



**VinaCafé Bien Hoa Joint Stock Company
and its subsidiary**

Consolidated Financial Statements
for the year ended 31 December 2020



VinaCafé Bien Hoa Joint Stock Company
Corporate Information

**Enterprise Registration
Certificate No.**

3600261626

29 December 2004

The Enterprise Registration Certificate has been amended several times, the most recent of which is dated 13 July 2020. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Dong Nai Province.

Board of Directors

| | |
|-------------------|---|
| Pham Hong Son | Chairman (from 23 June 2020) Member (until 23 June 2020) |
| Pham Quang Vu | Chairman (until 23 June 2020) |
| Nguyen Hoang Yen | Member |
| Truong Cong Thang | Member |
| Huynh Cong Hoan | Member (from 23 June 2020) |
| Ho Thuy Hanh | Member (from 23 June 2020) |
| Pham Dinh Toai | Member (until 23 June 2020) |
| Nguyen Nam Hai | Member (until 23 June 2020) |

Board of Management

| | |
|-------------------|--------------------------------|
| Doan Quoc Hung | Chief Executive Officer |
| Nguyen Thanh Tung | Deputy Chief Executive Officer |

Registered Office

Bien Hoa Industrial Zone 1
An Binh Ward
Bien Hoa City
Dong Nai Province
Vietnam

Auditor

KPMG Limited
Vietnam

VinaCafé Bien Hoa Joint Stock Company Statement of the Board of Management

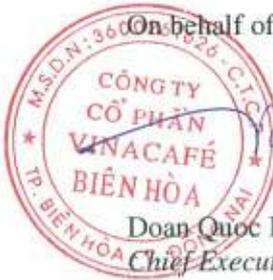
The Board of Management of VinaCafé Bien Hoa Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiary (collectively referred to as “the Group”) for the year ended 31 December 2020.

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

- (a) the consolidated financial statements set out on pages 5 to 45 give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Doan Quốc Hưng
Chief Executive Officer

Dong Nai Province, 3 March 2021



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders VinaCafé Bien Hoa Joint Stock Company

We have audited the accompanying consolidated financial statements of VinaCafé Bien Hoa Joint Stock Company ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Management on 3 March 2021, as set out on pages 5 to 45.

Management's Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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.

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Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VinaCafé Bien Hoa Joint Stock Company and its subsidiary as at 31 December 2020 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 20-01-00301-21-2



Truong Vinh Phuc

Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Ho Chi Minh City, 3 March 2021

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2020-007-1

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VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 December 2020

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

| | Code | Note | 31/12/2020 VND | 1/1/2020 VND |
|--|------------|----------|--------------------------|--------------------------|
| ASSETS | | | | |
| Current assets (100 = 110 + 130 + 140 + 150) | 100 | | 1,619,382,377,622 | 1,651,014,347,917 |
| Cash and cash equivalents | 110 | 5 | 201,559,823,160 | 218,388,319,710 |
| Cash | 111 | | 20,059,823,160 | 51,388,319,710 |
| Cash equivalents | 112 | | 181,500,000,000 | 167,000,000,000 |
| Accounts receivable – short-term | 130 | | 1,172,535,183,612 | 1,214,118,987,237 |
| Accounts receivable from customers | 131 | 6 | 226,823,642,968 | 1,208,801,211,350 |
| Prepayments to suppliers | 132 | | 1,088,680,415 | 2,281,018,986 |
| Other short-term receivables | 136 | 7(a) | 944,622,860,229 | 3,036,756,901 |
| Inventories | 140 | 8 | 236,715,265,299 | 209,196,938,479 |
| Inventories | 141 | | 236,725,530,632 | 210,187,420,104 |
| Allowance for inventories | 149 | | (10,265,333) | (990,481,625) |
| Other current assets | 150 | | 8,572,105,551 | 9,310,102,491 |
| Short-term prepaid expenses | 151 | | 452,269,144 | 799,744,651 |
| Deductible value added tax | 152 | | 8,115,349,938 | 8,510,357,840 |
| Taxes and other receivables from State | | | | |
| Treasury | 153 | | 4,486,469 | - |

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



VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 December 2020 (continued)

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

| | Code | Note | 31/12/2020 VND | 1/1/2020 VND |
|---|------------|------|--------------------------|--------------------------|
| Long-term assets (200 = 210 + 220 + 240 + 260) | 200 | | 512,396,964,606 | 574,314,489,337 |
| Accounts receivable – long-term | 210 | | 5,000,000 | 5,000,000 |
| Other long-term receivables | 216 | 7(b) | 5,000,000 | 5,000,000 |
| Fixed assets | 220 | | 465,666,561,462 | 524,528,739,209 |
| Tangible fixed assets | 221 | 9 | 465,357,284,313 | 524,004,084,537 |
| Cost | 222 | | 1,096,484,179,026 | 1,088,800,433,070 |
| Accumulated depreciation | 223 | | (631,126,894,713) | (564,796,348,533) |
| Intangible fixed assets | 227 | 10 | 309,277,149 | 524,654,672 |
| Cost | 228 | | 2,180,358,879 | 2,180,358,879 |
| Accumulated amortisation | 229 | | (1,871,081,730) | (1,655,704,207) |
| Long-term work in progress | 240 | | 1,611,020,720 | 1,699,576,081 |
| Construction in progress | 242 | 11 | 1,611,020,720 | 1,699,576,081 |
| Other long-term assets | 260 | | 45,114,382,424 | 48,081,174,047 |
| Long-term prepaid expenses | 261 | 12 | 20,747,386,756 | 20,722,086,182 |
| Deferred tax assets | 262 | 13 | 9,646,604,382 | 9,921,085,871 |
| Goodwill | 269 | 14 | 14,720,391,286 | 17,438,001,994 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 2,131,779,342,228 | 2,225,328,837,254 |

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 December 2020 (continued)

