

SUMMARY DOCUMENT
ANNUAL GENERAL MEETING OF SHAREHOLDERS 2020
SAIGON BEER – ALCOHOL – BEVERAGE CORPORATION

Dear Shareholders of Saigon Beer – Alcohol – Beverage Corporation

The Board of Directors of Saigon Beer – Alcohol – Beverage Corporation (SABECO) would like to propose the following summary of proposals for Shareholders' approval as follows:

1. Audited separate and consolidated financial statements 2019:

Please refer to the attached report.

2. Report of the Board of Directors on 2019 business performance and 2020 business plan:

Please refer to the attached report.

3. Report of the Audit Committee on 2019 operation results:

Please refer to the attached report.

4. Proposal to select the independent auditor for the fiscal year 2020:

The Board of Directors of SABECO would like to seek Shareholders' approval to select KPMG (Vietnam) Limited as the independent auditor for SABECO in the fiscal year 2020

5. Proposal on 2019 profit distribution:

No.	Categories	Budgeted 2019 (Mil. dong)	Actual 2019 (Mil. dong)
1	Undistributed profit - beginning	6,714,382	7,473,778
2	Profit after tax	4,716,987	5,370,148
3	Profit distribution:	2,583,946	2,486,187
	Bonus and Welfare Fund	286,193	231,879
	Investment and Development Fund	2,802	225
	Social Activities Fund	50,467	9,599
	Dividend	2,244,484	2,244,484
	Dividend Ratio	35.0%	35.0%
4	Undistributed profit - ending	8,847,423	10,357,739



6. Proposal on 2020 profit distribution plan:

No.	Categories	Actual 2019 (Mil. Dong)	Budget 2020 (Mil. Dong)
1	Undistributed profit – beginning	7,473,778	10,357,739
2	Profit after tax	5,370,148	5,895,430
3	Profit distribution:	2,486,187	2,418,807
	Bonus and Welfare Fund	231,879	164,998
	Investment and Development Fund	225	
	Social Activities Fund	9,599	9,325
	Dividend	2,244,484	2,244,484
	Dividend Ratio	35.0%	35.0%
4	Undistributed profit - ending	10,357,739	13,834,362

7. Proposal to settle salary, remuneration, bonus in 2019 for the Board of Directors:

The Board of Directors would like to propose the Shareholders to approve the VND 5,994,667,693 salary, remuneration, bonus of the Board of Directors in 2019.

8. Plan of salary, remuneration, bonus in 2020 for the Board of Directors:

The Board of Directors would like to seek Shareholders' approval for the VND 7,100,720,000 salary, remuneration, bonus of the Board of Directors in 2020.

9. Proposal on Directors and Officers insurance:

The Board of Directors would like to seek Shareholders' approval to purchase of liability insurance for members of the Board of Directors and Officers (D&O Insurance) for 2019 and going forwards.

SABECO shall arrange for the purchase and managing this insurance every year and handle all related and rising matters.

10. Proposal on Related party transactions within SABECO's group:

Please refer to the attached proposal

Respectfully yours,

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**



Koh Poh Tiong



**Saigon Beer - Alcohol - Beverage
Corporation**

Separate Financial Statements
for the year ended 31 December 2019



Saigon Beer - Alcohol - Beverage Corporation

Corporate Information

Enterprise Registration Certificate No.

0300583659

29 February 2012

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

Board of Directors

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

Board of Management

Mr. Neo Gim Siong Bennett	General Director
Mr. Teo Hong Keng	Deputy General Director
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

Audit Committee

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

Legal representative

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

Registered Office

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

Auditor

KPMG Limited
Vietnam

Saigon Beer - Alcohol - Beverage Corporation Statement of the Board of Management

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

The Board of Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements set out on pages 5 to 62 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, and of its unconsolidated results of operations and its unconsolidated 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 Company 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 separate financial statements for issue.

