

**CHUONG DUONG BEVERAGES
JOINT STOCKS COMPANY**



**ANNUAL
REPORT 2019**



VI NGUYEN BAN
Saxe
CHUONG DUONG
Since 1952
HƯƠNG
Việt Nam

390 ml
Saxe
CHUONG DUONG
Since 1952
HL
Việt

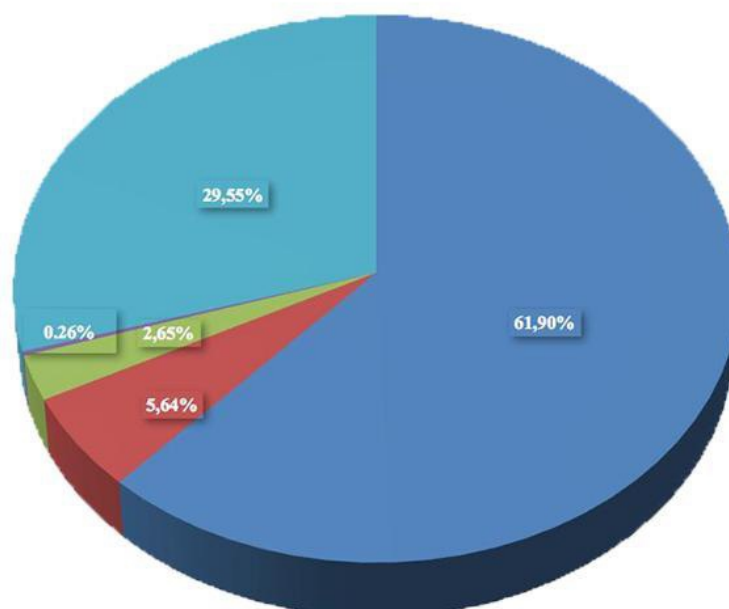
Thời nhiệt độ
6-20°C
390 ml
Saxe
CHUONG DUONG
Since 1952
VI NGUYEN BAN

The background of the slide features a large, semi-transparent image of a Saké beer bottle. The bottle is the central focus, with its label clearly visible, showing the brand name 'Saké' in a stylized font and 'CHƯƠNG DƯƠNG' below it. The bottle is surrounded by several large, clear ice cubes, suggesting a cold beverage. The overall color scheme is dominated by reds and oranges, with a soft, glowing effect around the bottle and ice. The text 'AGENDA' is prominently displayed in the center of the slide in a bold, yellow font.

AGENDA

- **General information**
- **2019 Highlights**
- **Statement of Board of Management**
- **Financial Report**

SHAREHOLDERS' STRUCTURE



- SABECO
- PYN ELITE FUND
- CÔNG TY CP ĐẦU TƯ MẠO HIỂM
- CHƯƠNG DƯƠNG BEVERAGES JSC
- OTHER

COMPANY INFORMATION

Chuong Duong Beverages Joint Stock Company

Stock code: SCD

English name: Chuong Duong Beverages JSC

In-short: CDbeco

Owners' Capital: 85.000.000.000 VNĐ

Head Office: 606 Võ Văn Kiệt Strt, Cầu Kho Ward, Dist. 1, HCMC, Việt Nam

Tel: (84-28) 3836 7518

Fax: (84-28) 3836 7176

Email: infor@cdbeco.com.vn

Website: www.cdbeco.com.vn

Enterprise Registration & Certificate No.: 0300584564

2019 Highlights

Reviving the nostalgia of a heritage brand

The focus for 2019 was to rebuild the Sa Xi Chuong Duong brand and reconnect with consumers who grew up as fans of Sa Xi & who appreciate the unique flavour and experience of a truly Vietnamese heritage brand.



Improving Visibility & Branding of Sa xi Chuong Duong



More effort was committed to increase brand visibility of Sa Xi Chuong Duong in all sales channels: Traditional restaurants, the Modern Trade and the General Trade

2019 HIGHLIGHTS

Distribution Enhancing

Significant improvements were made to enhance distribution in the Modern Trade and Key Restaurant Chains.

Notably, the number of Modern Trade outlets increased by 46% while sales volumes jumped 32%. Saxi was also successfully listed on Jet Star



Consumer Engagement



To rebuild consumption and distribution, consumer activations were conducted across traditional restaurants, weddings and even bars where CD products were enjoyed on ice or even as a cocktail mixer.

2019 HIGHLIGHTS

Community Outreach



As part of CDBECO's community outreach program, the company supported the local government with Tet Gifts for the underprivileged people in Cau Kho Ward in 2019
The company also continued to sponsor local community activities in provinces such as the Racing Boat at Sóc Trăng

Commenced Factory Relocation Project



The project to relocate the factory was approved by SABECO BOD and CDBECO BOD in Aug 2019 and Sep 2019 respectively. This was followed by the groundbreaking for the new factory site at Nhon Trach held in Dec 2019.

The facility now is under development and scheduled to be completed in Sep 2020. It is expected to be fully operational by Nov 2020.



