group	743,116,593	

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# Transaction value

	2021 (VND)	2020 (VND)
Board of Directors members		
Salary, bonus and remuneration		
Mr. Koh Poh Tiong – Chairman	-	-
Mr. Pramoad Phornprapha – Member	676,000,000	215,150,000
Mr. Nguyen Tien Vy – Member	988,000,000	735,150,000
Mr. Michael Chye Hin Fah – Member	676,000,000	215,150,000
Ms. Tran Kim Nga – Member	676,000,000	215,150,000
Mr. Le Thanh Tuan – Member	468,000,000	-
Ms. Ngo Minh Chau – Member	468,000,000	-
Mr. Nguyen Tien Dung – Member	869,400,000	1,581,200,000
Mr. Luong Thanh Hai – Member	943,000,000	1,553,150,000
Board of Management		
Salary and bonus	25,242,132,835	26,166,749,443
Audit Committee		
Remuneration	1,014,000,000	1,690,000,000

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# 41. NON-CASH INVESTING ACTIVITIES

	2021 (VND)	2020 (VND)
Purchases of fixed assets and construction in progress but not yet paid	336,958,302,839	87,431,451,342

# 42. POST BALANCE SHEET EVENT

# Dividends declared after the year end

Subsequent to the financial year-end, dividends of VND961,922 million (equivalent to VND1,500 per share) has been declared to the shareholders per Resolution dated 14 February 2022. The dividends payable has not been accrued in these consolidated financial statements.

# 43. **COMPARATIVE INFORMATION**

Except for the restatement of EPS as disclosed in Note 39, other comparative information as at 1 January 2021 were derived from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

25 March 2022

Prepared by:

Approved by:

TÓNG CÓNG TY
CÓ PHÁN
BIA-RUCU NƯỚC GIẢI KHÁT

Hoang Thanh Van

Accountant

**Tran Nguyen Trung** *Chief Accountant* 

**Koo Liang Kwee**Deputy General Director





# SAIGON BEER - ALCOHOL - BEVERAGE CORPORATION

# **Registered Office**

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# **Head Office**

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