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

| | Code | Note | 31/12/2020 VND | 1/1/2020 VND |
|--|------------|-----------|--------------------------|--------------------------|
| RESOURCES | | | | |
| LIABILITIES (300 = 310 + 330) | 300 | | 633,342,602,272 | 783,257,864,116 |
| Current liabilities | 310 | | 628,116,929,272 | 778,141,786,866 |
| Accounts payable to suppliers | 311 | 15 | 162,459,760,504 | 295,275,392,610 |
| Advances from customers | 312 | | 1,019,768,792 | 1,433,428,343 |
| Taxes payable to State Treasury | 313 | 16 | 99,562,489,090 | 82,164,306,392 |
| Accrued expenses | 315 | 17 | 23,075,152,579 | 27,621,771,870 |
| Other short-term payables | 319 | 18(a) | 3,724,116,743 | 5,208,349,357 |
| Short-term borrowings | 320 | 19 | 317,243,744,106 | 345,406,640,836 |
| Bonus and welfare funds | 322 | | 21,031,897,458 | 21,031,897,458 |
| Long-term liabilities | 330 | | 5,225,673,000 | 5,116,077,250 |
| Other long-term payables | 337 | 18(b) | 279,450,000 | 279,450,000 |
| Provisions – long-term | 342 | | 4,946,223,000 | 4,836,627,250 |
| EQUITY (400 = 410) | 400 | | 1,498,436,739,956 | 1,442,070,973,138 |
| Owners' equity | 410 | 20 | 1,498,436,739,956 | 1,442,070,973,138 |
| Share capital | 411 | 21 | 265,791,350,000 | 265,791,350,000 |
| - Ordinary shares with voting rights | 411a | | 265,791,350,000 | 265,791,350,000 |
| Share premium | 412 | 21 | 29,974,241,968 | 29,974,241,968 |
| Investment and development fund | 418 | | 213,510,848,947 | 213,510,848,947 |
| Undistributed profits after tax | 421 | | 1,002,800,069,975 | 943,676,859,714 |
| - Undistributed profits after tax brought forward | 421a | | 279,198,484,714 | 262,856,790,882 |
| - Undistributed profit after tax for the current year/prior year | 421b | | 723,601,585,261 | 680,820,068,832 |
| Non-controlling interests | 429 | | (13,639,770,934) | (10,882,327,491) |
| TOTAL RESOURCES (440 = 300 + 400) | 440 | | 2,131,779,342,228 | 2,225,328,837,254 |

3 March 2021

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:





Phan Thi Thuy Hoa
Chief Accountant

Doan Quoc Hung
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2020

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 2020 VND | 2019 VND |
|--|-----------|-----------|--------------------------|--------------------------|
| Revenue from sale of goods and provision of services | 01 | 23 | 2,902,455,374,781 | 3,102,829,367,605 |
| Revenue deductions | 02 | 23 | 1,162,717,432 | 5,383,639,889 |
| Net revenue (10 = 01 - 02) | 10 | 23 | 2,901,292,657,349 | 3,097,445,727,716 |
| Cost of sales | 11 | 24 | 2,010,957,380,215 | 2,232,972,093,529 |
| Gross profit (20 = 10 - 11) | 20 | | 890,335,277,134 | 864,473,634,187 |
| Financial income | 21 | 25 | 65,765,448,691 | 10,514,020,569 |
| Financial expenses | 22 | 26 | 20,383,504,195 | 20,623,219,469 |
| <i>In which: Interest expense</i> | 23 | | 12,938,538,162 | 19,262,766,855 |
| Selling expenses | 25 | 27 | 6,900,271,350 | 17,218,272,083 |
| General and administration expenses | 26 | 28 | 26,727,403,421 | 38,875,429,486 |
| Net operating profit (30 = 20 + (21 - 22) - (25 + 26)) | 30 | | 902,089,546,859 | 798,270,733,718 |
| Other income | 31 | | - | 14,680,080 |
| Other expenses | 32 | | 273,187,864 | 6,866,402,123 |
| Results of other activities (40 = 31 - 32) | 40 | | (273,187,864) | (6,851,722,043) |
| Accounting profit before tax (50 = 30 + 40) | 50 | | 901,816,358,995 | 791,419,011,675 |
| Income tax expense – current | 51 | 30 | 180,697,735,688 | 120,785,908,465 |
| Income tax expense/(benefit) – deferred | 52 | 30 | 274,481,489 | (7,143,069,443) |
| Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page) | 60 | | 720,844,141,818 | 677,776,172,653 |

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2020 (continued)

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 2020 VND | 2019 VND |
|---|------|------|-----------------|-----------------|
| Net profit after tax (brought forward from previous page) | 60 | | 720,844,141,818 | 677,776,172,653 |
| Attributable to: | | | | |
| Equity holders of the Company | 61 | | 723,601,585,261 | 680,820,068,832 |
| Non-controlling interests | 62 | | (2,757,443,443) | (3,043,896,179) |
| <hr/> | | | | |
| Earnings per share | | | | |
| Basic earnings per share | 70 | 31 | 27,224 | 25,615 |
| <hr/> | | | | |

3 March 2021

Prepared by:


 Nguyen Thi Ngoc Tram
 General Accountant

Approved by:

 
 Phan Thi Thuy Hoa
 Chief Accountant


 CÔNG TY
 CỔ PHẦN
 VINACAFÉ
 BIÊN HÒA
 TP. BIÊN HÒA - TỈNH ĐỒNG NAI
 M.S.D.N. 030.1626 - C.T.C.P

Doan Quoc Hung
 Chief Executive Officer

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



VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method)