On behalf of the Board of Management



Ngô Kim Siang Bennett
General Director

Ho Chi Minh City, 8 April 2020



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Saigon Beer - Alcohol - Beverage Corporation

We have audited the accompanying separate financial statements of Saigon Beer - Alcohol - Beverage Corporation ("the Company"), which comprise the separate balance sheet as at 31 December 2019, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 8 April 2020, as set out on pages 5 to 62.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate 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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Saigon Beer - Alcohol - Beverage Corporation as at 31 December 2019, and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No. 19-01-00257-20-3



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

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 8 April 2020

Saigon Beer - Alcohol - Beverage Corporation
Separate balance sheet as at 31 December 2019

Form B 01 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND (Reclassified)
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		15,490,812,966,630	11,527,825,623,390
Cash and cash equivalents	110	5	2,341,350,753,751	2,540,016,444,290
Cash	111		56,350,753,751	85,016,444,290
Cash equivalents	112		2,285,000,000,000	2,455,000,000,000
Short-term financial investments	120		11,783,000,000,000	7,143,000,000,000
Held-to-maturity investments	123	6	11,783,000,000,000	7,143,000,000,000
Accounts receivable – short-term	130		775,262,434,498	1,352,954,918,810
Accounts receivable from customers	131	7	278,521,975,504	859,788,447,512
Prepayments to suppliers	132		7,963,987,250	31,576,528,053
Other short-term receivables	136	8(a)	816,888,466,000	502,377,730,137
Allowance for doubtful short-term debts	137	9(a)	(328,111,994,256)	(40,787,786,892)
Inventories	140	10(a)	513,934,797,433	441,938,225,352
Inventories	141		548,140,994,422	488,654,385,720
Allowance for inventories	149		(34,206,196,989)	(46,716,160,368)
Other current assets	150		77,264,980,948	49,916,034,938
Short-term prepaid expenses	151	11(a)	66,757,215,606	49,915,822,214
Deductible value added tax	152		10,507,552,618	-
Taxes receivable from State Treasury	153		212,724	212,724

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

Saigon Beer - Alcohol - Beverage Corporation
Separate balance sheet as at 31 December 2019 (continued)

Form B 01 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	31/12/2019 VND	1/1/2019 VND
Long-term assets			
(200 = 210 + 220 + 230 + 240 + 250 + 260)	200	5,848,217,722,487	5,932,482,742,257
Accounts receivable – long-term	210	322,008,298,914	321,018,071,414
Loans receivable – long-term	215	4,000,000,000	4,000,000,000
Other long-term receivables	216 8(b)	350,942,609,719	349,886,951,319
Allowance for doubtful long-term debts	219 9(b)	(32,934,310,805)	(32,868,879,905)
Fixed assets	220	1,413,215,018,102	1,626,479,824,180
Tangible fixed assets	221 12	544,185,439,401	749,264,192,839
Cost	222	3,412,801,031,561	3,454,267,214,398
Accumulated depreciation	223	(2,868,615,592,160)	(2,705,003,021,559)
Intangible fixed assets	227 13	869,029,578,701	877,215,631,341
Cost	228	992,771,603,824	992,475,603,824
Accumulated amortisation	229	(123,742,025,123)	(115,259,972,483)
Investment properties	230 14	3,569,605,132	3,962,026,116
Cost	231	7,859,289,977	7,859,289,977
Accumulated depreciation	232	(4,289,684,845)	(3,897,263,861)
Long-term work in progress	240	183,331,947,357	101,997,344,337
Construction in progress	242 15	183,331,947,357	101,997,344,337
Long-term financial investments	250 6	3,693,422,463,811	3,662,586,585,828
Investments in subsidiaries	251	2,837,212,995,029	2,731,387,995,029
Investments in associates and jointly controlled entities	252	613,705,350,635	633,705,350,635
Equity investments in other entities	253	785,951,682,407	808,576,870,344
Allowance for diminution in the value of long-term financial investments	254	(564,316,444,165)	(531,952,510,085)
Held-to-maturity investments	255	20,868,879,905	20,868,879,905
Other long-term assets	260	232,670,389,171	216,438,890,382
Long-term prepaid expenses	261 11(b)	81,391,056,573	82,269,846,366
Deferred tax assets	262 16	132,105,079,939	101,294,504,779
Long-term tools, supplies and spare parts	263 10(b)	19,174,252,659	32,874,539,237
TOTAL ASSETS (270 = 100 + 200)	270	21,339,030,689,117	17,460,308,365,647