VỊ NGUYÊN BẢN

Saxi

CHUONG DUONG
Since 1952

HƯƠNG VỊ

Vượt Thời Gian

BOARD OF DIRECTORS



Mr. Neo Gim Siong Bennett
(Chairman from 19 Jul, 2018)



Mr. Trần Đức Hòa
Chairman (From 19 Jul, 2018)
Member (From 19 Jul, 2018)



Mr. Trịnh Huy Hóa
Member (From 19 Jul, 2018)



Mr. Đặng Trung Kiên
Member (From 19 Jul, 2018)



Mr. Phạm Tấn Lợi
Member (From 19 Jul, 2018)

BOARD OF SUPERVISORS



Mr. Nguyễn Phước Thoại

Head of Board of Supervisors (From 3 May, 2019)



Mr. Nguyễn Hoàng Hiệp

Member



Mrs. Nguyễn Thị Ngọc Dung

Member

BOARD OF MANAGEMENT

Mr. Neo Hock Tai Schubert

General Director (From 10 Jan, 2019)



Mr. Nguyễn Thanh Hải

Chief of Commercial Officer (From 25 Jun, 2019)

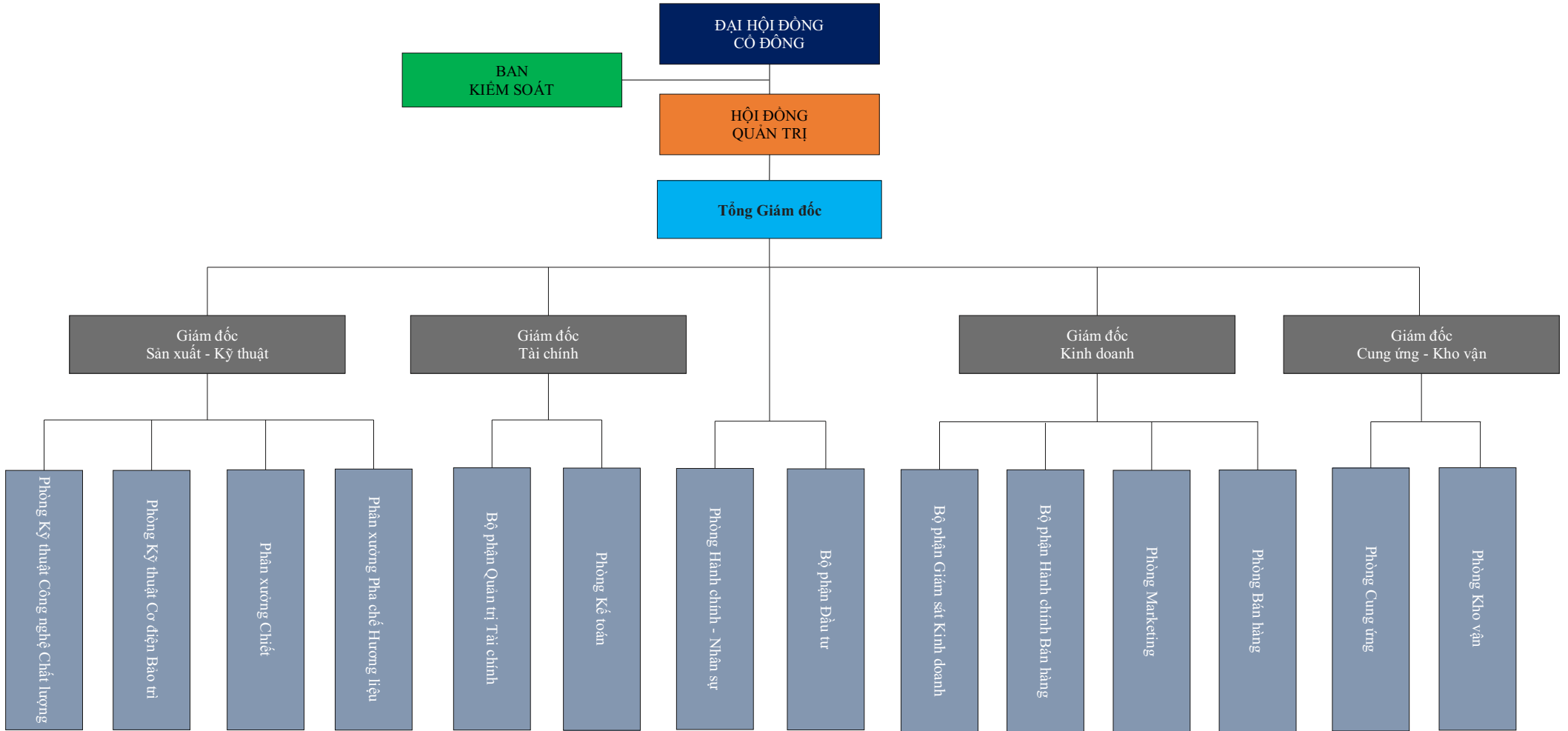


Mrs. Nguyễn Thuý Phượng

Chief of Financial Officer

Cum Chief Accountant (From 8 Oct, 2018)

ORGANIZATION CHART





**CHUONG
DUONG**

Chuong Duong Beverages Joint Stock Company

Statement of Board of Management

The Board of Management of Chuong Duong Beverages Joint Stock Company (“the Company”) presents this statement and the accompanying 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 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 Board of Management:

(a) the financial statements set out on pages 5 to 37 give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of operations and the cash flows of the Company 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 financial statements for issue.

