

CHUONG DUONG BEVERAGES

JOINT STOCK COMPANY



**ANNUAL
REPORT
2021**

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I. GENERAL INFORMATION

1. General information:

- Trading name: CÔNG TY CỔ PHẦN NƯỚC GIẢI KHÁT CHUÔNG DUƠNG
- English name: CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
- Certificate of business registration No.: 0300584564, 11th amendment on January 31st, 2019.
- Charter capital: 85,000,000,000 VND
- Owner's capital: 156,203,779,946 VND
- Address: 606 Vo Van Kiet Street, Cau Kho Ward, District 01, HCM City
- Telephone number: 83 83 67518
- Fax: 83 83 67176
- Website: www.cdbeco.com.vn
- Securities code: SCD

Incorporation and development process

Chuong Duong Beverages Joint Stock Company's precursor was USINE BELGIQUE - a branch of B.G.I Group (France),

June 1977: Established under the name: Chuong Duong Soft drinks Factory.

September 1993: Changed the name to Chuong Duong Beverage Company under VINABECO.

Phase 1 (1978 – 1987): Average volume: 12,7 million liters

Phase 2 (1988 – 1990): Average volume: 22,9 million liters

Phase 3 (1991 – 1996): Average volume: 28,7 million liters

Phase 4 (1997 – 2001): Average volume: 30 – 35 million liters

On December 30th, 2003, according to Decision No. 242/2003/QĐ-BCN of the industry minister, Chuong Duong Beverages officially changed its name into Chuong Duong Beverages Joint Stock Company, operating in accordance with the Enterprise Law dated July 1st, 2004.

2006: On December 25th, 2006, CDBECO stocks were listed in the HCM Stock Exchange, the number of stocks listed: 8,500,000 shares.

The company was rewarded the first decoration award of Labor by the Chairman of the Socialist Republic of Vietnam for the excellent labor result (2002 – 2006).

The consumers nominated the company to be Vietnam High-Quality Product for 24 years (1997 – 2020).

The company has 02 branches:

Nhon Trach 3 Industrial Park: Nguyen Ai Quoc Street, Hiep Phuoc Commune, Dong Nai Province.

My Phuoc 3, Binh Duong Industrial Park: Hoa Loi District, Ben Cat Town, Binh Duong Province.

2. Lines and locations of the business:

Beverage production; production of raw materials, packaging, technological equipment for the beverage industry.

Trading in packaging materials, technological equipment for beverage production.

Buy and sell drinks.

House business.

Real estate broker.

Freight transport by road.

3. Information about governance model, business organization and managerial apparatus

- Governance model.

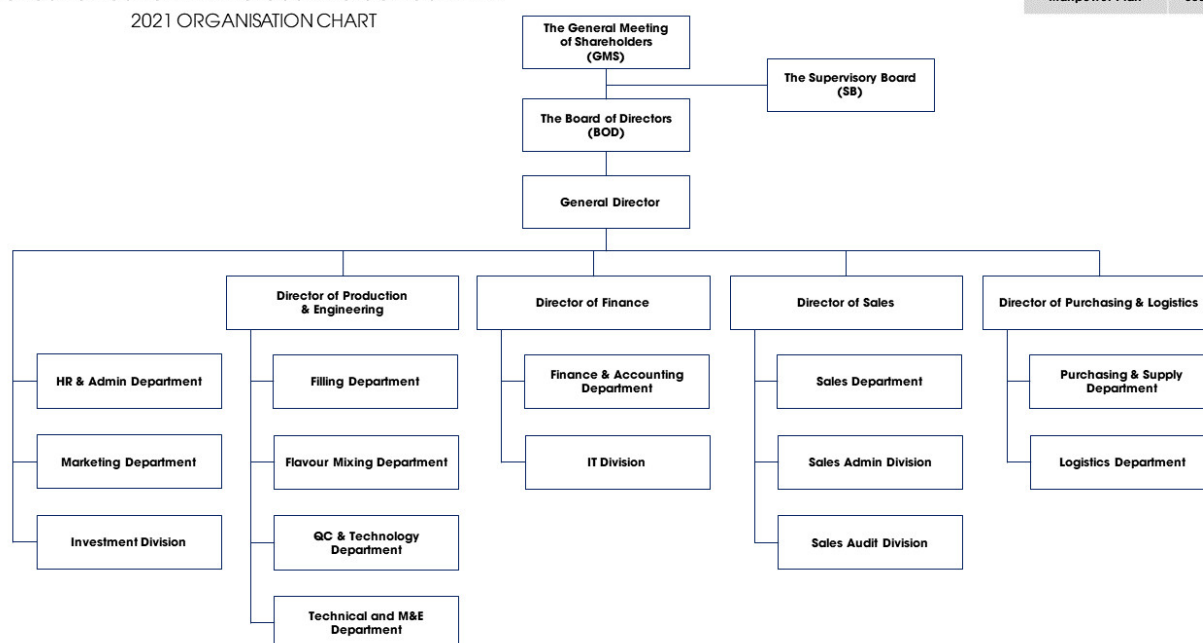
General Meeting of Shareholders, Board of Directors, Supervisory Board and General Director.

The Chairman of the Board of Directors and the General Director are the legal representatives.

Management structure

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
2021 ORGANISATION CHART

Manpower Plan 338



4. Development orientations

a. Main objectives of the Company.

- Achieve 2022 target.
- Strengthen and develop the route-to-market
- Start building product portfolio led by Saxi

The accompanying notes are an integral part of these financial statements

b. Development strategies in medium and long term.

- Strive to become one of the best Vietnamese domestic beverage production Companies.
- Expand CDBECO's market presence and brand demand
- Grow Saxi Chuong Duong leadership in the Saxi category
- Build product portfolio focusing on healthier products that meet consumers taste and needs
- To diversify the scopes of business.

c. Corporate objectives with regard to corporate environment, society and community Sustainability.

- To produce and provide quality products that meets all health and safety requirements
- To join hand with community to be an environmentally friendly company.
- To abide by the law, fulfill the tax submission to the State treasury according to regulations.

5. Risks:

- Rising business cost
- Resurgence of Pandemic

II. YEARLY OPERATIONS

1. The situation of production and business operations

a. Business performance in 2021:

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

| Categories | Unit | 2020 Actual (A) | 2021 Plan (B) | 2021 Actual (C) | % Change on Actual (C)/(A) | % Change on Plan (C)/(B) |
|------------------|-------------|-----------------|---------------|-----------------|----------------------------|--------------------------|
| Net Sales | Billion VND | 162.39 | 294.60 | 131.72 | -18.89% | -55.29% |
| Profit After Tax | Billion VND | 3.43 | 4.58 | (35.59) | -1138.48% | -876.97% |

b. Implementation situation/actual progress against the Plan:

- Net revenue was -55.29% vs the Plan for 2021 and -18.89% compared to what was achieved in 2020.
- Operating profit (including profits of finance) in 2021 was -624% % vs Plan for 2021 and -1236% vs 2020 performance despite reduced operational expenses of 24.5 bil VND vs 2021 budget.
- 2021 performance was baldly impacted by reduced consumption due to the prolonged and severe Covid pandemic commencing as early as April 2021 leading to a lockdown until the end Oct 2021 in all key markets. Despite costs saving measures high fixed costs dragged down profits.
- Profit After Tax (PAT) was -877% vs plan and -1138% vs 2020. The shortfall came from:

| | | Act vs 2021 Plan | Act vs 2020 Performance | Remarks |
|----|---------------------------------|-----------------------------|------------------------------------|---|
| a. | Lower net sales revenue | -55% | -19% | Due to Covid restricts and economic lockdown during key selling season |
| b. | Higher COGS | -46% | -9% | Due to higher raw material & packing costs & higher land rent charges |
| c. | Lower operating profit | -624% | -1236% | Due to a. & b. |
| d. | Lower financial revenue vs 2020 | 5% | -63% | Due to lower dividends, lesser interest from fixed deposits |
| e. | Higher Finance expenses vs 2020 | -3% | +511% | Due to the recognition of leased asset costs according to VAS no 06 for the new factory lease |

2. Organization and Human resource

a. Board of Management

| No. | Members of Board of Management | Position | Qualification | Date of appointment/dismissal |
|------------|---------------------------------------|--------------------------|--|--|
| 1 | Mr. Neo Hock Tai Schubert | General Director | Masters in Business Administration, National University of Singapore | January 10, 2019 |
| 2 | Ms. Nguyễn Thúy Phương | Chief Finance Officer | Diploma majoring in financial accounting | Re-new appointed 8/11/2018 (cum a chief accountant) |
| 3 | Mr. Nguyễn Thanh Hải | Chief Commercial Officer | majoring in business administration | Re-new appointed 25/8/2020 (until March 21 st , 2022) |

b. Chief Accountant

| Name | Qualification | Date of appointment/dismissal |
|------------------------|--|-------------------------------|
| Ms. Nguyễn Thủy Phương | Diploma majoring in financial accounting | 08/11/2018 |

- Changes in the Board of Management:
- The number of staff. Summary and changes of the employee policies.

3. Investment activities, project implementation

a. Major investments:

The major investment in 2021 is the development of My Phuoc 3 warehouse project.

b. Subsidiaries, associated companies:

Chuong Duong don't have subsidiary, associated company.

