

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

Consolidated Financial Statements  
for the nine-month period ended  
30 September 2020

## VinaCafé Bien Hoa Joint Stock Company and its subsidiary Corporate Information

### Enterprise Registration Certificate No.

3600261626

29 December 2004

The Company's 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 Planning and Investment Department 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 Hai Nam	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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 September 2020**

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

	Code	Note	30/9/2020 VND	1/1/2020 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,462,272,576,073</b>	<b>1,651,014,347,917</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>192,725,944,901</b>	<b>218,388,319,710</b>
Cash	111		51,225,944,901	51,388,319,710
Cash equivalents	112		141,500,000,000	167,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,021,183,080,855</b>	<b>1,214,118,987,237</b>
Accounts receivable from customers	131		339,303,318,900	1,208,801,211,350
Prepayments to suppliers	132		121,105,200	2,281,018,986
Other short-term receivables	136	5(a)	681,758,656,755	3,036,756,901
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>239,816,445,516</b>	<b>209,196,938,479</b>
Inventories	141		239,860,409,646	210,187,420,104
Allowance for inventories	149		(43,964,130)	(990,481,625)
<b>Other current assets</b>	<b>150</b>		<b>8,547,104,801</b>	<b>9,310,102,491</b>
Short-term prepaid expenses	151		352,004,353	799,744,651
Deductible value added tax	152		8,190,422,877	8,510,357,840
Other tax receivable	153		4,677,571	-

*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 30 September 2020 (continued)**

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

	Code	Note	30/9/2020 VND	1/1/2020 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>1,154,205,951,224</b>	<b>574,314,489,337</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>5(b)</b>	<b>624,580,342,465</b>	<b>5,000,000</b>
Loans receivable – long-term	215		600,000,000,000	-
Other long-term receivables	216		24,580,342,465	5,000,000
<b>Fixed assets</b>	<b>220</b>		<b>481,920,844,369</b>	<b>524,528,739,209</b>
Tangible fixed assets	221	7	481,563,972,836	524,004,084,537
Cost	222		1,096,161,441,526	1,088,800,433,070
Accumulated depreciation	223		(614,597,468,690)	(564,796,348,533)
Intangible fixed assets	227	8	356,871,533	524,654,672
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,823,487,346)	(1,655,704,207)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,222,001,520</b>	<b>1,699,576,081</b>
Construction in progress	242	9	3,222,001,520	1,699,576,081
<b>Other long-term assets</b>	<b>260</b>		<b>44,482,762,870</b>	<b>48,081,174,047</b>
Long-term prepaid expenses	261	10	18,779,677,117	20,722,086,182
Deferred tax assets	262		10,303,291,790	9,921,085,871
Goodwill	269	11	15,399,793,963	17,438,001,994
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,616,478,527,297</b>	<b>2,225,328,837,254</b>

*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 30 September 2020 (continued)**

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

	Code	Note	30/9/2020 VND	1/1/2020 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>706,454,464,308</b>	<b>783,257,864,116</b>
<b>Current liabilities</b>	<b>310</b>		<b>701,225,946,308</b>	<b>778,141,786,866</b>
Accounts payable to suppliers	311		211,858,499,889	295,275,392,610
Advances from customers	312		1,777,433,963	1,433,428,343
Taxes payable to State Treasury	313	12	149,199,677,510	82,164,306,392
Payables to employees	314		3,793,509,697	-
Accrued expenses	315	13	27,770,601,048	27,621,771,870
Other short-term payables	319	14(a)	5,543,025,344	5,208,349,357
Short-term borrowings	320	15	280,251,301,399	345,406,640,836
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,228,518,000</b>	<b>5,116,077,250</b>
Other long-term payables	337	14(b)	279,450,000	279,450,000
Provisions – long-term	342		4,949,068,000	4,836,627,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,910,024,062,989</b>	<b>1,442,070,973,138</b>
<b>Owners' equity</b>	<b>410</b>	<b>16</b>	<b>1,910,024,062,989</b>	<b>1,442,070,973,138</b>
Share capital	411	17	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	17	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		1,413,740,060,087	943,676,859,714
- Undistributed profits after tax brought forward	421a		943,676,859,714	262,856,790,882
- Undistributed profit after tax for the current period/prior year	421b		470,063,200,373	680,820,068,832
Non-controlling interests	429		(12,992,438,013)	(10,882,327,491)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,616,478,527,297</b>	<b>2,225,328,837,254</b>