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

Saigon Beer - Alcohol - Beverage Corporation
Separate balance sheet as at 31 December 2019 (continued)

Form B 01 – DN

(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,795,124,628,954	4,353,797,152,149
Current liabilities	310		4,566,917,970,942	4,118,949,860,019
Accounts payable to suppliers	311	17	3,022,301,483,709	2,370,788,454,823
Advances from customers	312		6,613,217,926	239,402,546
Taxes payable to State Treasury	313	18	216,566,818,802	490,139,152,871
Payables to employees	314		162,718,850,131	114,397,611,496
Accrued expenses	315	19	179,411,708,217	186,052,510,853
Other payables – short-term	319	20(a)	879,882,770,247	883,626,808,228
Bonus and welfare fund	322	21	99,423,121,910	73,705,919,202
Long-term liabilities	330		228,206,658,012	234,847,292,130
Other payables – long-term	337	20(b)	51,602,316,000	51,602,316,000
Provisions – long-term	342	22	92,606,211,882	99,246,846,000
Science and technology development fund	343		83,998,130,130	83,998,130,130
EQUITY (400 = 410)	400		16,543,906,060,163	13,106,511,213,498
Owners' equity	410	23	16,543,906,060,163	13,106,511,213,498
Share capital	411	24	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
Investment and development fund	418	25	760,819,802,040	760,819,802,040
Retained profits	421		9,370,274,398,123	5,932,879,551,458
- Retained profits brought forward	421a		4,958,755,506,355	4,909,158,361,575
- Retained profit for the current year	421b		4,411,518,891,768	1,023,721,189,883
TOTAL RESOURCES (440 = 300 + 400)	440		21,339,030,689,117	17,460,308,365,647

8 April 2020

Prepared by:



Nguyen Van Hoa
Accountant



Tran Nguyen Trung
Chief Accountant

Approved by:



Teo Hong Keng
Deputy General Director



Neo Gim Siong Bennett
General Director

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

Saigon Beer - Alcohol - Beverage Corporation
Separate statement of income for the year ended 31 December 2019

Form B 02 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

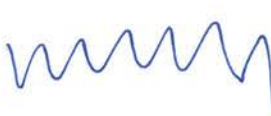
	Code Note	2019 VND	2018 VND
Revenue from sales of goods and provision of services	01 28	39,830,365,078,035	36,861,469,032,546
Revenue deductions	02 28	1,829,235,021	31,672,266,679
Net revenue (10 = 01 - 02)	10 28	39,828,535,843,014	36,829,796,765,867
Cost of goods sold and services provided	11 29	35,043,871,013,642	32,627,544,258,893
Gross profit (20 = 10 - 11)	20	4,784,664,829,372	4,202,252,506,974
Financial income	21 30	2,970,222,411,575	1,747,790,837,952
Financial expenses	22 31	42,138,560,703	123,171,219,786
Selling expenses	25 32	1,875,597,765,722	1,426,024,833,322
General and administration expenses	26 33	594,830,088,986	418,418,135,868
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30	5,242,320,825,536	3,982,429,155,950
Other income	31	6,594,368,183	4,033,336,353
Other expenses	32	14,221,150,890	7,566,942,469
Results of other activities (40 = 31 - 32)	40	(7,626,782,707)	(3,533,606,116)
Accounting profit before tax (50 = 30 + 40)	50	5,234,694,042,829	3,978,895,549,834
Income tax expense – current	51 35	717,303,217,858	630,858,736,453
Income tax benefit – deferred	52 35	(30,810,575,160)	(66,364,907,398)
Net profit after tax (60 = 50 - 51 - 52)	60	4,548,201,400,131	3,414,401,720,779