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

| | Code | 2020 VND | 2019 VND |
|---|-----------|--------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Accounting profit before tax | 01 | 901,816,358,995 | 791,419,011,675 |
| Adjustments for | | | |
| Depreciation and amortisation | 02 | 69,546,384,521 | 81,905,162,296 |
| Allowances and provisions | 03 | 816,056,175 | 1,131,130,269 |
| Exchange gains arising from revaluation of monetary items dominated in foreign currencies | 04 | (527,818,896) | (565,943,443) |
| Profits from investing activities | 05 | (63,934,135,608) | (8,396,088,393) |
| Interest expense | 06 | 12,938,538,162 | 19,262,766,855 |
| Operating profit before changes in working capital | 08 | 920,655,383,349 | 884,756,039,259 |
| Change in receivables and other assets | 09 | 985,746,435,955 | (119,507,654,981) |
| Change in inventories | 10 | (28,224,787,245) | 59,851,994,176 |
| Change in payables and other liabilities | 11 | (144,170,687,406) | (62,017,781,156) |
| Change in prepaid expenses | 12 | 4,810,438,733 | 5,731,308,178 |
| | | 1,738,816,783,386 | 768,813,905,476 |
| Interest paid | 14 | (14,464,431,436) | (18,658,104,293) |
| Corporate income tax paid | 15 | (158,607,916,091) | (91,140,550,982) |
| Net cash flows from operating activities | 20 | 1,565,744,435,859 | 659,015,250,201 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for additions to fixed assets and other long-term assets | 21 | (11,527,743,220) | (10,497,431,734) |
| Proceeds from disposals of fixed assets | 22 | 29,400,080 | 191,478,015 |
| Payments for granting loans | 23 | (600,000,000,000) | - |
| Payments for other investing activities | 23 | (1,170,000,000,000) | - |
| Receipts from collecting loans | 24 | 600,000,000,000 | - |
| Receipts from collections of other investing activities | 24 | 250,000,000,000 | - |
| Receipts of interest | 27 | 40,403,205,346 | 8,847,733,869 |
| Net cash flows from investing activities | 30 | (891,095,137,794) | (1,458,219,850) |

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method – continued)

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

| | Code | 2020 VND | 2019 VND |
|---|-----------|--------------------------|--------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 33 | 1,208,322,129,561 | 1,359,631,943,583 |
| Payments to settle loan principals | 34 | (1,236,485,026,291) | (1,356,872,668,079) |
| Payments of dividends | 36 | (663,899,725,000) | (637,666,728,000) |
| Net cash flows from financing activities | 40 | (692,062,621,730) | (634,907,452,496) |
| Net cash flows during the year (50 = 20 + 30 + 40) | 50 | (17,413,323,665) | 22,649,577,855 |
| Cash and cash equivalents at the beginning of the year | 60 | 218,388,319,710 | 195,173,528,412 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 61 | 584,827,115 | 565,213,443 |
| Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5) | 70 | 201,559,823,160 | 218,388,319,710 |

3 March 2021

Prepared by:


 Nguyen Thi Ngoc Tram
 General Accountant

Approved by:


 Phan Thi Thuy Hoa
 Chief Accountant


 Doan Quoc Hung
 Chief Executive Officer



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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2020

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

(a) Ownership structure

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiary (collectively referred to as “the Group”).

(b) Principal activities

The principal activities of the Company are to manufacture and sell various kinds of coffees, instant cereals and non-alcoholic drinks in the domestic and oversea markets.

(c) Normal operating cycle

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

(d) The Group’s structure

As at 31 December 2020, the Company had 1 directly owned subsidiary (1/1/2020: 1 directly owned subsidiary). Detail information of the subsidiary is described as follows:

| Name | Principal activities | Address | Percentage of economic interests and voting rights | |
|---------------------------------|------------------------------------|---|--|----------|
| | | | 31/12/2020 | 1/1/2020 |
| Café De Nam Joint Stock Company | Beverage manufacturing and trading | Lot C I.III-3+5+7, Long Thanh Industrial Zone, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam. | 85% | 85% |

The subsidiary is incorporated in Vietnam.

As at 31 December 2020, the Group had 262 employees (1/1/2020: 286 employees).

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(ii) Non-controlling interests

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

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

(iii) Transactions eliminated on consolidation

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Business combination

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

(b) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiary most frequently conducts transactions.

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

(c) Cash and cash equivalents

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



VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(d) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

(e) Inventories

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

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

(ii) Depreciation

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

| | |
|----------------------------|--------------|
| ▪ buildings and structures | 5 – 25 years |
| ▪ machinery and equipment | 3 – 20 years |
| ▪ office equipment | 3 – 7 years |
| ▪ motor vehicles | 5 – 10 years |



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(g) Intangible fixed assets

(i) Software

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

(ii) Brand name

Cost of acquiring a brand name is capitalised and treated as an intangible fixed asset and is amortised on a straight-line basis over 8 years.

(h) Construction in progress

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

(i) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the remaining term of the lease of 43 years.

(ii) Tools and supplies

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

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(j) Goodwill

Goodwill arising on the acquisition of a subsidiary is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

(k) Accounts payable to suppliers and other payables

Accounts payable to suppliers and other payables are stated at their costs.

(l) Provisions

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

Severance allowance

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

(m) Share capital and share premium

Ordinary shares are classified as equity. Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The excess of proceeds from issuance of shares over the par value of shares issued is recorded as share premium.

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(n) Taxation

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

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using 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 temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Revenue

(i) Sale of goods

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

(ii) Provision of services

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

(iii) Processing services

Revenue from processing services is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. No revenue from processing services is recognised if there are significant uncertainties regarding recovery of the consideration due.

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(iv) Rental income

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

(p) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits at banks, interest income from loan receivable and other investments and foreign exchange gains.

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

(ii) Financial expenses

Financial expenses comprise interest expense on borrowings, foreign exchange losses and other financial activities losses.

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.

(q) Operating lease payments

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

(r) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

The consolidated profit or loss attributable to the ordinary shareholders of Company is determined after deducting any amounts appropriated to bonus and welfare funds for the year.

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(s) Segment reporting

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents and related income, investments and related income, loans and borrowings and related expenses, the Company's headquarters' corporate assets, selling expenses, general and administration expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

(t) Related parties

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

(u) Comparative information

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

Comparative information as at 1 January 2020 was derived from the balances and amounts reported in the Group's audited consolidated financial statements as at and for the year ended 31 December 2019.