4. Financial situation

a. Financial situation

| Financial Figure | Year 2020 | Tear2021 | % Change |
|----------------------------------|-----------------|------------------|----------|
| Total asset | 409.534.741.025 | 371.142.223.357 | (9%) |
| Net revenue | 175.711.732.563 | 140.189.210.520 | (20%) |
| Profit from operating activities | 3.227.992.650 | (36.664.190.486) | (1.236%) |
| Other profits | 303.333.523 | 364.535.342 | 20% |
| Profit before tax | 3.531.326.173 | (36.299.655.144) | (1.128%) |
| Profit after tax | 3.427.469.975 | (35.593.616.040) | (1.138%) |
| Payout ratio | 0.00% | 0.00% | - |

b. Major financial benchmarks:

| Ratios | Year 2020 | Year 2021 | Note |
|---|-----------|-----------|------|
| <i>1. Solvency ratio</i> | | | |
| + Current ratio | 1.84 | 1.27 | |
| Short term Asset/Short term debt | 4,58 | 2,65 | |
| + Quick ratio: | 2.60 | 1.82 | |
| <u>Short term Asset - Inventories</u> | 3,67 | 1,99 | |
| <u>Short term Debt</u> | | | |
| <i>2. Capital structure Ratio</i> | | | |
| + Debt/Total assets ratio | 0,53 | 0,58 | |
| + Debt/Owners' Equity ratio | 1,12 | 1,38 | |
| <i>3. Operation capability Ratio</i> | | | |
| + Inventory turnover: | 106.4 | 76.1 | |
| Cost of goods sold/Average inventory | 3.38 | 4.73 | |
| Net revenue/ Total Assets | 0,42 | 0,36 | |
| <i>4. Target on Profitability</i> | | | |
| + Profit after tax/ Net revenue Ratio | 0,02 | (0,26) | |
| + Profit after tax/ Total capital Ratio | 0,02 | (0,23) | |
| + Profit after tax/ Total assets Ratio | 0,01 | (0,10) | |
| + Operating profit/ Net revenue Ratio | 0,02 | (0,28) | |

5. Shareholders structure, change in the owner's equity**a. SCD stock information:****As at February 15, 2022**

| Stock code | Stock type | Stock exchange | Charter capital |
|----------------------------------|---------------------------------------|----------------------------|---------------------------|
| SCD | Common stock | Ho Chi Minh Stock Exchange | 85,000,000,000 VND |
| Outstanding share | Treasury shares | Par value | Trading start date |
| 8,477,640.00 shares | 22,360.00 shares | VND 10,000/share | 25 December 2006 |
| Change in charter capital | Transaction of treasury shares | | |
| None | None | | |

b. Shareholders structure at February 15th, 2022:

| Shareholder Structure | Number of shares | Ownership | Number of shareholders |
|------------------------------|-------------------------|------------------|-------------------------------|
| Major shareholders | 5,699,400 | 67.23% | 2 |
| • SABECO | 5,261,500 | 62.06% | 1 |
| • PYN Fund | 437,900 | 5.175% | 1 |
| Other shareholders | 2,778,240 | 32.77% | 518 |
| • Local | 2,631,780 | 31.04% | 474 |
| o Individuals | 2,609,380 | 30.78% | 461 |
| o Institutions | 22,400 | 0.26% | 13 |
| • Foreign | 146,460 | 1.73% | 40 |
| o Individuals | 52,200 | 0.62% | 32 |
| o Institutions | 94,260 | 1.11% | 8 |
| TOTAL | 8,477,640 | 100.00% | 516 |

c. Change in the owner's equity:

| | Share capital VND | Treasury shares VND | Investment and development fund VND | Retained profits/ (accumulated losses) VND | Total VND |
|---|-------------------------|---------------------------|---|--|-------------------------|
| Balance as at 1 January 2020 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | 7,448,454,558 | 196,671,012,664 |
| Net profit for the year | - | - | - | 3,427,469,975 | 3,427,469,975 |
| Adjustments to bonus and welfare fund (Note 22) | - | - | - | 141,989,419 | 141,989,419 |
| Dividends | - | - | - | (6,782,112,000) | (6,782,112,000) |
| Balance as at 1 January 2021 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | 4,235,801,952 | 193,458,360,058 |
| Net loss for the year | - | - | - | (35,593,616,040) | (35,593,616,040) |
| Adjustments to bonus and welfare fund (Note 22) | - | - | - | (1,660,964,072) | (1,660,964,072) |
| Balance as at 31 December 2021 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | (33,018,778,160) | 156,203,779,946 |

d. Transaction of treasury stocks:

In 2021, there were no transaction of treasury stock.

6. Report related impact of the Company on the environment and society

6.1. Environmental impact: In 2021, there were nothing significant to report.

6.2. Management of raw materials:

- a. The total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year: 62,041,225,957 VND, in which including these main materials:
 - Sugar: 834,491 kg
 - CO₂: 238,480 kg
 - Saxi flavour: 8,696 liters
 - 24s empty carton: 779,102 pieces
- b. The percentage of materials recycled to produce products and services of the organization: Company do not reuse the materials.

6.3. Energy consumption:

- a. Energy consumption - directly and indirectly.

Direct energy consumption: CO₂ to create carbonation for the products.
Indirect energy consumption: including saturated steam heat, compressed air (wind), electricity, ...
- b. Energy savings through initiatives of efficiently using energy.

There is a possibility to use inverters to reduce electric consumption.
Replace LED lights with solar lights, ...
- c. The report on energy saving initiatives

In 2021, Chuong Duong does not have energy saving initiatives.

6.4. Water consumption

- a. Water supply and amount of water used:
 - In 2021, Chuong Duong is currently use the tap water. The total amount of water used at Head quarter and Nhon Trach factory is: 48,291 m³.
- b. Percentage and total volume of water recycled and reused: Company does not recycle and reuse water.

6.5. Compliance with the law on environmental protection:

- a. Number of times the company is fined for failing to comply with environmental laws and regulations.

- In 2021, Company has not been fined for failing to comply with environmental laws and regulations.

6.6. Policies related to employees

- a. The number of employees, average wages of workers.
 - In 2021, average number of employees of the Company is 295. The average wage of workers is 9,650,000 VND.

- b. Labor policies to the health, safety and welfare of workers.
 - The Company comply to all policies regarding safety and hygienic labor, fully perform Covid precaution methods. The Company have medical team to take care, advise and provide first-aid for the staffs.

- c. Training employees
 - The total number of training hours in 2021 is 50 hours.
 - The skills development and continuous learning program to support workers employment and career development: In 2021, CDBECO organized a training course on ISO 22000 and HACCP delivered by ISOCERT. A total of 40 representative staff members from all the Company's units attended the training and all of them have been awarded a Certificate on Completion / Certificate of Internal Appraisal Expert upon finishing the course.

1. Assessment of operating results

Overview:

Like all other FMCG companies, CDBECO faced another very challenging Covid stricken year in 2021. The Covid outbreak starting as early as Apr 2021 through to Sep 2021 was more severe than that 2020. Plagued with very high infection rates, deaths, lockdowns, and disruptions to supply chain and production, the entire economy of Vietnam suffered from the fall out. As reported by the General Statistics Office of Vietnam, GDP growth dropped for the second year in a row to 2.58% in 2021 and unemployment rate soared to 3.98%, the highest in nearly a decade. Infocus Mekong Research reported that consumer confidence dipped to levels lower than 2020.

Amid the economic gloom, the FMCG industry and Non-Alcoholic Beverage (NAB) industries also fell victim to the pandemic.

CDBECO Analysis of Situation:

a. Strengths & Opportunities:

- The main product of CDBECO – Sa Xi Chuong Duong still continues to be a well-regarded brand amongst many consumers who grew up with Sa Xi.
- Distribution and availability in the Modern Trade channel improved despite the pandemic.
- New products like Saxi Zero and Nam Phuong Bird’s Nest are showing good initial results.
- There are opportunities for growth in the 2nd tier cities.

b. Challenges & Threats:

- Prolonged and more serious Covid pandemic in 2021 further weaken trade sentiment and demand already hurt by the Covid outbreak of 2020.
- Chuong Duong sales declined along with the rest of the NAB category albeit at a higher rate as it did not yet have the strength, resources and resilience of the market leaders.
- Predatory pricing & distribution lockouts by market leaders continued to suppress Chuong Duong’s selling pricing, margins and distribution.

- Limited resources make it challenging to keep pace with the market regarding distribution scale, product portfolio, production capability, SKU trends and marketing initiatives.
- Extra land and investment costs have impacted profits
- Commercial team recruitment and retention continued to be a challenge.

2. Financial Situation

a. Assets (Unit: VND)

| Index | Year 2020 | Year 2021 | % + increase – decrease |
|--------------|-----------------|-----------------|-------------------------|
| Total assets | 409,534,741,025 | 371,142,223,357 | -9,4% |

b. Liabilities (Unit: VND)

| Index | Code | Year 2020 | Year 2021 |
|-------------|------|-----------------|-----------------|
| Liabilities | 300 | 216,076,380,967 | 214,938,443,411 |

3. 2022 Outlook

a. Overview:

- The economic outlook for 2022 for Vietnam looks optimistic. According to the World Bank “Vietnam’s economic growth is expected accelerate to 5.5% in 2022”. Aligned with this observation, Standard Chartered Bank also expects GDP growth to be 6.7% in this year. Based on the early indicators that new foreign investment grew by 6.8% over 2021 in Jan and Feb 2022, analysts expect a surge in FDI. With higher vaccination rates and the opening up of the country, the economy to expected to return to normality and fuel consumption again.
- This will be good opportunity for CDBECO to recover after Covid plagued 2021. This is despite some headwinds from the Ukraine crisis and rising oil & commodity prices.

b. Volume & revenues:

The planned sales volume for 2022 is 22 mil. liters or +103% vs 2021 Actual. The total planned net revenue is 328 Bil VDN or +149% compared to the actual revenue of 2021.

c. 2022 Profit After Tax (PAT):

The planned PAT for 2022 is 3.47 Bil VND or +110% vs 2021 **Actual**.

d. 2022 Plan:

| Categories | Unit | 2021 Actual (A) | 2022 Plan (B) | % Growth Rate (B-A)/(A) |
|------------------|-------------|-----------------|---------------|-------------------------|
| Net Sales | Billion VND | 131.72 | 327.61 | 148.72% |
| Profit After Tax | Billion VND | (35.59) | 3.47 | 109.76% |

4. Human resources and administrations Plan in 2022.

a. Compensation and benefits:

HR & Admin Department of CDBECO is currently coordinating with SABECO HC team to build and introduce a new salary structure within this year which can help motivate and retain current employees as well as attract high-quality candidates.

b. Regulatory documents:

2022 will be a year of overall revision of the Company's regulatory documents such as the Company Charter, internal regulations, internal procedures and processes.

c. Human resources management:

- Rightsizing the Company with the objective to better utilize the human capital and compensate the team appropriately.
- Develop a retention scheme for key talents and prepare a successor team.

d. Training:

- First aid
- Food safety & hygiene
- Labour safety & hygiene

- Labour safety (chill equipment, lifting equipment, electrical equipment, pressure equipment operations)
- Middle management skills
- Advanced micro-organism test
- Food safety control according to ISO 22000
- ISO 22000 & HACCP assessment
- Welding technique
- Advanced PLC programming
- AutoCAD
- Statistical profession
- Warehouse management
- Sales training (selling skills, supervision & training skills, planning skills)

e. Recruitment:

- Step up recruitment of a local team in Nhon Trach 3 where the new factory is located. This will help to reduce the need for staff transport and avoid possible travel restrictions should future lockdowns occur.
- Strengthening the sales leadership.

f. Administration:

- Prepare & implement administrative arrangements to return factory operations to post covid routines. One such key routine will be the daily transportation of staff to Nhon Trach.