8 April 2020

Prepared by:



Nguyen Van Hoa
Accountant



Tran Nguyen Trung
Chief Accountant

Approved by:



Teo Hong Keng
Deputy General Director



Neo Gim Siong Bennett
General Director

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

Saigon Beer - Alcohol - Beverage Corporation
Separate statement of cash flows for the year ended 31 December 2019
(Indirect method)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	5,234,694,042,829	3,978,895,549,834
Adjustments for			
Depreciation and amortisation	02	238,030,970,711	246,045,034,923
Allowances and provisions	03	342,159,024,324	233,870,384,777
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	1,032,184,727	(34,569,290)
Profits from investing activities	05	(2,941,727,163,726)	(1,746,153,461,982)
Other adjustments	07	-	29,737,976,707
Operating profit before changes in working capital	08	2,874,189,058,865	2,742,360,914,969
Change in receivables	09	573,258,580,818	470,302,277,271
Change in inventories	10	(71,297,614,236)	(121,785,266,517)
Change in payables and other liabilities	11	436,508,498,783	402,135,192,936
Change in prepaid expenses	12	(15,962,603,599)	(45,243,691,188)
		3,796,695,920,631	3,447,769,427,471
Corporate income tax paid	15	(774,647,952,285)	(706,977,980,688)
Other payments for operating activities	17	(72,591,247,041)	(129,682,908,733)
Net cash flows from operating activities	20	2,949,456,721,305	2,611,108,538,050

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

Saigon Beer - Alcohol - Beverage Corporation
Separate statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	2019 VND	2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(71,847,744,928)	(103,130,623,894)
Proceeds from disposals of fixed assets	22	1,958,000,000	-
Placements of term deposits at banks	23	(13,543,000,000,000)	(10,283,000,000,000)
Collections of term deposits at banks	24	8,903,000,000,000	9,514,000,000,000
Payments for investments in other entities	25	(85,825,000,000)	(3,319,160,000)
Collections on disposals of investments in other entities	26	-	28,339,826,544
Receipts of interests and dividends	27	2,609,906,587,086	2,074,797,151,374
Net cash flows from investing activities	30	(2,185,808,157,842)	1,227,687,194,024
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of dividends	36	(962,141,892,775)	(3,681,063,074,450)
Net cash flows from financing activities	40	(962,141,892,775)	(3,681,063,074,450)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(198,493,329,312)	157,732,657,624
Cash and cash equivalents at the beginning of the year	60	2,540,016,444,290	2,382,294,145,898
Effect of exchange rate fluctuations on cash and cash equivalents	61	(172,361,227)	(10,359,232)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 5	2,341,350,753,751	2,540,016,444,290

Prepared by:



Nguyen Van Hoa
Accountant

Tran Nguyen Trung
Chief Accountant

8 April 2020

Approved by:



Teo Hong Keng
Deputy General Director



Neo Gim Siong Bennett
General Director

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



**Saigon Beer - Alcohol - Beverage
Corporation and its subsidiaries**

Consolidated Financial Statements
for the year ended 31 December 2019



Saigon Beer - Alcohol - Beverage Corporation Corporate Information

Enterprise Registration Certificate No.