On behalf of the Board of Management



Neo Hock Tai, Schubert
General Director

Ho Chi Minh, 5 March 2020



Tươi trẻ mỗi ngày



Chuong Duong Beverages Joint Stock Company
Balance sheet as at 31st Dec, 2019

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22nd Dec, 2019 of the Ministry of Finance)

ASSETS	Code	Note	31/12/2019 VND	1/1/2019 VND
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		206.885.924.503	192.566.273.595
Cash and cash equivalents	110	5	72.520.853.571	64.975.788.530
Cash	111		42.520.853.571	54.975.788.530
Cash equivalents	112		30.000.000.000	10.000.000.000
Short-term financial investments	120		100.000.000.000	90.000.000.000
Held-to-maturity investments	123	6(a)	100.000.000.000	90.000.000.000
Accounts receivable – short-term	130		17.102.399.502	16.584.645.851
Accounts receivable from customers	131	7	15.782.171.876	15.043.820.457
Prepayments to suppliers	132		217.380.425	257.840.875
Other short-term receivables	136	8	2.937.478.074	2.101.978.682
Allowance for doubtful debts	137	9	(1.834.630.873)	(818.994.163)
Inventories	140	10(a)	16.363.439.613	19.206.767.193
Inventories	141		16.605.829.258	19.964.073.431
Allowance for inventories	149		(242.389.645)	(757.306.238)
Other current assets	150		899.231.817	1.799.072.021
Short-term prepaid expenses	151		899.231.817	342.090.583
Taxes receivable from State Treasury	153	16(b)	-	1.456.981.438

Chuong Duong Beverages Joint Stock Company
Balance sheet as at 31st Dec, 2019 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22nd Dec, 2019 of the Ministry of Finance)

ASSETS	Code	Note	31/12/2019 VNĐ	1/1/2019 VNĐ (Restated)
Long-term assets (200 = 220 + 230 + 240 + 250 + 260)	200		40.515.659.043	44.938.499.350
Fixed Assets	220		4.896.194.026	7.858.268.123
Tangible fixed assets	221	11	4.880.943.794	7.830.065.643
Cost	222		57.167.615.691	58.804.410.400
Accumulated depreciation	223		(52.286.671.897)	(50.974.344.757)
Intangible fixed assets	227	12	15.250.232	28.202.480
Cost	228		1.300.192.426	1.300.192.426
Accumulated amortisation	229		(1.284.942.194)	(1.271.989.946)
Investment property	230	13	23.808.760.680	23.808.760.680
Cost	231		23.808.760.680	23.808.760.680
Long-term work in progress	240		1.004.437.655	831.901.294
Construction in progress	242		1.004.437.655	831.901.294
Long-term financial investments	250		6.500.000.000	6.500.000.000
Equity investments in other entities	253	6(b)	6.500.000.000	6.500.000.000
Other long-term assets	260		4.306.266.682	5.939.569.253
Long-term prepaid expenses	261		54.944.317	158.714.770
Deferred tax assets	262	14	1.656.243.750	2.091.504.117
Long-term tools, supplies and spare parts	263	10(b)	2.595.078.615	3.689.350.366
TOTAL ASSETS (270 = 100 + 200)	270		247.401.583.546	237.504.772.945

Chuong Duong Beverages Joint Stock Company
Balance sheet as at 31st Dec, 2019

Form B 01 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22nd Dec, 2019 of the Ministry of Finance)

RESOURCES	Code	Note	31/12/2019 VND	1/1/2019 VND (Restated)
LIABILITIES (300 = 310 + 330)	300		50.730.570.882	55.759.379.839
Current liabilities	310		42.329.352.132	45.692.923.589
Accounts payable to suppliers	311	15	20.596.157.808	20.460.526.744
Advances from customers	312		335.258.507	2.321.820.628
Taxes payable to State Treasury	313	16(a)	2.468.418.131	1.221.171.244
Payables to employees	314		4.617.376.777	3.464.360.020
Accrued expenses	315	17	11.407.444.772	15.614.654.952
Other short-term payables	319		1.288.588.334	933.700.721
Bonus and welfare fund	322	18	1.616.107.803	1.676.689.280
Long-term liabilities	330		8.401.218.750	10.066.456.250
Other long-term payables	337		120.000.000	720.000.000
Provisions – long-term	342	19	8.281.218.750	9.346.456.250
EQUITY (400 = 410)	400		196.671.012.664	181.745.393.106
Owners' equity	410	20	196.671.012.664	181.745.393.106
Share capital	411	21	85.000.000.000	85.000.000.000
- <i>Ordinary shares with voting rights</i>	411a		85.000.000.000	85.000.000.000
Treasury shares	415	21	(347.276.838)	(347.276.838)
Investment and development fund	418	22	104.569.834.944	104.057.535.579
Retained profits/(accumulated losses)	421		7.448.454.558	(6.964.865.635)
- <i>Accumulated losses brought forward</i>	421a		(6.964.865.635)	(11.128.775.461)
- <i>Retained profit for the current year</i>	421b		14.413.320.193	4.163.909.826
TOTAL RESOURCES (440 = 300 + 400)	440		247.401.583.546	237.504.772.945

5 March 2020

Prepared by:



Bui Thi Kim Chi
Accountant

Approved by:



Nguyen Thuy Phuong
Chief Accountant

Neo Hock Tai, Schubert
General Director

Chuong Duong Beverages Joint Stock Company
Balance of income for the year ended as at 31st Dec, 2019

Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22nd Dec, 2019 of the Ministry of Finance)*

RESOURCES	Code	Note	2019 VNĐ	2018 VNĐ (Restated)
Revenue from sales of goods	1	24	278.012.177.163	296.499.854.631
Revenue deductions	2	24	10.925.687.097	18.500.553.035
Net Revenue (10 = 01 - 02)	10	24	267.086.490.066	277.999.301.596
Cost of sales	11	25	197.746.693.325	213.327.371.362
Gross profit (20 = 10 - 11)	20		69.339.796.741	64.671.930.234
Financial income	21	26	9.424.876.368	9.082.160.581
Financial expenses	22		14.745.471	19.879.986
Selling expenses	25	27	27.929.642.801	36.733.019.865
General and administration expenses	26	28	29.145.264.787	32.479.085.667
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		21.675.020.050	4.522.105.297
Other income	31		983.477.108	2.201.607.931
Other expenses	32		502.884.966	5.524.979
Results of other activities (40 = 31 - 32)	40		480.592.142	2.196.082.952
Accounting profit before tax (50 = 30 + 40)	50		22.155.612.192	6.718.188.249
Income tax expense – current	51	30	5.136.330.095	187.873.446
Income tax expense – deferred	52	30	435.260.367	681.501.918
Net profit after tax (60 = 50 - 51 - 52)	60		16.584.021.730	5.848.812.885
Earnings per share				
Basic earnings per share	70	31	1.761	491