5. Assessment Report related to environmental and social responsibility of company

g. Review concerning the environmental indicators (water consumption, energy, emissions...)

New factory in Nhon Trach 3 Industrial Park is put into operation. The Company is in the process of working out standards and training on factory operation.

h. Review concerning corporate responsibility towards the local community

The Company is in the process of reaching out to local community in Nhon Trach.

IV. ASSESSMENTS OF THE BOARD OF MANAGEMENT ON THE COMPANY'S OPERATION

1. Assessments of the Board of Management on the Company's operation

a. Organizational Structure:

The Manpower Plan in 2021 was 338 while the year's average headcount was 295.

b. Sales and Marketing Activities:

Sales: Sales policies in 2021 were uniformly implemented. However, more flexibility was necessary due to reduced demand, competitive pressures and trade demands for lower pricing.

Distribution & Route to Market (RTM):

The pandemic disrupted Route to Market (RTM) and distribution coverage in **General Trade (GT) Channel** the most. Some loss of distribution due to business closures were replaced by the end of 2021 but there is the need to recover sales volumes with new distributors.

The Modern Trade (MT) channel distribution however improved. MT growth (2021 vs 2020) was as follows: 20% more MT customers & 15% more outlets.

Some new **export & E-commence** distribution were also achieved.

Marketing:

The focus for 2021 was to continue to rebuild the Sa Xi Chuong Duong brand and to increase the product portfolio. This was however disrupted & delayed by the onset of COVID. This limited the brand investments to the festive selling seasons at the beginning and the end of 2021. Investments focused on festive sales promotions, festive packaging, product displays in the GT & MT & activations.

social media communication was stepped up to stay in touch with consumers through the pandemic and after.

One of the key highlights of 2021 was the launch of Saxi Zero late Oct 2021. This was done through the MT promotions, displays and sampling and social media.

c. Production and Supply Chain Activities:

Production: Productions were impacted by Covid restriction and workforce shortages. Despite limited production capability and Covid disruption, the team has done well to deliver all finished goods required.

Supply chain: 2021 saw many disruptions in the supply chain activities due to Covid and Covid compliance requirements. After extensive efforts to secure the necessary movement permits and putting in place the necessary procedures, finished goods were able to continue storage at CD's warehouses while deliveries of finished goods were achieved as follows:

- Self-collection by big distributors
- CDBECO fleet delivery
- 3rd Party contractor

d. Investment Activities:

New factory at Nhon Trach: The factory relocation commenced in Q1 2021. Despite the resurgence of Covid, the team overcame the odds & managed to restart production on time by Q2.

Other investment properties being reviewed by CDEBCO with the competent authorities include:

- Property investment at 606 Vo Van Kiet, Cau Kho Ward, District 1, HCMC
- Change of land use and commercial development of My Phuoc III Industrial Park, Ben Cat District, Binh Duong Province
- Land use at 101 Street 19, Hiep Binh Chanh Ward, Thu Duc District
- Land use at 193 Kinh Duong Vuong Ward 12 District 6
- Office and showroom at 280 Go Dau, Tan Phu District, HCMC

e. Human Resources Activities:

Overview:

- The total number of employees dated December 31st, 2021 was 280 people
- The Company has fulfilled its responsibilities in relation to the regulations on payment of salary and benefits to employees.

Training: In 2021, CDBECO organized a training course on ISO 22000 and HACCP delivered by ISOCERT. A total of 40 representative staff members from all the Company's units attended the training and all of them were awarded a Certificate on Completion / Certificate of Internal Appraisal Expert upon finishing the course.

Covid-19 control: As the Covid-19 situation escalated through 2021, CDBECO took appropriate measures to ensure the health and safety of its employees as well as to maintain its operations in production, sales and logistics. These included strict observance of 5K, routine ART testing, contact tracking of infected staff, staff vaccination & split working shifts.

2. Key activities for 2022:

a. Wrap up the new factory relocation activity & upgrading production capabilities:

- CDBECO Project Team will wrap up and close the new factory relocation project
- The Production & M&E teams will identify and work on equipment and system upgrades for better efficiency, finished goods and costs savings.
- Our water production facility will continue to be based at Vo Van Kiet for better proximity to our water customers.

b. Optimizing COGS:

- CDBECO will continue to work with SABECO Purchasing to further optimize COGS and mitigate the rising costs of packaging & raw materials
- To reduce our electricity costs, CD will embark on and complete our solar energy project in 2022.

c. Better Geographical coverage in 2022:

- To regain loss volume over the 2 years of Covid pandemic, CDEBCO will regain and grow sales coverage and distribution to pre-pandemic levels in Ho Chi Minh City.
- To enlarge distribution & volume growth, CDBECO will continue to develop sales in the major 2nd tier cities

d. Upgrading the sales team:

- CDBECO will refresh the sales and commercial leadership
- CDBECO will continue to recruit, develop and /or rejuvenate the sales team. This will include right sizing the sales team for improved market coverage.
- Continuous training of sales staff to improve professional skills both in class & in field will be implemented.

e. Refinement of the distribution system:

- Refinements and growth of the distribution system will continue. CDBECO will review, evaluate and develop strategic distributors to ensure long-term development objectives with the Company.
- More investments will be made to reach out to different levels of the distribution value chain ie dealers & retail outlets in the general trade
- CDBECO will also continue to grow the Modern Trade (MT) business and develop greater presence at suitable MT partners
- Greater effort and resources will be committed to make CDBECO brands closer and more accessible to end consumers
- Continue to explore more feasible online sales opportunities.

f. Trade policy:

- CDBECO will continue to ensure all trade policies are standardized, properly explained and documented. These should be aligned with Finance to ensure that the total of all these policies are within the annual commercial budget.
- The sales support policy to distributors will be reviewed regularly to ensure that distributor and trade margins are at market rates to ensure the continued support for CDBECO brands.

g. Continue revitalization and development of brands: The following brand development efforts will be implemented in 2022 and continued into 2023:

- Continue efforts to re-connecting with consumers through better retail distribution, visibility and engagement (on and off line) to drive renewed consumption.
- Follow through with the implement a portfolio approach.
- Implement a comprehensive marketing calendar
- Develop and launch a healthier range of beverages
- Set in motion business development plans to take CDBECO beyond 2022

V. CORPORATE GOVERNANCE

1. Board of Directors:

a. Members and structure of the Board of Directors

| | Name | Position | Number of shares represented | Ratio |
|---|---------------------------|-------------------------------|------------------------------|-------|
| 1 | Mr. Neo Gim Siong Bennett | Chairman of the Board | 2.379.500 shares | 28% |
| 2 | Mr. Trần Đức Hòa | Board members | 1.441.000 shares | 17% |
| 3 | Mr. Phạm Tấn Lợi | Board members | 1.441.000 shares | 17% |
| 4 | Mr. Phạm Huy Hóa | Independent member of the BOD | | |
| 5 | Mr. Đặng Trung Kiên | Independent member of the BOD | | |

b. The committees of the Board of Directors: There is no committee of the Board of Directors.

c. Activities of the Board of Directors:

In 2021, CDBECO Board of Directors held **4** meetings, and issued **14** Resolutions in total (including the Resolution of 2021 AGM and Resolutions regarding Members' opinion lift in written) regarding Company operations in various fields, including business, investment and human resources under the jurisdiction of the Board. All the Resolutions were organized and implemented by the General Director and reported at the followed meetings of the BOD.

Meetings of the BOD:

| No. | Board of Directors' members | Number of meetings attended | Attendance rate | Reason for absense |
|-----|-----------------------------|-----------------------------|-----------------|--|
| 01 | Mr. Neo Gim Siong Bennett | 04 | 100% | |
| 02 | Mr. Tran Duc Hoa | 04 | 100% | |
| 03 | Mr. Phạm Tấn Lợi | 04 | 100% | |
| 04 | Mr. Đặng Trung Kiên | 04 | 100% | |
| 05 | Mr. Trịnh Huy Hóa | 04 | 100% | There is a power of attorney when not attending the meeting. |

2. Board of Supervisors**a. Members and structure of the Board of Supervisors**

| No. | Name | Position | Number of meetings of Board of Supervisors | Meeting of the BOD attendance rate |
|-----|--------------------------|-------------------|--|------------------------------------|
| 01 | Mr. Nguyễn Phước Thoại | Head of BOS | 2 | 4/4 |
| 02 | Mr. Nguyễn Hoàng Hiệp | Member of the BOS | 2 | 0/4 |
| 03 | Ms. Nguyễn Thị Ngọc Dung | Member of the BOS | 2 | 0/4 |

b. Activities of the Board of Supervisors:

In 2021, the Supervisory Board:

1. Conducted two meetings.
2. Participated in the meetings of the BOD, supervised and monitored the implementation of 2021 AGM's resolution and BOD's resolutions and governance reports.
3. Checked the legality of decisions of the BOD and BOM in their management of the Company's operations in view of the Enterprise Law, the Company's Charter, the Resolution of the AGM and the Company's regulations on financial management.
4. Reviewed periodic financial statements based on the Company's regulations and statutes; checked the legality of documents to evaluate the truthfulness and reasonableness of the financial data recorded in the company's reports.