0300583659

29 February 2012

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

Board of Directors

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

Board of Management

Mr. Neo Gim Siong Bennett	General Director
Mr. Teo Hong Keng	Deputy General Director
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

Audit Committee

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

Legal Representative

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

Registered Office

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

Auditor

KPMG Limited
Vietnam

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Statement of the Board of Management

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

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

- (a) the consolidated financial statements set out on pages 5 to 68 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Neo Gim Siong Bennett
General Director

Ho Chi Minh City, 8 April 2020



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84-8 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Saigon Beer - Alcohol - Beverage Corporation

We have audited the accompanying consolidated financial statements of Saigon Beer - Alcohol - Beverage Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 8 April 2020, as set out on pages 5 to 68.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

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

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

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



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

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 8 April 2020

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2019

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN

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

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

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN

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

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

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN

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

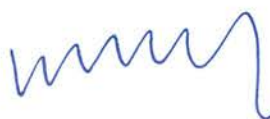
	Code	Note	31/12/2019 VND	1/1/2019 VND
EQUITY (400 = 410 + 430)	400		20,076,247,056,364	16,111,905,568,169
Owners' equity	410	25	20,076,247,056,364	16,111,868,168,169
Share capital	411	26	6,412,811,860,000	6,412,811,860,000
- Ordinary shares with voting rights	411a		6,412,811,860,000	6,412,811,860,000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

8 April 2020

Prepared by:



Hoang Thanh Van
Accountant



Tran Nguyen Trung
Chief Accountant

Approved by:



Teo Hong Keng
Deputy General Director



Neo Gim Siong Bennett
General Director

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated statement of income the year ended 31 December 2019

Form B 02 – DN/HN

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

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

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated statement of income the year ended 31 December 2019 (continued)

Form B 02 – DN/HN

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

	Code	Note	2019 VND	2018 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		5,370,147,708,542	4,402,749,946,424
Attributable to:				
Equity holders of the Company	61		5,053,363,919,165	4,177,432,235,379
Non-controlling interest	62		316,783,789,377	225,317,711,045
Earnings per share				
Basic earnings per share	70	38	7,477	6,143

8 April 2020

Prepared by:



Hoang Thanh Van
Accountant



Tran Nguyen Trung
Chief Accountant

Approved by:



Teo Hong Keng
Deputy General Director



Neo Gim Siong Bennett
General Director

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

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method)

Form B 03 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

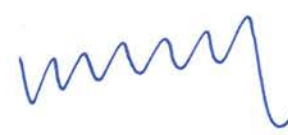
The accompanying notes are an integral part of these consolidated financial statements

Saigon Beer - Alcohol - Beverage Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

Form B 03 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

8 April 2020

Prepared by:  

Approved by:  



Hoang Thanh Van Tran Nguyen Trung Teo Hong Keng Neo Gim Siong Bennett
Accountant Chief Accountant Deputy General Director General Director

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

**REPORT OF THE BOARD OF DIRECTORS
FOR 2019 PERFORMANCE AND 2020 ORIENTATION**

To: Shareholders of SABECO

The Board of Directors (“BOD” or “the Board”) of Saigon Beer - Alcohol - Beverage Corporation (“SABECO”) would like to report to the Annual General Meeting of Shareholders (“AGM”) on 2019 performance and 2020 orientation.

I. Assessment of 2019 Performance

1. Overview

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

- Global trade grew slower than forecast as the U.S. changed its strategy to bilateral negotiations. In particular, the U.S. – China trade tensions which are complicated, adversely affected trade growth and very likely to continue for quite some time. The National Financial Supervisory Commission of Vietnam (“NFSC”) said that the world economy in 2019 was expected to decelerate or at best maintain the 2018 growth rate.
- According to the General Statistics Office of Vietnam, the economic growth in 2019 reached 7.02% which facilitated the growth of SABECO.
- Vietnam economy had been growing rapidly with increasing GDP, increasing per capita income and increasing urbanization. Population is 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.
- Vietnam ranks first (1st) in Southeast Asia, and third (3rd) in Asia, next to China and Japan in terms of annual beer consumption. These ranks reflect the market attractiveness which comprises almost 98 million people, drawing participations from a variety of leading beer companies around the world.
- With the main intention of adding value for consumers, SABECO has constantly enhanced the its technology and capability to ensure product quality. At the same time, SABECO has been investing in marketing activities to promote its image and brands, which is an integral pillar of a long-term sustainable development strategy and also in human resources by creating a fair and competitive working environment for employees and encouraging them to constantly improve their skill and expertise.
- Compared to 2018, SABECO and its group of companies in 2019 faced various difficulties and challenges, including a false rumor circulating among consumers that SABECO is a Chinese company because it was sold to a Chinese entity, and that Bia Saigon now carries Chinese brands which significantly tarnished the well-known reputation of SABECO and Bia Saigon with a history of 144 years in Vietnam.