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4. Segment reporting

(a) Business segments

The Group operates in the following main business segments:

- Coffee and non-alcoholic drinks; and
- Others.

| For the year ended 31 December 2020 | Coffee and non- alcoholic drinks VND | Others (*) VND | Consolidation VND |
|--|---|---------------------------|------------------------------|
| Total segment revenue – net | 2,373,332,942,547 | 527,959,714,802 | 2,901,292,657,349 |
| Segment cost of sales | (1,666,355,939,935) | (344,601,440,280) | (2,010,957,380,215) |
| Segment gross profit | 706,977,002,612 | 183,358,274,522 | 890,335,277,134 |
| Unallocated selling expenses | | | (6,900,271,350) |
| Unallocated general and administration expenses | | | (26,727,403,421) |
| Financial income | | | 65,765,448,691 |
| Financial expenses | | | (20,383,504,195) |
| Net operating profit | | | 902,089,546,859 |
| Results of other activities | | | (273,187,864) |
| Income tax expense | | | (180,972,217,177) |
| Net profit after tax | | | 720,844,141,818 |

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| For the year ended 31 December 2019 | Coffee and non- alcoholic drinks VND | Others (*) VND | Consolidation VND |
|--|---|---------------------------|------------------------------|
| Total segment revenue – net | 2,650,681,396,619 | 446,764,331,097 | 3,097,445,727,716 |
| Segment cost of sales | (1,917,023,063,486) | (315,949,030,043) | (2,232,972,093,529) |
| Segment gross profit | 733,658,333,133 | 130,815,301,054 | 864,473,634,187 |
| Unallocated selling expenses | | | (17,218,272,083) |
| Unallocated general and administration expenses | | | (38,875,429,486) |
| Financial income | | | 10,514,020,569 |
| Financial expenses | | | (20,623,219,469) |
| Net operating profit | | | 798,270,733,718 |
| Results of other activities | | | (6,851,722,043) |
| Income tax expense | | | (113,642,839,022) |
| Net profit after tax | | | 677,776,172,653 |

(*) Others include cereals and other items.

Assets and liabilities cannot be segregated to different segments on a reasonable basis.

(b) Geographical segments

The Group mainly operates in one geographical segment which is in Vietnam.

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5. Cash and cash equivalents

| | 31/12/2020 | 1/1/2020 |
|---|-------------------|-----------------|
| | VND | VND |
| Cash on hand | 12,037,129 | 65,403,819 |
| Cash at banks | 20,047,786,031 | 51,322,915,891 |
| Cash equivalents | 181,500,000,000 | 167,000,000,000 |
| Cash and cash equivalents in the consolidated statement of cash flows | 201,559,823,160 | 218,388,319,710 |

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

6. Accounts receivable from customers

| | 31/12/2020 | 1/1/2020 |
|----------------------------------|-------------------|-------------------|
| | VND | VND |
| Receivables from related parties | 206,961,247,368 | 1,179,293,309,678 |
| Receivables from third parties | 19,862,395,600 | 29,507,901,672 |
| | 226,823,642,968 | 1,208,801,211,350 |

Please see Note 32 for detailed balances with the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 90 days from invoice date.

7. Other receivables

(a) Other short-term receivables

| | 31/12/2020 | 1/1/2020 |
|---|-------------------|-----------------|
| | VND | VND |
| Short-term deposits for other investments (*) | 920,000,000,000 | - |
| Accrued interest receivable from other investment (*) | 23,765,068,492 | - |
| Accrued interest receivable from deposits at banks | 92,887,671 | 185,342,466 |
| Short-term deposits | 167,000,000 | 2,337,656,100 |
| Others | 597,904,066 | 513,758,335 |
| | 944,622,860,229 | 3,036,756,901 |

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- (*) As at 31 December 2020, these balances represented the amounts deposited to third parties under business cooperation contracts. According to these contracts, the third parties committed to the Group a minimum rate of return on the deposit amounts of 6.5% (1/1/2020: Nil) per annum.

(b) Other long-term receivables

| | 31/12/2020 | 1/1/2020 |
|--------------------|-------------------|-----------------|
| | VND | VND |
| Long-term deposits | 5,000,000 | 5,000,000 |

8. Inventories

| | 31/12/2020 | | 1/1/2020 | |
|-------------------------|-------------------|------------------|-----------------|------------------|
| | Cost | Allowance | Cost | Allowance |
| | VND | VND | VND | VND |
| Goods in transit | 5,717,017,500 | - | 3,392,741,499 | - |
| Raw materials | 188,584,317,770 | (10,265,333) | 152,418,926,814 | (225,704,420) |
| Tools and supplies | 8,090,616,853 | - | 8,906,182,488 | (764,777,205) |
| Finished goods | 33,662,323,452 | - | 44,679,299,729 | - |
| Merchandise inventories | 671,255,057 | - | 790,269,574 | - |
| | 236,725,530,632 | (10,265,333) | 210,187,420,104 | (990,481,625) |

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

| | 2020 | 2019 |
|---------------------------------------|-----------------|-----------------|
| | VND | VND |
| Opening balance | 990,481,625 | 1,294,019,791 |
| Increase in allowance during the year | 706,460,425 | 2,737,850,521 |
| Allowance utilised during the year | (1,686,676,717) | (3,002,643,185) |
| Written back during the year | - | (38,745,502) |
| | 10,265,333 | 990,481,625 |

Included in inventories of the Group as at 31 December 2020 were VND10 million (1/1/2020: VND990 million) of slow-moving inventories.

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9. Tangible fixed assets

| | Buildings and structures VND | Machinery and equipment VND | Office equipment VND | Motor vehicles VND | Total VND |
|--|---|--|-------------------------------------|-----------------------------------|----------------------|
| Cost | | | | | |
| Opening balance | 203,391,022,636 | 874,458,683,919 | 6,464,770,844 | 4,485,955,671 | 1,088,800,433,070 |
| Addition during the year | - | 325,000,000 | - | - | 325,000,000 |
| Transfer from construction in progress | 177,937,500 | 7,634,742,081 | - | - | 7,812,679,581 |
| Disposals | - | (273,733,625) | (180,200,000) | - | (453,933,625) |
| Closing balance | 203,568,960,136 | 882,144,692,375 | 6,284,570,844 | 4,485,955,671 | 1,096,484,179,026 |
| Accumulated depreciation | | | | | |
| Opening balance | 73,831,982,997 | 483,652,547,453 | 3,525,479,713 | 3,786,338,370 | 564,796,348,533 |
| Charge for the year | 10,113,317,060 | 55,806,387,196 | 543,532,815 | 150,159,219 | 66,613,396,290 |
| Disposals | - | (102,650,110) | (180,200,000) | - | (282,850,110) |
| Closing balance | 83,945,300,057 | 539,356,284,539 | 3,888,812,528 | 3,936,497,589 | 631,126,894,713 |
| Net book value | | | | | |
| Opening balance | 129,559,039,639 | 390,806,136,466 | 2,939,291,131 | 699,617,301 | 524,004,084,537 |
| Closing balance | 119,623,660,079 | 342,788,407,836 | 2,395,758,316 | 549,458,082 | 465,357,284,313 |

Included in tangible fixed assets were assets costing VND278,826 million which were fully depreciated as of 31 December 2020 (1/1/2020: VND272,352 million), but which are still in active use.