3. Transactions, remunerations and interests of the Board of Directors, Board of Management and Board of Supervisors

a. Salary, rewards, remuneration and benefits:

Remuneration of the members of the BOD:

| | Name | Remuneration/month | Number of months | Amount |
|---|-----------------------|--------------------|------------------|------------------------|
| 1 | Neo Gim Siong Bennett | 10,000,000 VND | 13 | 130,000,000 VND |
| 2 | Trần Đức Hòa | 7,000,000 VND | 13 | 91,000,000 VND |
| 3 | Phạm Tấn Lợi | 7,000,000 VND | 13 | 91,000,000 VND |
| 4 | Phạm Huy Hóa | 7,000,000 VND | 13 | 91,000,000 VND |
| 5 | Đặng Trung Kiên | 7,000,000 VND | 13 | 91,000,000 VND |
| | Total: | | | 494,000,000 VND |

Remuneration of the members of the BOS:

| | Name | Remuneration/month | Number of months | Amount |
|---|----------------------|--------------------|------------------|------------------------|
| 1 | Nguyễn Hoàng Hiệp | 4,000,000 VND | 13 | 52,000,000 VND |
| 2 | Nguyễn Thị Ngọc Dung | 4,000,000 VND | 13 | 52,000,000 VND |
| | Total: | | | 104,000,000 VND |

Salary of the Head of BOS:

| | Name | Salary/ month | Number of months | Amount |
|---|--------------------|----------------|------------------|------------------------|
| 1 | Nguyễn Phước Thoại | 30,940,000 VND | 12 | 372,356,923 VND |

Salary, reward of the Board of Managements:

| | Name | Salary, bonus and remuneration | Amount |
|---|-----------------------|--------------------------------|--------------------------|
| 1 | Neo Hock Tai Schubert | 1,287,513,635 VND | 1,287,513,635 VND |
| 2 | Nguyễn Thúy Phương | 670,669,642 VND | 670,669,642 VND |
| 3 | Nguyễn Thanh Hải | 668,339,043 VND | 668,339,043 VND |
| | Total: | | 1,955,852,678 VND |

b. Transactions of internal shareholders: In 2021, there were no transactions of internal shareholders.

c. Implementation of regulations on corporate governance: Finalize the drafting of internal regulations on corporate governance and in the process of getting approval at the Annual General Meeting 2022.

The accompanying notes are an integral part of these financial statements

VI. FINANCIAL STATEMENTS

1. Audited financial statement



Chuong Duong Beverages Joint Stock Company

Financial Statements for the year ended
December 31st, 2021

CHUONG DUONG BEVERAGAES JOINT STOCK COMPANY
COMPANY INFORMATION

| | | |
|--|--------------------------|----------------------------------|
| Enterprise Registration Certificate No. | 0300584564 0300584564 | 24 July 2017 17 December 2020 |
|--|--------------------------|----------------------------------|

The Company's enterprise registration certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0300584564 dated 17 December 2020. The enterprise registration certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

| | | |
|-----------------------------|---|---|
| Board of Directors | Mr. Neo Gim Siong Bennett Mr. Trần Đức Hòa Mr. Trịnh Huy Hóa Mr. Đặng Trung Kiên Mr. Phạm Tấn Lợi | Chairman Member Member Member Member |
| Board of Supervisors | Mr. Nguyễn Phước Thoại Mr. Nguyễn Hoàng Hiệp Ms. Nguyễn Thị Ngọc Dung | Head of Board of Supervisors Member Member |
| Board of Management | Mr. Neo Hock Tai, Schubert Mr. Nguyễn Thanh Hải Ms. Nguyễn Thúy Phương | General Director Business Director (until 21 March 2022) Chief Financial Officer (cum Chief Accountant) |
| Legal representative | Mr. Neo Gim Siong Bennett Mr. Neo Hock Tai, Schubert | Chairman General Director |
| Registered Office | No. 606, Vo Van Kiet Street, Cau Kho Ward, District 1 Ho Chi Minh City Vietnam | |
| Auditor | KPMG Limited Vietnam | |

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
Statement of the 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 December 31st, 2021.

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 43 give a true and fair view of the financial position of the Company as at December 31st, 2021, and of its results of operations and its 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 financial statements for the issue.

On behalf of the Board of Management



Neo Hock Tai, Schubert
General Director

Ho Chi Minh, 25 March 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Chuong Duong Beverages Joint Stock Company

We have audited the accompanying financial statements of Chuong Duong Beverages Joint Stock Company (“the Company”), which comprise the balance sheet as of December 31st, 2021, the 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 March 25th, 2022, as set out on pages 5 to 43.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these 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 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 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 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 financial statements give a true and fair view, in all material respects, of the financial position of Chuong Duong Beverages Joint Stock Company as of December 31st, 2021 and of its results of operations and its 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.: 21-01-00374-22-2




Nelson Rodriguez Casihan
Practicing Auditor Registration
Certificate No. 2225-2018-007-1
Deputy General Director



Nguyen Thi Thuy
Practicing Auditor Registration
Certificate No. 3463-2022-007-1

Ho Chi Minh City, 25 March 2022

The accompanying notes are an integral part of these financial statements

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY

Balance sheet as at December 31st 2021

Form B 01 – DN

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

| | Code | Note | 31/12/2021 VND | 1/1/2021 VND |
|---|-------------|-------------|---------------------------|-------------------------|
| ASSETS | | | | |
| Current assets (100 = 110 + 120 + 130 + 140 + 150) | 100 | | 95,050,210,047 | 182,251,660,440 |
| Cash and cash equivalents | 110 | 6 | 45,627,111,107 | 73,177,165,027 |
| Cash | 111 | | 20,627,111,107 | 43,177,165,027 |
| Cash equivalents | 112 | | 25,000,000,000 | 30,000,000,000 |
| Short-term financial investments | 120 | | - | 50,000,000,000 |
| Held-to-maturity investments | 123 | | - | 50,000,000,000 |
| Accounts receivable – short-term | 130 | | 21,632,151,551 | 21,529,304,654 |
| Accounts receivable from customers | 131 | 7 | 22,468,065,828 | 6,846,644,801 |
| Prepayments to suppliers | 132 | | 766,494,942 | 15,350,722,205 |
| Other short-term receivables | 136 | | 232,221,654 | 1,166,568,521 |
| Allowance for doubtful debts | 137 | 8 | (1,834,630,873) | (1,834,630,873) |
| Inventories | 140 | 9(a) | 23,643,793,195 | 36,299,130,477 |
| Inventories | 141 | | 23,808,180,463 | 36,527,271,202 |
| Allowance for inventories | 149 | | (164,387,268) | (228,140,725) |
| Other current assets | 150 | | 4,147,154,194 | 1,246,060,282 |
| Short-term prepaid expenses | 151 | | 326,097,812 | 1,246,060,282 |
| Deductible value added tax | 152 | | 3,593,907,339 | - |
| Taxes receivables from State | | | | |
| Treasury | 153 | | 227,149,043 | - |

Các thuyết minh đính kèm là bộ phận hợp thành của báo cáo tài chính này

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY

Balance sheet as at December 31st 2021 (continued)

Form B 01 – DN

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

| | Code | Note | 31/12/2021 VND | 1/1/2021 VND |
|---|------------|-----------|------------------------|------------------------|
| Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260) | 200 | | 276,092,013,310 | 227,283,080,585 |
| Accounts receivable – long-term | 210 | | 7,000,000,000 | 7,000,000,000 |
| Other long-term receivables | 216 | 10 | 7,000,000,000 | 7,000,000,000 |
| Fixed assets | 220 | | 175,769,658,726 | 182,718,366,019 |
| Tangible fixed assets | 221 | 11 | 8,277,303,221 | 4,581,894,906 |
| Cost | 222 | | 64,445,350,353 | 59,156,929,327 |
| Accumulated depreciation | 223 | | (56,168,047,132) | (54,575,034,421) |
| Finance lease tangible fixed assets | 224 | 12 | 167,492,355,505 | 178,134,173,132 |
| Cost | 225 | | 173,582,726,065 | 179,020,927,499 |
| Accumulated depreciation | 226 | | (6,090,370,560) | (886,754,367) |
| Intangible fixed assets | 227 | 13 | - | 2,297,981 |
| Cost | 228 | | 1,300,192,426 | 1,300,192,426 |
| Accumulated depreciation | 229 | | (1,300,192,426) | (1,297,894,445) |
| Investment properties | 230 | 14 | 2,408,250,000 | 23,808,760,680 |
| Cost | 231 | | 2,408,250,000 | 23,808,760,680 |
| Long-term work in progress | 240 | 15 | 58,057,149,212 | 3,044,280,692 |
| Construction in progress | 242 | | 58,057,149,212 | 3,044,280,692 |
| Long-term financial investments | 250 | | 6,500,000,000 | 6,500,000,000 |
| Equity investments in other entity | 253 | 16 | 6,500,000,000 | 6,500,000,000 |
| Other long-term assets | 260 | | 26,356,955,372 | 4,211,673,194 |
| Long-term prepaid expenses | 261 | 17 | 21,603,218,549 | 52,203,686 |
| Deferred tax assets | 262 | | 2,618,078,162 | 1,869,074,567 |
| Long-term tools, supplies and spare parts | 263 | 9(b) | 2,135,658,661 | 2,290,394,941 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 371,142,223,357 | 409,534,741,025 |

The accompanying notes are an integral part of these financial statements

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY

Balance sheet as at December 31st 2021 (continued)