2. Business Performance in 2019

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

Categories	Unit	2018 Actual	2019 Plan	2019 Actual
Net Sales	Billion VND	35,949	38,871	37,899
Profit After Tax	Billion VND	4,403	4,717	5,370

Earnings and Dividend:

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

3. The Board of Directors' Activities in 2019

In 2019, the Board of SABECO held four (04) meetings to facilitate the implementation of company strategic plans and to supervise the business activities of SABECO and its group of companies.

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

3.1 Remuneration:

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

3.2 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 for the interests of shareholders.

Activities of Committees:

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

On 18 March 2019, the Board appointed Mr. Nguyen Tien Vy, an independent BOD member, to oversee HR activities and ensure remuneration policies were in accordance with the Law and the Corporation's Charter and relevant regulations in order to support the Board on these matters. In this connection, prior to consideration of the Board, he reviewed and put forward to the Corporation certain recommendations related to HR including, but not limited to, the organizational structure and the appointment of senior executives of SABECO and its group of companies.

3.3 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:

3.3.1. Organizational Structure

- Applied new salary structure from the parent company to subsidiaries.

- Restructured the organization chart of SABECO, SATRACO and other subsidiaries.
- Setting up of SABECO 4.0 function in progress.

3.3.2. Sales and Marketing Activities

- Reviewed Group's 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.
- Developed a strategy to drive sales through stimulating sales to consumers (such as Bia Saigon Relaunch Promotions for Saigon Special Beer product, Saigon Export Beer product, Saigon Lager Beer product).
- Approved change of packaging design for rejuvenation of its iconic Bia 333 brand.
- Raised Vietnam's pride by winning a gold medal for the "International Smallpack Lager Competition", Class 1 (Lager 2.9% - 4.4% ABV) category at The International Brewing Awards 2019.
- Celebrate conference of "The introduction and consumption of Bia Saigon" at Bia Saigon – Daklak Brewery.
- Honored in the ranking for the third consecutive year in the list of "50 Best Listed companies in 2019" organized by Forbes Vietnam.
- Honored in the list of Forbes ASIA's 200 Best over a Billion 2019. SABECO is proud to be among 7 Vietnamese representatives honored in the list, together with big companies in the Asia-Pacific region.
- Official sponsor of National Sports Federation of Vietnam at the 30th Southeast Asia Games ("SEA Games 30") in Philippines.

3.3.3. Production and Supply Chain Activities

- Maintained highest standards for product quality by improving procurement process of raw materials and production process.
- Closely monitored price movement of raw materials and ensure timely purchasing of production materials to optimize production costs.
- Enhanced efficiency and capabilities for supply chain within SABECO system.
- Strengthened quality management, machinery and equipment management programs, improved expertise and training for workers to ensure quality and food safety.
- Managed research and beer analysis activities at testing laboratories of the Company's system, developed documentation, maintained and improved the laboratory management system ISO 17025:2005.
- Invested in R&D activities and applied innovative technologies to diversify product portfolio, improve product quality and reduced manufacturing costs. The brewery's operational procedures are centered on health, the environment and sustainable development.
- Restructured warehousing processes and network, developed transportation roadmap and progressively optimized transport activities, centralized the operation of long-range transport; diversified methods of transportation and ensured adequate supply during peak occasions.