5 March 2020

Prepared by:



Bui Thi Kim Chi
Accountant

Approved by:



Nguyen Thuy Phuong
Chief Accountant

Neo Hock Tai, Schubert
General Director

Chuong Duong Beverages Joint Stock Company
Statement of cash flows for the year ended as at 31st Dec, 2019
(Indirect Method)

Form B 03 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22nd Dec, 2019 of the Ministry of Finance)*

	Code	Note	2019 VNĐ	2018 VNĐ
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	1		22,155,612,192	6,718,188,249
Adjustments for				
Depreciation and amortisation	2		3,147,410,499	3,441,112,921
Allowances and provisions	3		522,903,482	-346,302,299
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	4		-1,335,892	-
Profits from investing activities	5		-9,422,807,920	-9,075,192,466
Operating profit before changes in working capital	8		16,401,782,361	737,806,405
Change in receivables	9		507,728,063	42,445,172,672
Change in inventories	10		4,055,476,309	5,631,512,127
Change in payables and other liabilities	11		-5,595,339,996	-9,045,481,034
Change in prepaid expenses	12		-453,370,781	616,414,950
			14,916,275,956	40,385,425,120
Corporate income tax paid	15		-3,443,980,079	-836,276,672
Other payments for operating activities	17		-2,409,364,899	-
Net cash flows from operating activities	20		9,062,930,978	39,549,148,448
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		-372,536,361	-363,920,381
Proceeds from disposals of fixed assets	22		14,663,598	-
Placements of term deposits at banks	23		-	-
Collections of term deposits at banks	24		130,000,000,000	170,000,000,000
Receipts of interests and dividends	27		120,000,000,000	125,000,000,000
Receipts of interests and dividends	27		8,838,670,934	7,847,595,435
Net cash flows from investing activities	30		-1,519,201,829	-37,516,324,946

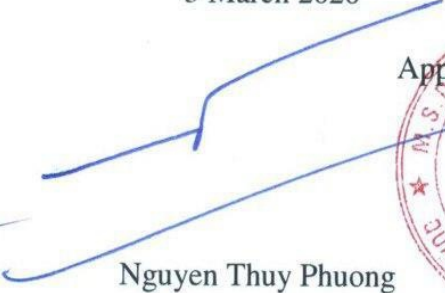
5 March 2020

Prepared by:




Bui Thi Kim Chi
Accountant

Approved by:



Nguyen Thuy Phuong
Chief Accountant



Neo Hock Tai, Schubert
General Director

Chuong Duong Beverages Joint Stock Company

Statement of cash flows for the year ended as at 31st Dec, 2019 (Indirect Method – Continued)

Form B 03 – DN

(Issued under Circular No. 200/2014/TT-BTC
dated 22nd Dec, 2019 of the Ministry of Finance)

	Code	Note	2019 VNĐ	2018 VNĐ
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of dividends	36		-	(1.472.500)
Net cash flows from financing activities	40		-	(1.472.500)
Net cash flows during the year (50 = 20 + 30 + 40)	50		7.543.729.149	2.031.351.002
Cash and cash equivalents at the beginning of the year	60		64.975.788.530	62.944.437.528
Effect of exchange rate fluctuations on cash and cash equivalents	61		1.335.892	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	72.520.853.571	64.975.788.530

5 March 2020


Prepared by:


Bui Thi Kim Chi
Accountant


Nguyen Thuy Phuong
Chief Accountant

Approved by:




Neo Hock Tai, Schubert
General Director

Chuong Duong Beverages Joint Stock Company

Notes to the financial statements for the year ended 31st Dec, 2019

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22nd Dec, 2019 of the Ministry of Finance)

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

1. Reporting Entity

(a) Ownership structure

Chuong Duong Beverages Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The Company was privatised as a joint stock company from State-owned corporation according to Decision No. 242/2003/QD-BCN dated 30 December 2003 issued by the Ministry of Industry (now the Ministry of Industry and Trade).

On 25th December, 2006, the Company’s shares were officially traded on the Ho Chi Minh Stock Exchange in accordance with Approval Minute No. 71/2006/GCNCP-CNTTLK dated 21 December 2006 of State Securities Committee with trading code of SCD.

(b) Principal activities

The principal activities of the company are to produce and trade beverages; to produce and trade materials, packaging, mechanical equipment and technology in beverage industry; and to construct and provide real estates services.

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2019, the Company had 320 employees (1/1/2019: 383 employees).

2. Basis of preparation

(a) Statement of compliance

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company'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 Company in the preparation of these financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at 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 Company most frequently conducts transactions.

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

(b) 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.

(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's management has the intention and ability to hold until maturity. Held-to-maturity investments are term deposits at banks and stated at costs.

(ii) Investments in equity instruments of other entities

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

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) 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 and maintenance and overhauls cost, is charged to the statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

- buildings and structures 5 – 19 years
- machinery and equipment 5 – 8 years
- motor vehicles 6 – 8 years
- office equipment 3 – 7 years

(g) Intangible fixed assets

(i) 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 to 10 years.