Form B 01 – DN

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

| | Code | Note | 31/12/2021 VND | 1/1/2021 VND |
|---|------------|-----------|------------------------|------------------------|
| RESOURCES | | | | |
| LIABILITIES (300 = 310 + 330) | 300 | | 214,938,443,411 | 216,076,380,967 |
| Current liabilities | 310 | | 35,841,801,738 | 39,810,293,760 |
| Accounts payable to suppliers | 311 | 18 | 25,117,167,077 | 28,146,169,249 |
| Advances from customers | 312 | | 2,041,169,455 | 233,177,285 |
| Taxes payable to State Treasury | 313 | 19 | 41,536,778 | 623,187,399 |
| Payables to employees | 314 | | 1,835,685,878 | 3,125,741,676 |
| Accrued expenses | 315 | 20 | 4,086,654,062 | 6,491,686,561 |
| Other short-term payables | 319 | | 1,642,195,156 | 1,184,531,456 |
| Short-term finance lease liabilities | 320 | 21 | 1,071,743,198 | |
| Bonus and welfare fund | 322 | 22 | 5,650,134 | 5,800,134 |
| Long-term liabilities | 330 | | 179,096,641,673 | 176,266,087,207 |
| Other long-term payables | 337 | | 120,000,000 | 120,000,000 |
| Long-term finance lease liabilities | 334 | 21 | 173,226,010,423 | 168,666,168,457 |
| Provisions – long-term | 342 | 23 | 5,750,631,250 | 7,479,918,750 |
| EQUITY (400 = 410) | 400 | | 156,203,779,946 | 193,458,360,058 |
| Owners' equity | 410 | 24 | 156,203,779,946 | 193,458,360,058 |
| Share capital | 411 | 25 | 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 | | (347,276,838) | (347,276,838) |
| Investment and development fund | 418 | 26 | 104,569,834,944 | 104,569,834,944 |
| (Accumulated losses)/retained profits | 421 | | (33,018,778,160) | 4,235,801,952 |
| - <i>Retained profits brought forward</i> | 421a | | 2,574,837,880 | 808,331,977 |
| - <i>(Loss)/profit for the current year</i> | 421b | | (35,593,616,040) | 3,427,469,975 |
| TOTAL RESOURCES | 440 | | 371,142,223,357 | 409,534,741,025 |
| (440 = 300 + 400) | | | | |

25 March 2022

Prepared by:

Bui Thi Kim Chi
Accountant

Approved by:

Nguyen Thuy Phuong
Chief Accountant

Neo Hock Tai, Schubert
General Director



The accompanying notes are an integral part of these financial statements

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY

Statement of income for the year ended December 31st 2021

Form B 02 – DN

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

| | Code | Note | 2021 VND | 2020 VND |
|--|-----------|-----------|-------------------------|------------------------|
| Revenue from sales of goods | 01 | 28 | 140,189,210,520 | 175,711,732,563 |
| Revenue deductions | 02 | 28 | 8,468,888,291 | 13,320,221,731 |
| Net revenue (10 = 01 - 02) | 10 | 28 | 131,720,322,229 | 162,391,510,832 |
| Cost of sales | 11 | 29 | 111,883,673,467 | 122,853,801,166 |
| Gross profit (20 = 10 - 11) | 20 | | 19,836,648,762 | 39,537,709,666 |
| Financial income | 21 | 30 | 3,144,929,832 | 8,444,782,124 |
| Financial expenses | 22 | | 14,618,994,562 | 2,392,705,143 |
| <i>In which: Interest expense</i> | 23 | | 14,605,947,324 | 2,372,513,685 |
| Selling expenses | 25 | 31 | 21,625,207,674 | 21,186,319,059 |
| General and administration expenses | 26 | 32 | 23,401,566,844 | 21,175,474,938 |
| Net operating (loss)/profit {30 = 20 + (21 - 22) - (25 + 26)} | 30 | | (36,664,190,486) | 3,227,992,650 |
| Other income | 31 | | 444,344,573 | 539,850,122 |
| Other expenses | 32 | | 79,809,231 | 236,516,599 |
| Results of other activities (40 = 31 - 32) | 40 | | 364,535,342 | 303,333,523 |
| Accounting (loss)/profit before tax (50 = 30 + 40) | 50 | | (36,299,655,144) | 3,531,326,173 |
| Income tax expense – current | 51 | 34 | 42,964,491 | 316,687,015 |
| Income tax benefit – deferred | 52 | 34 | (749,003,595) | (212,830,817) |
| Net (loss)/profit after tax (60 = 50 - 51 - 52) | 60 | | (35,593,616,040) | 3,427,469,975 |
| (Losses)/earnings per share | | | | (Restated) |
| Basic (losses)/earnings per share | 70 | 35 | (4,199) | 208 |

25 March 2022

Prepared by:   

Bui Thi Kim Chi
Accountant

Nguyen Thuy Phuong
Chief Accountant

Neo Hock Tai, Schubert
General Director



Các thuyết minh đính kèm là bộ phận hợp thành của báo cáo tài chính này

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY

Statement of income for the year ended December 31st 2021

Form B 02 – DN

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

| | Code | Note | 2021 VND | 2020 VND |
|--|-------------|-------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Accounting (loss)/profit before tax | 01 | | (36,299,655,144) | 3,531,326,173 |
| Adjustments for | | | | |
| Depreciation and amortisation | 02 | | 6,798,926,885 | 3,188,069,142 |
| Allowances and provisions | 03 | | (98,709,707) | (41,314,354) |
| Exchange losses arising from revaluation of monetary items denominated in foreign currencies | 04 | | - | 3,619,471 |
| Profits from investing activities | 05 | | (3,139,656,429) | (8,443,782,420) |
| Interest expense | 06 | | 14,605,947,324 | 2,372,513,685 |
| Operating (loss)/profit before changes in working capital | 08 | | (18,133,147,071) | 610,431,697 |
| Change in receivables | 09 | | (17,537,290,990) | 590,860,726 |
| Change in inventories | 10 | | 12,873,827,019 | (19,589,692,836) |
| Change in payables and other liabilities | 11 | | (7,765,549,522) | (7,346,356,385) |
| Change in prepaid expenses | 12 | | 769,458,287 | (344,087,834) |
| | | | (29,792,702,277) | (26,078,844,632) |
| Interest paid | 14 | | (1,272,194,193) | - |
| Corporate income tax paid | 15 | | (316,687,015) | (666,293,533) |
| Other payments for operating activities | 17 | | (3,355,445,322) | (2,269,618,250) |
| Net cash flows from operating activities | 20 | | (34,737,028,807) | (29,014,756,415) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for additions to fixed assets | 21 | | (46,789,373,322) | (17,486,429,400) |
| Placements of term deposits at banks | 23 | | (50,000,000,000) | (110,000,000,000) |
| Collections of term deposits at banks | 24 | | 100,000,000,000 | 160,000,000,000 |
| Receipts of interests and dividends | 27 | | 3,976,348,209 | 9,883,289,269 |
| Net cash flows from investing activities | 30 | | 7,186,974,887 | 42,396,859,869 |

Các thuyết minh đính kèm là bộ phận hợp thành của báo cáo tài chính này

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
Notes to the financial statements for the year ended December 31st 2021
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 2021 VND | 2020 VND |
|---|-----------|----------|-------------------------|-------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments to settle finance lease liabilities | 35 | | - | (12,727,272,727) |
| Net cash flows from financing activities | 40 | | - | (12,727,272,727) |
| Net cash flows during the year (50 = 20 + 30 + 40) | 50 | | (27,550,053,920) | 654,830,727 |
| Cash and cash equivalents at the beginning of the year | 60 | | 73,177,165,027 | 72,520,853,571 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 61 | | - | 1,480,729 |
| Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) | 70 | 6 | 45,627,111,107 | 73,177,165,027 |

25 March 2022

Prepared by:  Approved by: 

Bui Thi Kim Chi
Accountant

Nguyen Thuy Phuong
Chief Accountant



Neo Hock Tai, Schubert
General Director

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
Notes to the financial statements for the year ended December 31st 2021

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying 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 25 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 the State Securities Committee with trading code of SCD.

b. Principal activities

The Company’s principal activities are to produce and trade beverages; to produce and trade materials, packaging, mechanical equipment and technology in beverage industry; and construct and provide real estate services.

c. Normal operating cycle

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

d. Company structure

As at December 31st 2021, the Company had 280 employees (1/1/2021: 268 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.

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
Notes to the financial statements for the year ended December 31st 2021 (continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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 Company's annual accounting period is from January 1st to December 31st.

d. Accounting and presentation currency

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

3. Summary of significant accounting policies

The Company has adopted the following significant accounting policies 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.

The accompanying notes are an integral part of these financial statements

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 less allowance for doubtful debts.

(ii) Investments in equity instruments of other entity

Investments in equity instruments of other entity are initially recognised at a cost, including purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value.

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

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 estimated costs to sell.

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 income statement 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 – 23 years
- machinery and equipment 5 – 8 years
- motor vehicles 6 – 8 years
- office equipment 3 – 7 years

g. Intangible fixed assets

(i) Software

The 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

The brand name is stated at cost and amortised on a straight-line basis over 8 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 the value of investment property held for capital appreciation is charged to the cost of sales.

i. Construction in progress

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

j. Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing laws and regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the income statement on a straight-line basis over the term of the lease of 30 years.

(ii) 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. The cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

k. Trade and other payables

Trade and other payables are stated at their cost.

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I. 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. 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 annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for that severance allowance, paid by the Company, are excluded.

m. Share capital

(i) 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 the share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

Before 1 January 2021

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, the cost of the reissued shares is determined on a weighted average basis. Any difference between

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the amount received and the cost of the shares reissued is presented within the share premium.

From 1 January 2021

Treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the Company issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognised as equity are repurchased, their par value amount is recognised as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

This change in accounting policy has been applied prospectively from 1 January 2021 due to the change in applicable laws and regulations on buying back shares.

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 amount 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

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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. Leases

(i) Leased assets

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

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

The accompanying notes are an integral part of these financial statements

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

(ii) 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, over the term of the lease.

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

q. Borrowing costs

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

r. 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 fund for the annual accounting period) of the Company by the weighted average number of ordinary shares outstanding during the years.

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

s. 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

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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.

t. 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.

u. Comparative information

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

4. Impacts of Coronavirus

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

The accompanying notes are an integral part of these financial statements

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5. 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, the financial information presented in the balance sheet as at December 31st 2021 and 1 January 2021 and all revenue and expenses presented in the statement of income for the years ended December 31st 2021 and December 31st 2020 were related to the Company's principal business activities.

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

6. Cash and cash equivalents

| | 31/12/2021 | 1/1/2021 |
|------------------|-------------------|-----------------|
| | VND | VND |
| Cash on hand | 73,062,067 | 10,929,518 |
| Cash in banks | 20,554,049,040 | 43,166,235,509 |
| Cash equivalents | 25,000,000,000 | 30,000,000,000 |
| | <hr/> | <hr/> |
| | 45,627,111,107 | 73,177,165,027 |
| | <hr/> | <hr/> |

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less and earned interest at rate of 3.75% per annum (1/1/2021: 3.40% per annum).