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10. Intangible fixed assets

| | Software VND | Brand name VND | Total VND |
|---------------------------------|-------------------------|---------------------------|----------------------|
| Cost | | | |
| Opening and closing balance | 1,304,073,640 | 876,285,239 | 2,180,358,879 |
| Accumulated amortisation | | | |
| Opening balance | 1,212,406,973 | 443,297,234 | 1,655,704,207 |
| Charge for the year | 91,666,667 | 123,710,856 | 215,377,523 |
| Closing balance | 1,304,073,640 | 567,008,090 | 1,871,081,730 |
| Net book value | | | |
| Opening balance | 91,666,667 | 432,988,005 | 524,654,672 |
| Closing balance | - | 309,277,149 | 309,277,149 |

Included in intangible fixed assets were assets costing VND1,304 million which were fully amortised as of 31 December 2020 (1/1/2020: VND1,004 million), but which are still in active use.

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11. Construction in progress

| | 2020 VND |
|--|---------------------|
| Opening balance | 1,699,576,081 |
| Additions during the year | 12,212,388,020 |
| Transfer to tangible fixed assets | (7,812,679,581) |
| Transfer to long-term prepaid expenses | (4,488,263,800) |
| | 1,611,020,720 |
| Closing balance | 1,611,020,720 |

Major constructions in progress at the year-end were as follows:

| | 31/12/2020 VND | 1/1/2020 VND |
|-------------------------|----------------------------------|-------------------------|
| Machinery and equipment | 1,611,020,720 | 1,699,576,081 |
| | 1,611,020,720 1,699,576,081 | |

12. Long-term prepaid expenses

| | Prepaid land costs VND | Tools and supplies VND | Total VND |
|--|---|---------------------------------------|----------------------|
| Opening balance | 14,097,581,429 | 6,624,504,753 | 20,722,086,182 |
| Additions during the year | - | 192,613,362 | 192,613,362 |
| Transfer from construction in progress | - | 4,488,263,800 | 4,488,263,800 |
| Amortisation for the year | (402,788,040) | (4,252,788,548) | (4,655,576,588) |
| | 13,694,793,389 7,052,593,367 20,747,386,756 | | |
| Closing balance | 13,694,793,389 | 7,052,593,367 | 20,747,386,756 |

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13. Deferred tax assets

Deferred tax assets were recognised in respect of the following items:

| | 31/12/2020 | 1/1/2020 |
|--|-------------------|-----------------|
| | VND | VND |
| Allowance for diminution in value of long-term financial investments | 7,000,000,000 | 7,000,000,000 |
| Unrealised profits | 10,876,299 | 8,958,371 |
| Other accruals and provisions | 2,635,728,083 | 2,912,127,500 |
| | <hr/> | <hr/> |
| | 9,646,604,382 | 9,921,085,871 |
| | <hr/> | <hr/> |

14. Goodwill

| | VND |
|---------------------------------|----------------|
| Cost | |
| Opening and closing balances | 27,176,107,031 |
| | <hr/> |
| Accumulated amortisation | |
| Opening balance | 9,738,105,037 |
| Charge for the year | 2,717,610,708 |
| | <hr/> |
| Closing balance | 12,455,715,745 |
| | <hr/> |
| Net book value | |
| Opening balance | 17,438,001,994 |
| Closing balance | 14,720,391,286 |
| | <hr/> |

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15. Accounts payable to suppliers

| | 31/12/2020 | 1/1/2020 |
|-----------------------------|-----------------------|-----------------------|
| | Cost/Amount | Cost/Amount |
| | within payment | within payment |
| | capacity | capacity |
| | VND | VND |
| Payables to third parties | 128,737,377,390 | 207,911,753,470 |
| Payables to related parties | 33,722,383,114 | 87,363,639,140 |
| | <hr/> | <hr/> |
| | 162,459,760,504 | 295,275,392,610 |
| | <hr/> | <hr/> |

Please see Note 32 for detailed balances with the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

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16. Taxes payable to State Treasury

| | 1/1/2020 VND | Incurred VND | Paid VND | Deducted/ Refunded VND | Reclassified VND | 31/12/2020 VND |
|----------------------|-----------------|-----------------|-------------------|------------------------------|---------------------|-------------------|
| Corporate income tax | 66,516,248,108 | 180,697,735,688 | (158,607,916,091) | - | - | 88,606,067,705 |
| Value added tax | 15,484,919,988 | 272,710,454,292 | (127,478,856,700) | (149,931,445,861) | - | 10,785,071,719 |
| Personal income tax | 163,138,296 | 2,115,124,381 | (2,021,006,643) | (90,392,837) | 4,486,469 | 171,349,666 |
| Import-export tax | - | 866,497,678 | (866,497,678) | - | - | - |
| Other taxes | - | 12,064,071,389 | (12,064,071,389) | - | - | - |
| | 82,164,306,392 | 468,453,883,428 | (301,038,348,501) | (150,021,838,698) | 4,486,469 | 99,562,489,090 |

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17. Accrued expenses

| | 31/12/2020 | 1/1/2020 |
|---|-------------------|-----------------|
| | VND | VND |
| Bonus and 13 th month salary | 13,101,097,327 | 12,126,269,277 |
| Accrued processing fees | 5,679,173,340 | 826,373,453 |
| Construction in progress | 1,263,500,000 | 89,600,000 |
| Accrued interest expense | 810,169,548 | 2,336,062,822 |
| Logistic expenses | 551,483,712 | 1,057,947,193 |
| Purchases not yet received invoices | 311,862,500 | 4,106,578,778 |
| Others | 1,357,866,152 | 7,078,940,347 |
| | <hr/> | <hr/> |
| | 23,075,152,579 | 27,621,771,870 |
| | <hr/> | <hr/> |