(ii) Brand name

Brand name is stated at cost and amortised on a straight-line basis over 10 years.

(h) Investment property

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

(i) Construction in progress

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

(j) Long-term prepaid expenses

Tools and instruments

Tools and instruments include assets held for use by the Company 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. Cost of tools and instruments are amortised on a straight-line basis over 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company 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 should be provided based on employees’ years of service and their average salary for the period prior to the end of the 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 Company are excluded.

From 1 January 2019, the Company changed accounting policies relating to provision for severance allowance. The Company applies Vietnamese Accounting Standard No. 18 - *Provisions, Contingent Assets and Liabilities* instead of Circular 180/2012/TT-BTC issued by the Ministry of Finance on 24 October 2012 which was applied in the previous years. The new accounting policies are applied retrospectively. As a result, severance obligation in respect of current employees is made and an amount of provision for severance allowance is recognised in the Company’s financial statements. Note 33 disclosed details impact of this change in accounting policies.

(m) Share capital

Ordinary shares

Ordinary shares are stated at par value. Excess of cash received from shares issue 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.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the 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 differences 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.

(o) Revenue and other income

(i) Goods sold

Revenue from the sales of goods is recognised in the 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) Interest income

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

(iii) 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.

(p) Operating lease payments

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

(q) Earnings per share

The Company 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 funds for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year.

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

(r) Segment reporting

A segment is a distinguishable component of the Company 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 Company’s primary format for segment reporting is based on business segments.

(s) Related parties

Parties are considered to be related to the Company 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 Company 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.

4. Segment reporting

The Company’s principal business activities are to produce and trade beverages products. Other activities are to hold investment property for capital appreciation. During the year, other business activities neither generated revenue nor incurred expenses. Accordingly, all revenue and expenses presented in the statement of income for the years ended 31 December 2019 and 31 December 2018 are related to the Company’s principal business activities.

In term of total assets, investment property held for capital appreciation meets the requirement of reportable segment disclosure. The balance sheets of the Company as at 31 December 2019 and 1 January 2019 have disclosed the carrying value of such investment property.

Geographically, the Company only operates in the territory of Vietnam.

5. Cash and cash equivalents

	31/12/2019 VND	1/1/2019 VND
Cash on hand	21.255.015	564.696.615
Cash in bank	42.499.598.556	54.411.091.915
Cash equivalents	30.000.000.000	10.000.000.000
	72.520.853.571	64.975.788.530

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transactions dates and earned interest at rates from 5.0% to 5.5% per annum (1/1/2019: from 4.1% to 5.3% per annum).

6. 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 three months from their transaction dates but less than twelve months from the reporting date and earned interest at rates from 5.7% to 7.0% per annum (1/1/2019: 6.0% per annum).

(b) Equity investments in other entities

	Number of shares	% of equity owned and voting rights	31/12/2019 và 1/1/2019		
			Cost VND	Fair value VND	Allowance VND
Company name					
Saigon - Tay Do Beer & Beverage Joint Stock Company	1.105.000	5525%	6.500.000.000	(*)	-

(*) The Company has not determined fair values of these financial instruments for disclosure in the 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.

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2019 VNĐ	1/1/2019 VNĐ
Saigon Beer – Alcohol – Beverage Corporation	23.887.582	10.748.221.283
Saigon Hanoi Packing Transport Company Limited	4.799.120.100	-
Phuoc Gia Hao Transport Service Trading Company Limited	5.925.261.836	-
Other customers	5.033.902.358	4.295.599.174
	15.782.171.876	15.043.820.457

(b) Accounts receivable from customers who are related parties

	31/12/2019 VNĐ	1/1/2019 VNĐ
The parent company		
Saigon Beer – Alcohol – Beverage Corporation	23.887.582	10.748.221.283
Other related party		
Saigon - Lamdong Beer Joint Stock Company	531.905	-

The trade related amounts due from the parent company and other related party were unsecured, interest free and receivable within 30 days from invoice date.

8. Other short-term receivables

	31/12/2019 VNĐ	1/1/2019 VNĐ
Interest income receivables	2.293.150.684	1.709.013.698
Short-term deposits	36.000.000	31.000.000
Other receivables	608.327.390	361.964.984
	2.937.478.074	2.101.978.682

9. Allowance for doubtful debts

	31/12/2019				1/1/19			
	Overdue date	Cost VNĐ	Allowance VNĐ	Recoverable amount VNĐ	Overdue date	Cost VNĐ	Allowance VNĐ	Recoverable amount VNĐ
Overdue debts								
Thạch Thuận Thành One Member Co., Ltd	Over 5 years	250.657.220	250.657.220	-	Over 4 years	250.657.220	250.657.220	-
Mrs. Nguyễn Thị Kim Loan	Over 5 years	322.620.177	322.620.177	-	Over 4 years	322.620.177	322.620.177	-
Mr. Lý Hoàng Phi	Over 5 years	155.999.833	155.999.833	-	Over 4 years	155.999.833	155.999.833	-
Other Customers	Over 5 years	1.105.353.643	1.105.353.643	-	Over 4 years	1.190.845.884	89.716.933	1.101.128.951
		1.834.630.873	1.834.630.873	-		1.920.123.114	818.994.163	1.101.128.951

The movements of allowance for doubtful debts during the year were as follows:

	2019 VNĐ	2018 VNĐ
Opening balance	818.994.163	399.590.212
Allowance made during the year	1.545.140.669	419.403.951
Allowance reversed during the year	(529.503.959)	-
Closing balance	1.834.630.873	818.994.163