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7. Accounts receivable from customers

a. Accounts receivable from customers detailed by significant customer

| | 31/12/2021 | 1/1/2021 |
|--|-------------------|-----------------|
| | VND | VND |
| Nhu Thi Mui Household Business | 6,146,653,924 | - |
| Saigon Hanoi Packing Transport Company Limited | 6,042,361,020 | - |
| Khang Phuc Trading Service Company Limited | 4,147,701,260 | 350,985,800 |
| Ho Chi Minh City Union of Trade Cooperatives | - | 2,377,142,863 |
| Bach Hoa Xanh Trading Joint Stock Company | - | 810,197,378 |
| Other customers | 6,131,349,624 | 3,308,318,760 |
| | 22,468,065,828 | 6,846,644,801 |

b. Accounts receivable from customers who are related parties

| | 31/12/2021 | 1/1/2021 |
|--|-------------------|-----------------|
| | VND | VND |
| The parent company | | |
| Saigon Beer - Alcohol - Beverage Corporation | 26,903,030 | - |
| Other related party | | |
| Me Linh Point Limited | 1,907,400 | - |
| | | |

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

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8. Allowance for doubtful debts

| | | 31/12/2021 and 1/1/2021 | | |
|---------------------------------------|-------------------------|--------------------------------|--------------------------|---------------------------------------|
| | Overdue days | Cost VND | Allowance VND | Recoverable amount VND |
| Overdue debts | | | | |
| Thach Thuan Thanh One Member Co., Ltd | Over 5 years | 250,657,220 | (250,657,220) | - |
| Ms. Nguyen Thi Kim Loan | Over 5 years | 322,620,177 | (322,620,177) | - |
| Mr. Ly Hoang Phi | Over 5 years | 155,999,833 | (155,999,833) | - |
| Other customers | Over 5 years | 1,105,353,643 | (1,105,353,643) | - |
| | | 1,834,630,873 | (1,834,630,873) | - |
| | | 1,834,630,873 | (1,834,630,873) | - |

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9. Inventories

a. Inventories

| | 31/12/2021 | | 1/1/2021 | |
|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Cost | Allowance | Cost | Allowance |
| | VND | VND | VND | VND |
| Raw materials | 8,710,525,780 | (129,948,143) | 7,223,234,481 | (192,953,081) |
| Tools and supplies | 2,173,807,385 | (34,439,125) | 2,408,145,369 | (35,187,644) |
| Finished goods | 12,923,847,298 | - | 26,895,312,755 | - |
| Goods on consignment | - | - | 578,597 | - |
| | 23,808,180,463 | (164,387,268) | 36,527,271,202 | (228,140,725) |

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

| | 2021 | 2020 |
|------------------------------------|--------------------|--------------------|
| | VND | VND |
| Opening balance | 228,140,725 | 242,389,645 |
| Allowance reversed during the year | (63,753,457) | (14,248,920) |
| Closing balance | 164,387,268 | 228,140,725 |

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b. Long-term tools, supplies and spare parts

| | 31/12/2021 | | 1/1/2021 | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | Cost | Allowance | Cost | Allowance |
| | VND | VND | VND | VND |
| Tools, supplies and spare-parts | 2,505,632,842 | (369,974,181) | 2,660,369,122 | (369,974,181) |

10. Other long-term receivables

| | 31/12/2021 | 1/1/2021 |
|--|---------------|---------------|
| | VND | VND |
| Long-term deposits for rental of factory | 7,000,000,000 | 7,000,000,000 |

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11. Tangible fixed assets

| | Buildings and structures | Machinery and equipment | Motor vehicles | Thiết bị văn phòng | Tổng |
|--|-------------------------------------|------------------------------------|---------------------------|-------------------------------|----------------|
| | VND | VND | VND | VND | VND |
| Cost | | | | | |
| Opening balance | 7,960,750,637 | 40,917,550,097 | 9,815,442,003 | 463,186,590 | 59,156,929,327 |
| Transfer from construction in progress | - | 1,842,966,480 | 2,781,818,182 | 663,636,364 | 5,288,421,026 |
| Closing balance | 7,960,750,637 | 42,760,516,577 | 12,597,260,185 | 1,126,822,954 | 64,445,350,353 |
| Accumulated depreciation | | | | | |
| Opening balance | 6,478,308,902 | 38,040,766,091 | 9,592,772,838 | 463,186,590 | 54,575,034,421 |
| Charge for the year | 382,690,692 | 939,799,319 | 261,305,529 | 9,217,171 | 1,593,012,711 |
| Closing balance | 6,860,999,594 | 38,980,565,410 | 9,854,078,367 | 472,403,761 | 56,168,047,132 |
| Net book value | | | | | |
| Opening balance | 1,482,441,735 | 2,876,784,006 | 222,669,165 | - | 4,581,894,906 |
| Closing balance | 1,099,751,043 | 3,779,951,167 | 2,743,181,818 | 654,419,193 | 8,277,303,221 |

Included in tangible fixed assets as at December 31st 2021 were assets costing VND53,038 million (1/1/2021: VND44,542 million) which were fully depreciated but still in active use.

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12. Finance lease tangible fixed assets

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

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13. Intangible fixed assets

| | Software | Brand name | Total |
|---------------------------------|-----------------|-------------------|---------------|
| | VND | VND | VND |
| Cost | | | |
| Opening and closing balance | 1,196,192,426 | 104,000,000 | 1,300,192,426 |
| <hr/> | | | |
| Accumulated amortisation | | | |
| Opening balance | 1,196,192,426 | 101,702,019 | 1,297,894,445 |
| Charge for the year | - | 2,297,981 | 2,297,981 |
| <hr/> | | | |
| Closing balance | 1,196,192,426 | 104,000,000 | 1,300,192,426 |
| <hr/> | | | |
| Net book value | | | |
| Opening balance | - | 2,297,981 | 2,297,981 |
| Closing balance | - | - | - |
| <hr/> <hr/> | | | |

Included in intangible fixed assets as at December 31st 2021 were assets costing VND1,300 million (1/1/2021: VND1,196 million) which were fully amortised but still in active use.

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14. Investment properties

| | Land use rights |
|--|----------------------------|
| | VND |
| Opening balance | 23.808.760.680 |
| Transfer to long-term prepaid expenses (*) | (21.400.510.680) |
| Closing balance | <hr/> <u>2.408.250.000</u> |

(*) During the year, the Company's Board of Management and Board of Director decided to change the using purpose of one of its land use rights at My Phuoc 3 Industrial Zone, Thu Dau Mot City, Binh Duong Province, from held for capital appreciation to construct a warehouse. As a result, the Company has transferred the prepaid land costs relating to this land use right from investment properties held for capital appreciation to long-term prepaid expenses (Note 17).

The Company has not determined fair values of investment properties 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 amount.

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15. Construction in progress

| | 2021 | 2020 |
|-----------------------------------|-----------------|---------------|
| | VND | VND |
| Opening balance | 3,044,280,692 | 1,004,437,655 |
| Additions during the year | 60,301,289,546 | 2,039,843,037 |
| Transfer to tangible fixed assets | (5,288,421,026) | - |
| | 58,057,149,212 | 3,044,280,692 |
| Closing balance | 58,057,149,212 | 3,044,280,692 |

Major constructions in progress were as follows:

| | 31/12/2021 | 1/1/2021 |
|--------------------------------------|-------------------|-----------------|
| | VND | VND |
| Nhon Trach 3 Industrial Zone Project | 50,385,511,783 | 1,172,418,667 |
| My Phuoc 3 Industrial Zone Project | 5,752,115,000 | - |
| Others | 1,919,522,429 | 1,871,862,025 |
| | 58,057,149,212 | 3,044,280,692 |
| | 58,057,149,212 | 3,044,280,692 |

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16. Equity investments in other entity

| Company name | Number of shares | % of equity owned and voting rights | 31/12/2021 và 1/1/2021 | | |
|---|------------------|-------------------------------------|------------------------|----------------|---------------|
| | | | Cost VND | Fair value VND | Allowance VND |
| Saigon - Tay Do Beer - Beverage Joint Stock Company | 1,105,000 | 5,525% | 6,500,000,000 | (*) | - |

(*) The Company has not determined fair values of this investment for disclosure in the financial statements because information about its 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 this investment may differ from its carrying amount.

17. Long-term prepaid expenses

| | Prepaid land costs VND | Tools and instruments VND | Total VND |
|-------------------------------------|------------------------|---------------------------|----------------|
| Opening balance | - | 52,203,686 | 52,203,686 |
| Transfer from investment properties | 21,400,510,680 | - | 21,400,510,680 |
| Additions | - | 243,535,369 | 243,535,369 |
| Amortisation for the year | - | (93,031,186) | (93,031,186) |
| Closing balance | 21,400,510,680 | 202,707,869 | 21,603,218,549 |

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18. Accounts payable to suppliers

a. Accounts payable to suppliers detailed by significant suppliers

| | Cost/Amount within repayment capacity | |
|---------------------------------------|--|-----------------|
| | 31/12/2021 | 1/1/2021 |
| | VND | VND |
| TBC-Ball Beverage Can Vietnam Limited | 10,101,037,734 | 4,050,603,479 |
| Crown Beverage Cans Saigon Limited | 5,105,911,139 | 12,678,902,828 |
| Other suppliers | 9,910,218,204 | 11,416,662,942 |
| | 25,117,167,077 | 28,146,169,249 |

b. Accounts payable to suppliers who are related parties

| | 31/12/2021 | 1/1/2021 |
|---------------------------------------|-------------------|-----------------|
| | VND | VND |
| TBC-Ball Beverage Can Vietnam Limited | 10,101,037,734 | 4,050,603,479 |
| Crown Beverage Cans Saigon Limited | 5,105,911,139 | 12,678,902,828 |
| Binh Tay Liquor Joint Stock Company | 62,150,000 | 48,604,600 |

The trade related amounts due to related parties were unsecured, interest free and are payable upon demand.