18. Other payables

(a) Other short-term payables

| | 31/12/2020 | 1/1/2020 |
|---|-------------------|-----------------|
| | VND | VND |
| Dividends payable | 2,463,340,000 | 1,884,690,000 |
| Short-term deposits received | 381,882,500 | 289,442,500 |
| Social insurance, health insurance, unemployment insurance and trade union fees | 202,588,375 | 199,196,539 |
| Other payables to a related party | - | 1,963,086,273 |
| Others | 676,305,868 | 871,934,045 |
| | <hr/> | <hr/> |
| | 3,724,116,743 | 5,208,349,357 |
| | <hr/> | <hr/> |

(b) Other long-term payables

| | 31/12/2020 | 1/1/2020 |
|-----------------------------|-------------------|-----------------|
| | VND | VND |
| Long-term deposits received | 279,450,000 | 279,450,000 |
| | <hr/> | <hr/> |

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19. Short-term borrowings

| | 1/1/2020 Carrying amount/Amount within repayment capacity VND | Movements during the year | | 31/12/2020 Carrying amount/Amount within repayment capacity VND |
|-----------------------|--|---------------------------|---------------------|--|
| | | Addition VND | Decrease VND | |
| Short-term borrowings | 345,406,640,836 | 1,208,322,129,561 | (1,236,485,026,291) | 317,243,744,106 |

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

| | Currency | Annual interest rate | 31/12/2020 VND | 1/1/2020 VND |
|---------------------|----------|-------------------------|-------------------|-----------------|
| Unsecured bank loan | VND | 2.3% - 2.7% | 317,243,744,106 | 345,406,640,836 |

As at 31 December 2020 and 1 January 2020, the Group did not have any overdue borrowings including principal and interest.

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20. Changes in owners' equity

| | Share capital VND | Share premium VND | Investment and development fund (*) VND | Undistributed profits after tax VND | Non-controlling interests VND | Total VND |
|---------------------------------------|----------------------|----------------------|--|--|----------------------------------|-------------------|
| Balance as at 1 January 2019 | 265,791,350,000 | 29,974,241,968 | 213,510,848,947 | 900,756,030,882 | (7,838,431,312) | 1,402,194,040,485 |
| Net profit for the year | - | - | - | 680,820,068,832 | (3,043,896,179) | 677,776,172,653 |
| Dividends (**) | - | - | - | (637,899,240,000) | - | (637,899,240,000) |
| Balance as at 1 January 2020 | 265,791,350,000 | 29,974,241,968 | 213,510,848,947 | 943,676,859,714 | (10,882,327,491) | 1,442,070,973,138 |
| Net profit for the year | - | - | - | 723,601,585,261 | (2,757,443,443) | 720,844,141,818 |
| Dividends (**) | - | - | - | (664,478,375,000) | - | (664,478,375,000) |
| Balance as at 31 December 2020 | 265,791,350,000 | 29,974,241,968 | 213,510,848,947 | 1,002,800,069,975 | (13,639,770,934) | 1,498,436,739,956 |

(*) Investment and development fund was appropriated from profit after tax in accordance with the resolution of Annual General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

(**) The Company's Annual General Meeting of Shareholders on 23 June 2020 resolved to distribute dividends by cash amounting to VND664,478,375,000 (2019: VND637,899,240,000).

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21. Share capital and share premium

The Company's authorised and issued share capital are as follows:

| | 31/12/2020 | | 1/1/2020 | |
|--|------------------|-----------------|------------------|-----------------|
| | Number of shares | VND | Number of shares | VND |
| Authorised and issued share capital | | | | |
| Ordinary shares | 26,579,135 | 265,791,350,000 | 26,579,135 | 265,791,350,000 |
| Shares in circulation | | | | |
| Ordinary shares | 26,579,135 | 265,791,350,000 | 26,579,135 | 265,791,350,000 |
| Share premium | | 29,974,241,968 | | 29,974,241,968 |

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.

Share premium represents the excess of the proceeds on issuance of shares over their par value.

There were no movements of share capital during the year.

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22. Off balance sheet items

(a) Lease commitments

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

| | 31/12/2020 | 1/1/2020 |
|---------------------|-------------------|-----------------|
| | VND | VND |
| Within 1 year | 4,944,792,000 | 11,736,000 |
| Within 2 to 5 years | 3,726,000 | 10,854,000 |
| | <hr/> | <hr/> |
| | 4,948,518,000 | 22,590,000 |
| | <hr/> | <hr/> |

(b) Foreign currency

| | 31/12/2020 | | 1/1/2020 | |
|-----|------------------------------|---------------------------|------------------------------|---------------------------|
| | Original currency | VND equivalent | Original currency | VND equivalent |
| USD | 303,667 | 6,979,786,225 | 1,638,521 | 37,866,230,016 |
| | <hr/> | | <hr/> | |

(c) Capital expenditure commitments

The Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

| | 31/12/2020 | 1/1/2020 |
|-----------------------------|-------------------|-----------------|
| | VND | VND |
| Approved and contracted | 7,370,127,180 | 2,983,051,375 |
| Approved but not contracted | 685,532,100 | 7,973,760,744 |
| | <hr/> | <hr/> |
| | 8,055,659,280 | 10,956,812,119 |
| | <hr/> | <hr/> |



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23. Revenue from sale of goods and provision of services

Total revenue represented the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | VND | VND |
| Total revenue | | |
| ▪ Sale of goods and provision of services | 2,898,295,524,483 | 3,081,334,271,244 |
| ▪ Other sales | 4,159,850,298 | 21,495,096,361 |
| | <hr/> | <hr/> |
| | 2,902,455,374,781 | 3,102,829,367,605 |
| Less revenue deductions | | |
| ▪ Sale returns | 1,162,717,432 | 5,383,639,889 |
| | <hr/> | <hr/> |
| Net revenue | 2,901,292,657,349 | 3,097,445,727,716 |
| | <hr/> | <hr/> |

24. Cost of sales

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| | VND | VND |
| Total cost of sales | | |
| ▪ Goods sold and services rendered | 1,991,192,385,215 | 2,188,336,665,022 |
| ▪ Other cost of sales | 19,058,534,575 | 41,936,323,488 |
| ▪ Allowance for inventories | 706,460,425 | 2,699,105,019 |
| | <hr/> | <hr/> |
| | 2,010,957,380,215 | 2,232,972,093,529 |
| | <hr/> | <hr/> |