10. Inventories

(a) Inventories

	31/12/2019		1/1/19	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Raw materials	6.487.090.458	(199.855.539)	6.521.781.674	(524.866.010)
Tools and supplies	2.753.333.487	(42.534.106)	2.742.320.064	(232.440.228)
Work in process	8.589.938	-	-	-
Finished goods	7.352.829.565	-	10.699.971.693	-
Goods on consignment	3.985.810	-	-	-
	16.605.829.258	(242.389.645)	19.964.073.431	(757.306.238)

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

	2019 VND	2018 VND
Opening balance	757.306.238	789.683.427
Allowance made during the year	197.747.436	-
Transferred to long-term allowance	(198.027.580)	-
Allowance reversed during the year	(514.636.449)	(32.377.189)
Closing balance	242.389.645	757.306.238

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

	31/12/2019		1/1/19	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Tools, supplies and spare parts	2.992.118.230	(397.039.615)	3.689.350.366	-

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

	2019 VND
Opening balance	-
Allowance made during the year	244.214.415
Transferred from allowance for inventories	198.027.580
Allowance utilised during the year	(45.202.380)
Closing balance	397.039.615

11. Tangible fixed assets :

	Building & structure VNĐ	Machinery and equipment VNĐ	Motor vehicles VNĐ	Office equipment VNĐ	Total VNĐ
Cost					
Opening balance	7.960.750.637	39.922.696.171	10.422.795.592	498.168.000	58.804.410.400
Additions	-	200.000.000	-	-	200.000.000
Disposals	-	(1.194.459.710)	(607.353.589)	(34.981.410)	(1.836.794.709)
Closing balance	7.960.750.637	38.928.236.461	9.815.442.003	463.186.590	57.167.615.691
Accumulated depreciation					
Opening balance	5.463.743.556	36.666.881.997	8.378.747.556	464.971.648	50.974.344.757
Charge for the year	534.966.637	1.591.638.109	980.066.362	27.787.143	3.134.458.251
Disposals	-	(1.179.796.112)	(607.353.589)	(34.981.410)	(1.822.131.111)
Closing balance	5.998.710.193	37.078.723.994	8.751.460.329	457.777.381	52.286.671.897
Net book value					
Opening balance	2.497.007.081	3.255.814.174	2.044.048.036	33.196.352	7.830.065.643
Closing balance	1.962.040.444	1.849.512.467	1.063.981.674	5.409.209	4.880.943.794

Included in tangible fixed assets were assets costing VND 39,066 million which were fully depreciated as at 31st December, 2019 (1/1/2019: VND 35,636 million), but which are still in active use.

12. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening and closing balance	1.196.192.426	104.000.000	1.300.192.426
Accumulated amortisation			
Opening balance	1.196.192.426	75.797.520	1.271.989.946
Charge for the year	-	12.952.248	12.952.248
Closing balance	1.196.192.426	88.749.768	1.284.942.194
Net book value			
Opening balance	-	28.202.480	28.202.480
Closing balance	-	15.250.232	15.250.232

Included in intangible fixed assets were assets costing VND1,196 million which were fully amortised as at 31st December 2019 (1/1/2019: VND1,196 million), but which are still in use.

13. Investment property

Investment property held for capital appreciation as at 31 December 2019 and 1 January 2019 represented land use rights located in My Phuoc 3 Industrial Zone, Thu Dau Mot City, Binh Duong Province.

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

14. Deferred tax assets

	Tax rate	31/12/2019 VND	1/1/2019 VND
			(Restated)
Deferred tax assets recognised on § Provision and allowance	20%	1.656.243.750	2.091.504.117

15. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers lớn

	Cost/Amount within payment capacity	
	31/12/2019 VNĐ	1/1/2019 VNĐ
Crown Beverage Cans Saigon Limited	9.721.489.141	-
KCP Vietnam Industries Limited	3.466.103.550	-
Hoang Minh Services Trading Co., Ltd	-	3.195.024.000
Baosteel Viet Nam Co., Ltd	-	10.136.817.135
Other suppliers	7.408.565.117	7.128.685.609
	20.596.157.808	20.460.526.744

(b) Accounts payable from suppliers who is a related party

	1/1/2019 VNĐ	31/12/2019 VNĐ
Binh Tay Liquor Joint Stock Company	48.604.600	-

The trade related amounts due to other related party were unsecured, interest fee and payable upon demand.

16. Taxes payable to/receivable from State Treasury

(a) Taxes payable to State Treasury

	1/1/2019 VNĐ	Incurred VNĐ	Paid VNĐ	Net-off VNĐ	31/12/2019 VNĐ
Value-added tax	1.213.706.124	27.722.762.817	(11.829.049.492)	(15.310.865.368)	1.796.554.081
Corporate income tax	-	5.136.330.095	(3.443.980.079)	(1.296.170.017)	396.179.999
Personal income tax	-	872.644.780	(436.937.228)	(160.811.421)	274.896.131
Land & housing tax	-	14.323.935.454	(14.323.935.454)	-	-
Other tax	7.465.120	44.044.276	(50.721.476)	-	787.92
	1.221.171.244	48.099.717.422	(30.084.623.729)	(16.767.846.806)	2.468.418.131

(b) Taxes receivable from State Treasury

	1/1/2019 VND	Net-off VND	31/12/2019 VND
Corporate income tax	1.296.170.017	(1.296.170.017)	-
Personal income tax	160.811.421	(160.811.421)	-
	1.456.981.438	(1.456.981.438)	-

17. Accrued expenses

	31/12/2019 VND	1/1/2019 VND
Advertising and promotion expenses	7.001.585.023	10.345.715.915
Transportation & loading expenses	205.867.372	2.595.861.039
Rental expenses	820.336.000	822.272.000
Others	3.379.656.377	1.850.805.998
	11.407.444.772	15.614.654.952