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19. Taxes payable to State Treasury

| | 1/1/2021 | Incurred | Paid | Net-off | Reclassified to tax receivables | 31/12/2021 |
|----------------------|--------------------|-----------------------|-------------------------|-------------------------|--|-------------------|
| | VND | VND | VND | VND | VND | VND |
| Value added tax | 521,215,256 | 14,232,802,097 | (3,964,064,070) | (10,789,953,283) | - | - |
| Corporate income tax | 46,573,481 | 42,964,491 | (316,687,015) | - | 227,149,043 | - |
| Personal income tax | 54,387,862 | 764,751,456 | (572,642,522) | (204,960,018) | - | 41,536,778 |
| Land and housing tax | - | 14,323,935,454 | (14,323,935,454) | - | - | - |
| Other taxes | 1,010,800 | 14,804,706 | (15,815,506) | - | - | - |
| | 623,187,399 | 29,379,258,204 | (19,193,144,567) | (10,994,913,301) | 227,149,043 | 41,536,778 |

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20. Accrued expenses

| | 31/12/2021 | 1/1/2021 |
|-------------------------------------|-------------------|-----------------|
| | VND | VND |
| Advertising and promotion expenses | 2,866,529,809 | 3,993,688,801 |
| Transportation and loading expenses | 596,671,114 | 378,650,265 |
| Others | 623,453,139 | 2,119,347,495 |
| | <hr/> | <hr/> |
| | 4,086,654,062 | 6,491,686,561 |
| | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes are an integral part of these financial statements

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21. Finance lease liabilities

| | 31/12/2021 | 1/1/2021 |
|--------------------------------|-------------------|-----------------|
| | VND | VND |
| Finance lease liabilities | 174.297.753.621 | 168.666.168.457 |
| Repayable within twelve months | (1.071.743.198) | - |
| | 173.226.010.423 | 168.666.168.457 |
| Repayable after twelve months | 173.226.010.423 | 168.666.168.457 |

The minimum lease payments under uncancellable finance leases are as follows:

| | 31/12/2021 | | |
|--------------------------|-------------------|-----------------|------------------|
| | Payments | Interest | Principal |
| | VND | VND | VND |
| Within one year | 16,101,530,820 | 15,029,787,622 | 1,071,743,198 |
| Within two to five years | 64,406,123,280 | 59,116,000,973 | 5,290,122,307 |
| More than five years | 434,741,332,141 | 266,805,444,025 | 167,935,888,116 |
| | 515,248,986,241 | 340,951,232,620 | 174,297,753,621 |
| | 1/1/2021 | | |
| | Payments | Interest | Principal |
| | VND | VND | VND |
| Within one year | 5,947,689,088 | 5,947,689,088 | - |
| Within two to five years | 65,736,670,272 | 65,736,670,272 | - |
| More than five years | 458,787,177,940 | 290,121,009,483 | 168,666,168,457 |
| | 530,471,537,300 | 361,805,368,843 | 168,666,168,457 |

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

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22. Bonus and welfare fund

This fund is established by appropriating amounts from retained profits as approved by shareholders at the Annual 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:

| | 2021 | 2020 |
|---|-----------------|-----------------|
| | VND | VND |
| Opening balance | 5,800,134 | 1,616,107,803 |
| Adjustments to bonus and welfare fund (Note 24) | 1,660,964,072 | (141,989,419) |
| Utilisation during the year | (1,661,114,072) | (1,468,318,250) |
| | <hr/> | <hr/> |
| Closing balance | 5,650,134 | 5,800,134 |
| | <hr/> | <hr/> |

23. Provisions – long-term

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

| | 2021 | 2020 |
|--------------------------------------|-----------------|---------------|
| | VND | VND |
| Opening balance | 7.479.918.750 | 8.281.218.750 |
| Provision reversed during the period | (34.956.250) | - |
| Provision utilised during the year | (1.694.331.250) | (801.300.000) |
| | <hr/> | <hr/> |
| Closing balance | 5.750.631.250 | 7.479.918.750 |
| | <hr/> | <hr/> |

The accompanying notes are an integral part of these financial statements

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
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24. Changes in owners' equity

| | Share capital VND | Treasury shares VND | Investment and development fund VND | Retained profits/ (accumulated losses) VND | Total VND |
|---|----------------------------------|------------------------------------|--|---|----------------------|
| Balance as at 1 January 2020 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | 7,448,454,558 | 196,671,012,664 |
| Net profit for the year | - | - | - | 3,427,469,975 | 3,427,469,975 |
| Adjustments to bonus and welfare fund (Note 22) | - | - | - | 141,989,419 | 141,989,419 |
| Dividends | - | - | - | (6,782,112,000) | (6,782,112,000) |
| Balance as at 1 January 2021 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | 4,235,801,952 | 193,458,360,058 |
| Net loss for the year | - | - | - | (35,593,616,040) | (35,593,616,040) |
| Adjustments to bonus and welfare fund (Note 22) | - | - | - | (1,660,964,072) | (1,660,964,072) |
| Balance as at December 31st 2021 | 85,000,000,000 | (347,276,838) | 104,569,834,944 | (33,018,778,160) | 156,203,779,946 |

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
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25. Share capital

The Company's authorised and issued share capital are:

| | 31/12/2021 | | 1/1/2021 | |
|--|-----------------------------|----------------|-----------------------------|----------------|
| | Number of shares | VND | Number of shares | VND |
| Authorised and issued share capital | | | | |
| Ordinary shares | 8,500,000 | 85,000,000,000 | 8,500,000 | 85,000,000,000 |
| <hr/> | | | | |
| Treasury shares | | | | |
| Ordinary shares | 22,360 | 347,276,838 | 22,360 | 347,276,838 |
| <hr/> | | | | |
| Shares in circulation | | | | |
| Ordinary shares | 8,477,640 | 84,776,400,000 | 8,477,640 | 84,776,400,000 |
| <hr/> | | | | |

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 were no movements in share capital and treasury shares during the years ended December 31st 2021 and December 31st 2020.

26. Investment and development fund

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

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27. Off balance sheet items

a. Lease

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

| | 31/12/2021 | 1/1/2021 |
|------------------------|-------------------|-----------------|
| | VND | VND |
| Within one year | 865,494,000 | 865,494,000 |
| From two to five years | 3,461,976,000 | 3,461,976,000 |
| More than five years | 25,114,773,000 | 25,980,267,000 |
| | 29,442,243,000 | 30,307,737,000 |
| | 29,442,243,000 | 30,307,737,000 |

b. Goods held for third parties

| | 31/12/2021 | | 1/1/2021 | | |
|------------------------------|-------------------|--------------------------|-----------------|-----------------------|---------------|
| | Unit | Quantity | VND | Quantity | VND |
| Goods held for third parties | | 1,406,056 | 22,924,934,228 | 572,106 | 8,458,681,691 |
| | | 1,406,056 22,924,934,228 | | 572,106 8,458,681,691 | |
| | | 1,406,056 22,924,934,228 | | 572,106 8,458,681,691 | |

c. Foreign currencies

| | 31/12/2021 | | 1/1/2021 | |
|-------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Original currency | VND equivalent | Original currency | VND equivalent |
| ▪ USD | 7,698 | 174,521,141 | 1,050 | 24,333,437 |
| ▪ EUR | 485 | 12,336,714 | 485 | 13,938,702 |
| | | 186,857,855 | | 38,272,139 |
| | | 186,857,855 | | 38,272,139 |

CHUONG DUONG BEVERAGES JOINT STOCK COMPANY
Notes to the financial statements for the year ended December 31st 2021 (continued)

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d. Capital expenditure commitments

As at reporting date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

| | 31/12/2021 | 1/1/2021 |
|-------------------------|-------------------|-----------------|
| | VND | VND |
| Approved and contracted | 11,896,202,871 | 47,855,433,131 |

28. Revenue from sales of goods

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

| | 2021 | 2020 |
|---------------------------|-----------------|-----------------|
| | VND | VND |
| Total revenue | | |
| • Sales of finished goods | 139,296,736,380 | 173,821,518,305 |
| • Others | 892,474,140 | 1,890,214,258 |
| | 140,189,210,520 | 175,711,732,563 |
| Less revenue deductions | | |
| • Sales discounts | 8,468,888,291 | 13,320,221,731 |
| | 131,720,322,229 | 162,391,510,832 |

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29. Cost of sales

| | 2021 | 2020 |
|---|-----------------|-----------------|
| | VND | VND |
| Total cost of sales | | |
| • Finished goods sold | 111,947,426,924 | 122,895,115,520 |
| • Reversal of allowance for inventories | (63,753,457) | (41,314,354) |
| | 111,883,673,467 | 122,853,801,166 |
| | 111,883,673,467 | 122,853,801,166 |

30. Financial income

| | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| | VND | VND |
| Interest income from deposits | 2,034,656,429 | 6,233,782,420 |
| Dividend income | 1,105,000,000 | 2,210,000,000 |
| Realised foreign exchange gains | 5,273,403 | 999,704 |
| | 3,144,929,832 | 8,444,782,124 |
| | 3,144,929,832 | 8,444,782,124 |

31. Selling expenses

| | 2021 | 2020 |
|-------------------------------|----------------|----------------|
| | VND | VND |
| Staff costs | 12,120,184,580 | 11,784,730,575 |
| Transportation expenses | 2,327,516,432 | 2,701,859,870 |
| Advertising expenses | 2,907,070,253 | 3,309,112,653 |
| Depreciation and amortisation | 1,574,088,977 | 820,041,036 |
| Others | 2,696,347,432 | 2,570,574,925 |
| | 21,625,207,674 | 21,186,319,059 |
| | 21,625,207,674 | 21,186,319,059 |

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32. General and administration expenses

| | 2021 | 2020 |
|-------------------------------|----------------|----------------|
| | VND | VND |
| Staff costs | 13.010.726.611 | 12.026.339.433 |
| Outside services | 5.459.276.850 | 1.755.273.819 |
| Land rental fee | 2.200.484.572 | 2.064.098.325 |
| Depreciation and amortisation | 1.874.669.508 | 1.006.097.335 |
| Others | 856.409.303 | 4.323.666.026 |
| | <hr/> | <hr/> |
| | 23.401.566.844 | 21.175.474.938 |
| | <hr/> | <hr/> |