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25. Financial income

| | 2020 VND | 2019 VND |
|--|---------------------------|---------------------------|
| Interest income from deposits at banks and other investments | 34,158,010,825 | 8,396,884,554 |
| Interest income from loans provided to a related party | 29,917,808,218 | - |
| Foreign exchange gains | 1,689,629,648 | 1,078,313,615 |
| Others | - | 1,038,822,400 |
| | <hr/> | <hr/> |
| | 65,765,448,691 | 10,514,020,569 |
| | <hr/> | <hr/> |

26. Financial expenses

| | 2020 VND | 2019 VND |
|-------------------------|---------------------------|---------------------------|
| Interest expense | 12,938,538,162 | 19,262,766,855 |
| Foreign exchange losses | 155,938,303 | 566,767,814 |
| Others | 7,289,027,730 | 793,684,800 |
| | <hr/> | <hr/> |
| | 20,383,504,195 | 20,623,219,469 |
| | <hr/> | <hr/> |

27. Selling expenses

| | 2020 VND | 2019 VND |
|------------------------------------|---------------------------|---------------------------|
| Advertising and promotion expenses | 516,467,679 | 7,114,534,585 |
| Logistic expenses | 2,508,340,963 | 5,627,053,584 |
| Staff costs | 1,205,818,480 | 2,284,631,101 |
| Others | 2,669,644,228 | 2,192,052,813 |
| | <hr/> | <hr/> |
| | 6,900,271,350 | 17,218,272,083 |
| | <hr/> | <hr/> |

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28. General and administration expenses

| | 2020 | 2019 |
|--|----------------|----------------|
| | VND | VND |
| Staff costs | 11,040,427,739 | 24,407,560,735 |
| Amortisation of goodwill | 2,717,610,708 | 2,717,610,708 |
| Management fee | 3,598,063,998 | 480,000,000 |
| Research and development expenses | 355,880,381 | 1,137,967,242 |
| Depreciation and amortisation | 590,579,771 | 607,671,787 |
| Leased line system and information technology services | 203,295,606 | 443,104,774 |
| Others | 8,221,545,218 | 9,081,514,240 |
| | <hr/> | <hr/> |
| | 26,727,403,421 | 38,875,429,486 |
| | <hr/> | <hr/> |

29. Production and business costs by elements

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | VND | VND |
| Raw material costs included in production costs | 1,698,045,477,741 | 1,891,571,830,098 |
| Labour and staff costs | 95,993,340,550 | 98,601,594,026 |
| Depreciation and amortisation | 69,546,384,521 | 81,905,162,296 |
| Outside services | 130,010,335,944 | 167,412,992,185 |
| Others | 50,989,516,230 | 49,574,216,493 |
| | <hr/> | <hr/> |

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30. Income tax

(a) Recognised in the consolidated statement of income

| | 2020 | 2019 |
|---|-----------------|------------------|
| | VND | VND |
| Current tax expense | | |
| Current year | 184,459,176,203 | 134,776,678,111 |
| Over provision in prior years | (3,761,440,515) | (13,990,769,646) |
| | <hr/> | <hr/> |
| | 180,697,735,688 | 120,785,908,465 |
| | <hr/> | <hr/> |
| Deferred tax expense/(benefit) | | |
| Origination and reversal of temporary differences | 274,481,489 | (6,875,651,764) |
| Effect of change in tax rate | - | (267,417,679) |
| | <hr/> | <hr/> |
| | 274,481,489 | (7,143,069,443) |
| | <hr/> | <hr/> |
| Income tax expense | 180,972,217,177 | 113,642,839,022 |
| | <hr/> | <hr/> |

(b) Reconciliation of effective tax rate

| | 2020 | 2019 |
|---|-----------------|------------------|
| | VND | VND |
| Accounting profit before tax | 901,816,358,995 | 791,419,011,675 |
| | <hr/> | <hr/> |
| Tax at the Company's tax rate | 180,363,271,799 | 158,283,802,335 |
| Effect of change in tax rate | - | (267,417,679) |
| Effect of amortisation of goodwill | 543,522,140 | 543,522,140 |
| Non-deductible expenses | 3,635,134,640 | 4,947,554,121 |
| Effect of different tax rate applied to expansion project | - | (22,420,752,890) |
| Over provision in prior years | (3,761,440,515) | (13,990,769,646) |
| Change in unrecognised deferred tax assets (*) | 191,729,113 | (13,453,099,359) |
| | <hr/> | <hr/> |
| | 180,972,217,177 | 113,642,839,022 |
| | <hr/> | <hr/> |



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- (*) Deferred tax assets have not been recognised in respect of temporary differences and tax losses of a subsidiary because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom. The tax losses of a subsidiary are subject to tax review and have not been finalised.

(c) Applicable tax rates

According to the corporate income tax law and the Law on encouragement of domestic investment, the Company has an obligation to pay the government corporate income tax at the incentive tax rate of 15% of taxable profits for the first twelve years (2005 to 2016) since the Company is a joint stock company which was converted from a state-owned enterprise before 2006. The Company is also exempted from corporate income tax for three years starting from the first year it generates taxable profits (2005 to 2007) and entitled to a 50% reduction in corporate income tax for seven succeeding years (2008 to 2014). All the above tax incentives are not applicable to other income and taxable profits from expansion project, which are subject to the usual corporate income tax rate.

The Company obtained the Investment Licence No. 47221000778 on 24 December 2009 for Bien Hoa II Coffee Manufacturing Factory based in Long Thanh District, Dong Nai Province (“Long Thanh Factory”). According to the first amended Investment Licence, taxable profits generated from Long Thanh Factory will be subject to the usual corporate income tax rate and are eligible to apply the tax exemption and reduction years as follows:

- Exempted from corporate income tax for two years starting from the first year Long Thanh Factory generates taxable profits (2014 to 2015); and
- Entitled to a 50% reduction in corporate income tax for four succeeding years (2016 to 2019).

The subsidiary has an obligation to pay the government corporate income tax at the usual corporate income tax rate.

The usual income tax rate applicable to enterprises before any incentives is 20%.

(d) Tax contingencies

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.