18. Bonus and welfare fund

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

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

	2019 VND	2018 VND
Opening balance	1.676.689.280	(8.213.779)
Appropriation during the year (Note 20)	1.658.402.172	1.684.903.059
Utilisation	(1.718.983.649)	-
Closing balance	1.616.107.803	1.676.689.280

19. Provisions – long-term

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

	2019 VND	2018 VND
		(Restated)
Opening balance	9.346.456.250	10.112.162.500
Provision reversed during the year	(374.856.250)	(765.706.250)
Provision utilised during the year	(690.381.250)	-
Closing balance	8.281.218.750	9.346.456.250

20. Changes in owners' equity

	Share capital VND	Treasury shares VND	Investment and development fund VND	(Accumulated losses)/ Retained profits VND	Total VND
<i>Balance as at 1 January 2018 - as previously reported</i>	85.000.000.000	(347.276.838)	104.057.535.579	(3.039.045.461)	185.671.213.280
<i>Impact of change in accounting policies (Note 33)</i>	-	-	-	(8.089.730.000)	(8.089.730.000)
Balance as at 1 January 2018 - as restated	85.000.000.000	(347.276.838)	104.057.535.579	(11.128.775.461)	177.581.483.280
<i>Net profit for the year - as previously reported</i>	-	-	-	5.236.247.885	5.236.247.885
<i>Impact of change in accounting policies (Note 33)</i>	-	-	-	612.565.000	612.565.000
Net profit for the year - as restated	-	-	-	5.848.812.885	5.848.812.885
Appropriation to bonus and welfare fund (Note 18)	-	-	-	(1.684.903.059)	(1.684.903.059)
Balance as at 1 January 2019 - as restated	85.000.000.000	(347.276.838)	104.057.535.579	(6.964.865.635)	181.745.393.106
Net profit for the year	-	-	-	16.584.021.730	16.584.021.730
Appropriation to investment and development fund	-	-	512.299.365	(512.299.365)	-
Appropriation to bonus and welfare fund (Note 18)	-	-	-	(1.658.402.172)	(1.658.402.172)
Balance as at 31st December 2019	85.000.000.000	(347.276.838)	104.569.834.944	7.448.454.558	196.671.012.664

21. Share capital

The Company's authorised and issued share capital are:

	31/12/2019		1/1/19	
	No of shares	VND	No of shares	VND
Authorised and issued share capital				
Ordinary shares	8.500.000	85.000.000.000	8.500.000	85.000.000.000
Treasury shares				
Ordinary shares	22.36	347.276.838	22.36	347.276.838
Shares in circulation				
Ordinary shares	8.477.640	84.776.400.000	8.477.640	84.776.400.000

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

There are no movements in share capital during the years ended 31 December 2019 and 31 December 2018.

22. 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.

23. Off balance sheet items

(a) Lease

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

	31/12/2019 VND	1/1/2019 VND
Within one year	865.494.000	854.934.000
From two to five years	3.461.976.000	3.419.736.000
More than five years	26.845.761.000	27.368.055.000
	31.173.231.000	31.642.725.000

(b) Goods held for third parties

	Unit	31/12/2019		1/1/2019	
		Quant	VND	Quant	VND
Goods held for third parties	Liter	7.291	96.876.000	1.611.327	22.514.734.198

(c) Foreign currencies

Currency	31/12/2019		1/1/19	
	Original currency	VND Equivalent	Original currency	VND Equivalent
▪ USD	1.056	23.506.094	1.063	24.602.209
▪ EUR	485	12.510.833	485	12.831.910
		36.016.927		37.434.119

24. Doanh thu bán hàng

Total revenue represents the gross value of goods sold, exclusive of value added tax.

	2019 VND	2018 VND
Total revenue		
§ Sell of finished goods	276.225.317.881	295.340.752.297
§ Others	1.786.859.282	1.159.102.334
	278.012.177.163	296.499.854.631
Less revenue deduction		
§ Sales discount	10.925.687.097	18.500.553.035
	267.086.490.066	277.999.301.596

25. Cost of sales

	2019 VND	2018 VND
Total cost of sales		
§ Finished goods sold	197.819.367.923	213.359.748.551
§ Reveral of allowance for inventories	(72.674.598)	(32.377.189)
	197.746.693.325	213.327.371.362

26. Financial income

	2019 VND	2018 VND
Interest income from deposits	7.986.307.920	5.539.192.466
Dividends income	1.436.500.000	3.536.000.000
Realised foreign exchange gains	2.068.448	6.968.115
	9.424.876.368	9.082.160.581

27. Selling expenses

	2019 VND	2018 VND
Staffs costs	13.595.563.678	14.226.027.603
Transportation expenses	4.049.606.122	5.387.354.275
Advertising expenses	5.518.372.733	6.382.227.738
Rental expense	1.007.077.392	1.025.227.680
Depreciation	742.182.440	866.054.911
Sales supporting expenses	-	5.052.726.613
Other expenses	3.016.840.436	3.793.401.045
	27.929.642.801	36.733.019.865

28. General and administration expenses

	2019 VND	2018 VND
		(Đã điều chỉnh lại)
Staffs costs	12.329.558.239	11.440.793.705
Outside services	6.886.432.337	4.050.657.776
Land rental fee	1.190.861.290	6.108.951.741
Depreciation	835.180.973	842.222.468
Allowance for doubtful debts	1.015.636.710	529.503.959
Other expenses	6.887.595.238	9.506.956.018
	29.145.264.787	32.479.085.667