33. Production and business costs by elements

| | 2021 | 2020 |
|---|----------------|-----------------|
| | VND | VND |
| Raw material costs included in production costs | 73,514,617,518 | 101,784,053,416 |
| Labour costs and staff costs | 45,463,339,176 | 45,253,858,170 |
| Outside services | 22,444,007,509 | 24,232,893,092 |
| Depreciation and amortisation | 6,798,926,885 | 3,188,069,142 |
| Other expenses | 7,288,697,737 | 12,308,011,434 |
| | <hr/> | <hr/> |

34. Corporate income tax

a. Recognised in the statement of income

| | 2021 VND | 2020 VND |
|---|---------------|---------------|
| Current tax expense | | |
| Current year | - | 316,687,015 |
| Under provision in previous years | 42,964,491 | - |
| | <hr/> | <hr/> |
| | 42,964,491 | 316,687,015 |
| Deferred tax benefit | | |
| Origination and reversal of temporary differences | (749,003,595) | (212,830,817) |
| | <hr/> | <hr/> |
| Income tax (benefit)/expense | (706,039,104) | 103,856,198 |

b. Reconciliation of effective tax rate

| | 2021 VND | 2020 VND |
|---|------------------|---------------|
| Accounting (loss)/profit before tax | (36,299,655,144) | 3,531,326,173 |
| | <hr/> | <hr/> |
| Tax at the Company's tax rate | (7,259,931,029) | 706,265,235 |
| Non-deductible expenses | 279,469,247 | 495,676,951 |
| Tax exempt income | (221,000,000) | (442,000,000) |
| Tax incentive | - | (135,723,007) |
| Under provision in previous years | 42,964,491 | - |
| Deferred tax assets not recognised | 6,452,458,187 | 40,637,019 |
| Realisation of deferred tax assets unrecognised in previous years | - | (561,000,000) |
| | <hr/> | <hr/> |
| Income tax (benefit)/expense | (706,039,104) | 103,856,198 |

c. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | 31/12/2021 | | 1/1/2021 | |
|------------|----------------------|---------------|----------------------|-----------|
| | Temporary difference | Tax value | Temporary difference | Tax value |
| | VND | VND | VND | VND |
| Tax losses | 32.262.290.937 | 6.452.458.187 | | |

The tax losses will be expired in 2026. Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

d. Applicable tax rates

Under the terms of Corporate Income Tax Law, the Company has an obligation to pay the government income tax at the normal income tax rate of taxable profits. The normal income tax rate applicable to enterprises before incentives is 20%.

35. Basic (losses)/earnings per share

The calculation of basic (losses)/earnings per share for the years ended December 31st, 2021 and December 31st, 2020 were based on the (loss)/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:

a. Net (loss)/profit attributable to ordinary shareholders

| | 2021 | 2020 |
|---|------------------|-------------------|
| | VND | VND (Restated) |
| Net (loss)/profit for the year | (35,593,616,040) | 3,427,469,975 |
| Appropriation to bonus and welfare fund | - | (1,660,964,072) |
| Net (loss)/profit attributable to ordinary shareholders | (35,593,616,040) | 1,766,505,903 |

The appropriation of bonus and welfare fund for the year ended December 31st, 2020 was restated based on the actual appropriation which was approved by shareholders at Annual General Meeting. Accordingly, basic earnings per share for the year ended December 31st, 2020 has been restated to VND 208 per share based on the adjusted amount appropriated to bonus and welfare fund (as previously reported: VND 404 per share).

b. Weighted average number of ordinary shares

There was no movement in the number of shares for the years ended December 31st, 2021 and December 31st, 2020. The weighted average number of ordinary shares used to calculate basic (loss)/earnings per share for two presented years is 8,477,640 shares.

36. 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 | |
|---|--------------------------|---------------|
| | 2021 | 2020 |
| | VND | VND |
| <i>The parent company</i> | | |
| Saigon Beer - Alcohol - Beverage Corporation | | |
| Sales of finished goods | 1,289,319,374 | 1,165,175,236 |
| Dividends paid | - | 4,209,200,000 |
| <i>Other related parties</i> | | |
| Bia Saigon Mien Trung Trading Joint Stock Company | | |
| Sales of finished goods | 62,882,153 | 56,803,065 |
| Sai Gon Beer Trading Company Limited | | |
| Sales of finished goods | 167,543,462 | 129,134,548 |
| Purchases of services | - | 5,984,300 |
| Sai Gon - Quang Ngai Beer Joint Stock Company | | |
| Sales of finished goods | 119,306,510 | 87,801,542 |
| Northern Sai Gon Beer Trading Joint Stock Company | | |
| Sales of finished goods | 77,619,760 | 86,260,392 |
| Saigon Beer Center Trading Joint Stock Company | | |
| Sales of finished goods | 224,752,014 | 187,955,046 |
| Sai Gon Beer Tay Nguyen Trading Joint Stock Company | | |
| Sales of finished goods | 87,858,900 | 38,243,520 |
| Saigon Beer Nam Trung Bo Trading Joint Stock Company | | |
| Sales of finished goods | 63,531,740 | 61,095,992 |
| Sai Gon Beer Eastern Trading Joint Stock Company | | |
| Sales of finished goods | 99,279,600 | 94,480,000 |
| Saigon Song Tien Beer Trading Joint Stock Company | | |
| Sales of finished goods | 79,291,800 | 76,766,796 |

The accompanying notes are an integral part of these financial statements

| | Transaction value | |
|---|--------------------------|---------------|
| | 2021 | 2020 |
| | VND | VND |
| Saigon Song Hau Beer Trading Joint Stock Company | | |
| Sales of finished goods | 90,883,800 | 84,702,253 |
| Sa Be Co Mechanical Co., Ltd | | |
| Sales of finished goods | 90,564,750 | 65,520,000 |
| Binh Tay Liquor Joint Stock Company | | |
| Purchases of goods | 169,500,000 | 230,262,000 |
| Sales of finished goods | 40,389,370 | 32,508,000 |
| Saigon - Tay Do Beer - Beverage Joint Stock Company | | |
| Sales of finished goods | - | 34,120,970 |
| Dividends received | 1,105,000,000 | 2,210,000,000 |
| Sai Gon - Lamdong Beer Joint Stock Company | | |
| Sales of finished goods | 84,535,580 | 75,792,940 |
| Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company | | |
| Sales of finished goods | 29,584,620 | 50,613,659 |
| Sai Gon - Song Lam Beer Joint Stock Company | | |
| Sales of finished goods | 58,559,340 | 117,350,056 |
| Saigon - Hanoi Beer Corporation | | |
| Sales of finished goods | - | 53,318,389 |
| Saigon Beer Bac Trung Bo Trading Joint Stock Company | | |
| Sales of finished goods | 69,835,962 | 32,957,732 |
| Western - Sai Gon Beer Joint Stock Company | | |
| Sales of finished goods | 57,078,000 | 57,848,408 |

| | Transaction value | |
|---|--------------------------|----------------|
| | 2021 | 2020 |
| | VND | VND |
| Saigon Beer Northeast Trading Joint Stock Company | | |
| Sales of finished goods | - | 82,425,921 |
| Sai Gon - Ha Tinh Beer One Member Company Limited | | |
| Sales of finished goods | 65,467,605 | 33,546,262 |
| Sai Gon Beer Packaging Joint Stock Company | | |
| Sales of finished goods | 9,922,500 | 35,784,000 |
| Saigon Beer - Alcohol - Beverage Corporation – Saigon – Nguyen Chi Thanh Brewery | | |
| Sales of finished goods | - | 14,627,525 |
| Saigon Beer - Alcohol - Beverage Corporation – Saigon – Cu Chi Brewery | | |
| Sales of finished goods | 4,787,190 | 4,680,808 |
| Purchases of goods | 302,022,000 | 257,899,950 |
| TBC-Ball Beverage Can Vietnam Limited | | |
| Purchases of raw materials | 14,142,603,305 | 3,682,366,799 |
| Crown Beverage Cans Saigon Limited | | |
| Purchases of packaging materials | 19,675,482,626 | 60,304,923,500 |
| Board of Directors members | | |
| <i>Fees</i> | | |
| Mr. Neo Gim Siong Bennet – Chairman | 130,000,000 | 120,000,000 |
| Mr. Tran Duc Hoa – Member | 91,000,000 | 607,917,046 |
| Mr. Pham Tan Loi – Member | 91,000,000 | 84,000,000 |
| Mr. Dang Trung Kien – Member | 91,000,000 | 84,000,000 |
| Mr. Trinh Huy Hoa – Member | 91,000,000 | 84,000,000 |

Board of Supervisors members

Fees

The accompanying notes are an integral part of these financial statements

| | Transaction value | |
|---|--------------------------|-------------|
| | 2021 | 2020 |
| | VND | VND |
| Mr. Nguyen Phuoc Thoai – Head of Board of Supervisors | 411,255,889 | 412,540,930 |
| Mr. Nguyen Hoang Hiep – Member | 52,000,000 | 60,000,000 |
| Ms. Nguyen Thi Ngoc Dung – Member | 52,000,000 | 60,000,000 |

Board of Management members

Salary, bonus and remuneration

| | | |
|--|---------------|---------------|
| Mr. Neo Hock Tai Schubert – General Director | 1,287,513,635 | 1,305,876,264 |
| Ms. Nguyen Thuy Phuong – Chief Financial Officer (cum Chief Accountant) | 670,669,642 | 668,920,119 |
| Mr. Nguyen Thanh Hai – Business Director | 668,339,043 | 642,611,084 |

37. Non-cash investing activities

| | 31/12/2021 VND | 1/1/2021 VND |
|--|-------------------|-----------------|
| Construction in progress acquired but not yet paid | 508,071,250 | - |

38. Comparative information

Except for the restatement of EPS as disclosed in Note 35, other comparative information as of January 1st, 2021 was derived from the balances and amounts reported in the Company's financial statements as at and for the year ended December 31st, 2020.

25 March 2022

Prepared by:

Approved by:


Bui Thi Kim Chi
Accountant


Nguyen Thuy Phuong
Chief Accountant


Neo Hock Tai, Schubert
General Director



KHOI NGUỒN SẮC ĐẸP PHƯƠNG NAM



Một sản phẩm mới của