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31. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the year of VND723,601,585,261 (2019: VND680,820,068,832) and a weighted average number of ordinary shares outstanding of 26,579,135 (2019: 26,579,135), calculated as follows:

(i) Net profit attributable to ordinary shareholders

| | 2020 | 2019 |
|--|-----------------|-----------------|
| | VND | VND |
| Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds | 723,601,585,261 | 680,820,068,832 |

(ii) Weighted average number of ordinary shares

| | 2020 | 2019 |
|---|-------------|-------------|
| Weighted average number of ordinary shares at the end of the year | 26,579,135 | 26,579,135 |

(iii) Basic earnings per share

| | 2020 | 2019 |
|--------------------------|-------------|-------------|
| | VND | VND |
| Basic earnings per share | 27,224 | 25,615 |

(b) Diluted earnings per share

As at 31 December 2020 and 1 January 2020, the Company did not have potential ordinary shares. Therefore the presentation of diluted earnings per share is not applicable.

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32. Significant transactions and balances with related parties

During the year and as at the year-end, the Group had the following transactions and balances with its related parties:

| | Transaction value | | Receivables/(Payables) as at | |
|--|-------------------|-------------------|------------------------------|-------------------|
| | 2020 VND | 2019 VND | 31/12/2020 VND | 1/1/2020 VND |
| Parent of the parent company | | | | |
| Masan Consumer Corporation | | | | |
| Sale of goods | 2,464,386,422,912 | 2,709,136,387,454 | 190,431,486,780 | 1,055,405,027,473 |
| Sale of services | 186,746,021,000 | 128,438,345,000 | 10,801,005,600 | 123,797,050,300 |
| Purchase of goods | 102,354,154,877 | 109,866,842,707 | - | - |
| Purchase of fixed assets | 325,000,000 | - | - | - |
| Parent company | | | | |
| Masan Beverage One Member Company Limited | | | | |
| Dividends | 656,449,375,000 | 628,275,240,000 | - | - |
| Other related parties | | | | |
| Masan Industrial One Member Company Limited | | | | |
| Sale of goods | 408,712,838 | 1,136,560,920 | 6,999,300 | 10,502,415 |
| Purchase of goods | 5,827,490,240 | 618,910,612 | (3,251,498,113) | (182,793,171) |
| Purchase of services | 32,147,402,876 | 28,714,697,366 | (8,026,013,092) | (9,378,428,200) |
| Management fee | 3,598,063,998 | 480,000,000 | (3,957,870,398) | - |
| Sale of fixed assets | 29,400,080 | 155,544,481 | - | - |
| Loan provided | 600,000,000,000 | - | - | - |
| Collection of loan | 600,000,000,000 | - | - | - |
| Interest income from loans receivable | 29,917,808,218 | - | - | - |
| Vinh Hao Mineral Water Corporation | | | | |
| Sale of goods and services | 8,713,200 | 20,042,719,830 | - | - |
| Purchase of goods | 65,646,865,734 | 135,225,318,819 | (13,503,776,971) | (37,487,475,792) |
| Purchase of services | 51,866,079,072 | 74,163,238,704 | (5,526,180,000) | (42,278,028,250) |



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| | Transaction value | | Receivables/(Payables) as at | |
|--|-------------------|----------------|------------------------------|-----------------|
| | 2020 VND | 2019 VND | 31/12/2020 VND | 1/1/2020 VND |
| Masan MB One Member Company Limited | | | | |
| Sale of goods and services | 20,791,403,040 | 18,429,305,391 | 1,227,113,448 | - |
| Purchase of goods | 10,797,540,156 | 51,700,000 | - | - |
| Masan HG One Member Company Limited | | | | |
| Sale of goods | 5,582,670,045 | 70,335,900 | 4,494,642,240 | 77,369,490 |
| Purchase of goods | 75,978,496 | - | - | - |
| Masan HD One Member Company Limited | | | | |
| Sale of goods | 1,980,000 | 6,690,909 | - | 3,360,000 |
| Masan Brewery Distribution One Member Company Limited | | | | |
| Purchase of goods | 6,259,091 | 60,557,727 | - | - |
| Viet Tien Food Technology One Member Company Limited | | | | |
| Purchase of goods | 35,275,632 | - | (9,460,000) | - |
| Masan JinJu Joint Stock Company | | | | |
| Purchase of goods | 12,660,574 | - | - | - |
| Net Detergent Joint Stock Company | | | | |
| Purchase of goods | 8,770,908 | - | - | - |
| Key management personnel | | | | |
| Remunerations | 6,592,660,523 | 7,067,379,527 | - | - |



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As at 31 December 2020 and 1 January 2020, the Group had current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal commercial terms.

Included in the remuneration to key management personnel, the actual board fees, salary and bonus for each member of the Company's Board of Directors and the Group's Chief Executive Officer for the year ended 31 December 2020 was as follows:

| Name | Position | VND |
|----------------------------|-------------------------------|---------------|
| Board of Directors | | |
| Mr Pham Hong Son | Chairman (from 23 June 2020) | - |
| | Member (until 23 June 2020) | - |
| Mr Pham Quang Vu | Chairman (until 23 June 2020) | 900,000,000 |
| Ms Nguyen Hoang Yen | Member | - |
| Mr Truong Cong Thang | Member | - |
| Mr Huynh Cong Hoan | Member (from 23 June 2020) | - |
| Ms Ho Thuy Hanh | Member (from 23 June 2020) | - |
| Mr Pham Dinh Toai | Member (until 23 June 2020) | - |
| Mr Nguyen Nam Hai | Member (until 23 June 2020) | 119,090,909 |
| <hr/> | | |
| Name | Position | VND |
| Board of Management | | |
| Mr Doan Quoc Hung (*) | Chief Executive Officer | 3,598,063,998 |
| <hr/> | | |

(*) The related party of the Group directly paid these remunerations.

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33. Post balance sheet events

In January 2021, the Company has successfully acquired an additional 17,000,000 new shares issued (equivalent to 12.77% equity interests) in Café De Nam Joint Stock Company (“CDN”), a subsidiary. As the results of these transactions, the Company’s equity interests in CDN has increased from 85% to 97.77%.

There has been no other significant event occurred after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.

3 March 2021

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant

Doan Quoc Hung
Chief Executive Officer