29. Production and business costs by elements

	2019 VND	2018 VND
Raw material costs included in production costs	183.479.367.861	116.753.348.474
Labour costs and staff costs	50.813.993.359	52.879.828.711
Outside services	31.070.633.676	19.450.239.524
Depreciation and amortisation	3.147.410.499	3.441.112.921
Other expenses	14.163.082.858	40.780.653.514

30. Corporate income tax

(a) Recognised in the statement of income

	30/6/2019 VND	30/6/2018 VND
		(Restated)
Current tax expense		
Current year	5.136.330.095	187.873.446
Deferred tax expense		
Origination and reversal of temporary differences	435.260.367	681.501.918
Income tax expense	5.571.590.462	869.735.364

(b) Reconciliation of effective tax rate

	2019 VND	2018 VND
		(Restated)
Accounting profit before tax	22.155.612.192	6.718.188.249
Tax at the Company's tax rate	4.431.122.438	1.343.637.650
Non-deductible expenses	287.858.346	210.917.712
Tax exempt income	(287.300.000)	(707.200.000)
Tax losses utilised	-	(506.340.666)
Deferred tax assets not recognised	1.139.909.678	528.720.668
Income tax expense	5.571.590.462	869.735.364

(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 usual income tax rate of taxable profits. The usual income tax rate applicable to enterprises before incentives is 20%.

31. Basic earnings per share

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

(i) Net profit attributable to ordinary shareholders

	2019 VND	2018 VND
		(Restated)
Net profit for the year	16.584.021.730	5.848.812.885
Appropriation to bonus and welfare fund	(1.658.402.172)	(1.684.903.059)
Net profit attributable to ordinary shareholders	14.925.619.558	4.163.909.826

(ii) Weighted average number of ordinary shares

There is no movement in the number of shares for the years ended 31 December 2019 and 31 December 2018. The weighted average number of ordinary shares used to calculate basic earnings per share for two presented years is 8,477,640 shares.

32. Significant transactions with related parties

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

	Transaction value	
	2019 VND	2018 VND
<i>The parent company</i>		
Saigon Beer – Alcohol – Beverage Corporation		
Sales of finished goods	2.412.667.993	11.237.970.377
<i>Other related parties</i>		
Bia Saigon Mien Trung Trading Joint Stock Company		
Sales of finished goods	9.736.364	72.050.000
Sai Gon - Quang Ngai Beer Joint Stock Company		
Sales of finished goods	38.047.798	37.685.453
Sai Gon - Quang Ngai Beer Joint Stock Company		
Sales of finished goods	23.138.182	

	Transaction value	
	2019 VND	2018 VND
<i>The parent company</i>		
Northern Sai Gon Beer Trading Joint Stock Company		
Sales of finished goods	26.689.091	-
Saigon Beer Center Trading Joint Stock Company		
Sales of finished goods	18.793.185.844	-
Sai Gon Beer Tay Nguyen Trading Joint Stock Company		
Sales of finished goods	16.036.364	-
Saigon Beer Nam Trung Bo Trading Joint Stock Company		
Sales of finished goods	12.141.818	
Sai Gon Beer Eastern Trading Joint Stock Company		
Sales of finished goods	4.035.951.818	-
Saigon Song Tien Beer Trading Joint Stock Company		
Sales of finished goods	15.463.636	-
Saigon Song Hau Beer Trading Joint Stock Company		
Sales of finished goods	16.036.364	-
Sa Be Co Mechanical Co., Ltd		
Sales of finished goods	13.974.546	44.971.271
Binh Tay Liquor Joint Stock Company		
Purchases of goods	243.023.000	-
Saigon - Tay Do Beer & Beverage Joint Stock Company		
Sales of finished goods	15.349.091	-
Dividends income	1.436.500.000	3.536.000.000
Sai Gon - Lam Dong Beer Joint Stock Company		
Sales of finished goods	8.046.323	-
Key management personel		
Remuneration	2.169.885.413	2.419.360.111

33. Corresponding figures

Except for the restatement as disclosed below, corresponding figures as at 1st January 2019 were brought forward from the Company's financial statements as at and for the year ended 31st December 2018.

As described in Note 3(l), effective from 1st January 2019, the Company changed its accounting policies for provision for severance allowance which have been applied retrospectively. As a result of the change in accounting policies, opening balances and corresponding figures as at 1st January 2019 have been restated. A comparison of the amounts previously reported and as restated is as follows:

(a) Balance sheet

	1/1/2019 VNĐ	Adjustments VNĐ	1/1/2019 VNĐ
	(as previously reported)		(as restated)
Deferred tax assets	222.212.867	1.869.291.250	2.091.504.117
Provisions – long-term (Accumulated losses)/Retained profits	512.299.365	(7.477.165.000)	(6.964.865.635)
- Accumulated losses brought forward	(3.039.045.461)	(8.089.730.000)	(11.128.775.461)
- Retained profit for the current year	3.551.344.826	612.565.000	4.163.909.826

(b) Income statement

	2018 VNĐ	Adjustments VNĐ	2018 VNĐ
	(as previously reported)		(as restated)
General and administration expenses	33.244.791.917	(765.706.250)	32.479.085.667
Income tax expense – deferred	528.360.668	153.141.250	681.501.918
Net profit after tax	5.236.247.885	612.565.000	5.848.812.885

5 March 2020

Prepared by:



Bui Thi Kim Chi
Accountant

Approved by:



Nguyen Thuy Phuong
Chief Accountant

Neo Hock Tai, Schubert
General Director



Saxi
CHƯƠNG DƯƠNG
Since 1952