3.3.4. 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.

3.3.5. Human Resources Activities

- Reviewed and developed the Company'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.

3.3.6. Subsidiaries, Associates, and Joint Ventures' Activities

- SABECO funded the charter capital increase in Saigon - Lamdong Beer JSC and hence acquired the controlling interest. Saigon - Lamdong Beer JSC will use the funds for capacity expansion. As of 31st December 2019, SABECO has 26 subsidiaries with over 51% of ownership and 18 associates and joint ventures.
- With the growth in sales volume in 2019, 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 in comparison to 2018, thereby improving returns on SABECO's capital investment.

II. 2020 Orientation

1. Macroeconomics Overview and the Beer Market in 2020

1.1 Overview

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

1.2 Beer Market in 2020

- The trend of consuming more premium beer brands will continue due to the increase of income over the past few years.

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

The Vietnam beer industry suffered the above two punches, resulting in Q1 2020 in a 18.9% drop in output year-over-year, according to the General Statistics Office of Vietnam.

2. 2020 Planning

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

Categories	Unit	2019 Actual	2020 Plan	% Growth Rate
Net Sales	Billion VND	37,899	23,800	-37 %
Profit After Tax	Billion VND	5,370	3,252	-39 %

Hence, to achieve the proposed 2020 business plan, the Board provides guidance in the following areas:

- Implementing resolutions of the General Meeting of Shareholders including achieving 2020 business plan.
- Focusing resources on branding and marketing activities, including developing brand positioning, production and distribution strategies to meet market needs, professional distribution network restructuring and effective supporting channels and product segments control.
- Maintaining market share in urban and city areas, simultaneously expanding rural market and promoting export market.
- Promoting research and development initiatives to improve product quality and new product offerings.
- Enhancing capabilities and efficiency of SABECO's supply chain system.
- Integrating effective methods of HR management and applying the Key Performance Indicators ("KPIs") reward system.
- Focusing on radical reforms to increase investment and operational efficiencies and reducing costs, thereby increasing productivity.
- Adopting the renewable, solar energy systems for cost-effectiveness and reduce effects of climate change.
- Committing to a sustainable development model revolving around four key objectives: Consumption, Conservation, Country and Culture encompassing social activities, community support and environmental protection programs.

- Leveraging both local and international expertise to preserve SABECO values and the Corporation's brands while constantly adapting to the dynamic market with its ever-changing 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.

The Board respectfully propose the BOD report to 2020 General Meeting of Shareholders for approval.

Sincerely,

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN



Koh Poh Tiong



SAIGON BEER – ALCOHOL – BEVERAGE
CORPORATION

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness



BOARD OF DIRECTORS
AUDIT COMMITTEE

Ho Chi Minh City, 18 June, 2020

ACTIVITY REPORT OF THE AUDIT COMMITTEE IN 2019

To: Shareholders of SABECO

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

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

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

a. Review of Financial Statements

The AC had reviewed quarterly, semi-annual and annual financial statements before the Management submitted them to the Board, and then to shareholders at the AGM, or for public releases as required by the law, and assessed whether they were fairly, completely and timely presented in accordance with current accounting regulations, accounting standards and legal requirements. For 2019, the result of review showed that:

- Quarterly and annual financial statements were prepared and disclosed in accordance with current accounting standards and regulations.
- Although it is not required by the law, Q1/2019 and Q3/2019 financial statements were reviewed by the Independent Auditor who helped improve the reliability and credibility of the reports before being disclosed.
- During the year, there were no changes in accounting policies, accounting standards nor tax policies which had material impact on the disclosed financial position and financial statements.
- No material or irrational 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 financial statements preparation and disclosure, and the AC has also agreed with Management and relevant stakeholders on measures for improvement.

b. Review of Related Party Transactions

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



c. Oversight of Compliance and Fraud Prevention

The AC would supervise the effectiveness of SABECO's internal controls to prevent fraud and ensure compliance with the law and the Corporation's charter and regulations. Initially, the AC would focus on the efficiency of internal audit and risk management systems. The AC reviewed SABECO's internal control system every quarter based on the audit results reported by the Internal Audit Department. The results indicated that there were some internal controls that needed to be improved so that the Corporation's business operations would be adequate, effective and appropriate.

d. Oversight of Internal Audit

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

e. Oversight of Independent Auditing Services

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

Regarding execution of the 2019 audit plan, KPMG as the Independent Auditor successfully fulfilled its tasks, met AC's expectations, ensured the reliability and integrity of the financial statements which were disclosed to shareholders and relevant stakeholders. For the financial year 2020, the Board (AC) will submit the proposal of selecting an independent auditing firm to the AGM for approval.



**ON BEHALF OF AUDIT COMMITTEE
CHAIRMAN**

Pramoad Phornprapha

Hanoi, 18 June, 2020

PROPOSAL

Re: Approve the transactions between SABECO and the subsidiaries,
joint ventures and associates in SABECO's system

Respectfully to: General Meeting of Shareholders of SABECO

- Pursuant to the current Law on Enterprises;
- Pursuant to the current Law on Securities;
- Pursuant to the current Charter of Saigon Beer – Alcohol – Beverage Corporation (SABECO);

To make the business operations of Saigon Beer – Alcohol – Beverage Corporation (SABECO) more flexible but still be in accordance with the related laws and internal regulations in relation to related party transaction, Board of Directors would like to submit to General Meeting of Shareholders for approval of the followings:

1. Approve the contracts and the transactions within SABECO system including but not limit to the transactions between SABECO and (i) Saigon Beer Trading One Member Limited Company (SATRACO), SA BE CO Mechanical Co., Ltd (MESAB), the Regional Saigon Beer Trading Joint Stock Companies; (ii) Co-production units and (iii) the joint ventures, associates in SABECO system with respect to the followings:

- a. Sale and purchase of SABECO's beer products;
- b. Sale and purchase of the packaging printed with SABECO trademark;
- c. Sale and purchase of the raw materials for producing SABECO's Beer;
- d. Sale and purchase of the point of sales material (POSM) for the marketing and the consumption of SABECO beer products;
- e. Provisions of transportation service for transporting the SABECO's productive raw materials and/or transporting SABECO's beer products, packages, crates, pallets, point of sales material for the SABECO's beer production and consumption.

(all the contracts, transactions mentioned above are referred to "Transactions")

The above Transactions are conducted based on the following conditions:

- These Transactions are served for the regular businesses and/or essential for the daily businesses operations of SABECO, Saigon Beer Trading One Member Limited Company (SATRACO), SA BE CO Mechanical Co., Ltd (MESAB), the Regional Saigon Beer Trading Joint Stock Companies; the subsidiaries, joint ventures, associates and the other companies owning the contributed capital of SABECO in the SABECO system.

- These Transactions must be carried out in according to the normal commercial terms and conditions and no harm to the interests of SABECO.



2. Authorize the Board of Directors and permit Board of Directors to reauthorize General Director and Deputy General Directors of SABECO for the implementation as follows:

a. Decide the specific terms and conditions of the Transactions and the contracts, agreements, documents related to the Transactions, including the agreements of amendment, supplement, replacement, termination of the Transactions (if any) in accordance with the conditions prescribed in Section 1 mentioned above; and

b. Sign and execute the Transactions and other documents related to the Transactions, including the agreements of amendment, supplement, replacement, termination of the Transactions (if any) in accordance with the conditions prescribed in Section 1 mentioned above.

Yours Sincerely./.

ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN

Recipients:

- As above;
- Archive.



Koh Poh Tiong