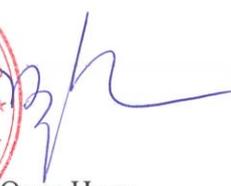
30 October 2020

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Doan Quoc Hung  
 Chief Executive Officer

  
 M.S.D.N.: 3026 - C.T.C  
 CÔNG TY  
 CỔ PHẦN  
 VINACAFÉ  
 BIÊN HÒA  
 TP. BIÊN HÒA - ĐỒNG NAI

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 nine-month period ended 30 September 2020**

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

	Code	Note	Quarter III		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
Revenue from sales of goods and provision of services	01	19	800,112,110,722	767,989,502,835	1,952,776,932,730	2,015,463,223,877
Revenue deductions	02	19	116,975,503	4,528,157,693	651,241,671	5,264,453,729
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>19</b>	<b>799,995,135,219</b>	<b>763,461,345,142</b>	<b>1,952,125,691,059</b>	<b>2,010,198,770,148</b>
Cost of sales	11	20	546,510,680,736	564,126,141,584	1,363,706,043,476	1,459,463,308,013
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>253,484,454,483</b>	<b>199,335,203,558</b>	<b>588,419,647,583</b>	<b>550,735,462,135</b>
Financial income	21	21	21,467,012,096	3,595,178,848	45,342,737,920	8,189,989,615
Financial expenses	22	22	2,907,772,810	4,040,026,084	18,195,703,188	15,587,857,233
<i>In which: Interest expense</i>	23		<i>2,901,227,810</i>	<i>3,644,298,705</i>	<i>10,795,801,672</i>	<i>14,749,091,494</i>
Selling expenses	25		2,038,380,622	2,399,843,985	5,147,763,135	12,258,826,761
General and administration expenses	26		6,785,430,226	8,294,930,261	20,661,270,882	26,546,732,170
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>263,219,882,921</b>	<b>188,195,582,076</b>	<b>589,757,648,298</b>	<b>504,532,035,586</b>
Other income	31		-	-	-	14,680,080
Other expenses	32		273,138,065	2,194,404	273,187,865	33,465,161
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(273,138,065)</b>	<b>(2,194,404)</b>	<b>(273,187,865)</b>	<b>(18,785,081)</b>
<b>Accounting profit before tax (50 = 30 + 40)</b> <b>(Carried forward to next page)</b>	<b>50</b>		<b>262,946,744,856</b>	<b>188,193,387,672</b>	<b>589,484,460,433</b>	<b>504,513,250,505</b>

*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 nine-month period ended 30 September 2020 (continued)**

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

	Code	Note	Quarter III		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
<b>Accounting profit before tax (brought forward from previous page)</b>	<b>50</b>		<b>262,946,744,856</b>	<b>188,193,387,672</b>	<b>589,484,460,433</b>	<b>504,513,250,505</b>
Income tax expense – current	51		53,724,394,191	36,199,665,257	121,913,576,501	92,117,201,939
Income tax (benefit)/ expense – deferred	52		214,396,131	(2,398,584,320)	(382,205,919)	(2,168,498,656)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>209,007,954,534</b>	<b>154,392,306,735</b>	<b>467,953,089,851</b>	<b>414,564,547,222</b>
<b>Attributable to:</b>						
Equity holders of the Company	61		209,660,031,667	155,266,363,174	470,063,200,373	416,913,068,404
Non-controlling interests	62		(652,077,296)	(874,056,439)	(2,110,110,522)	(2,348,521,182)
<b>Earnings per share</b>						
Basic earnings per share	70	23	7,888	5,842	17,685	15,686

30 October 2020

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 cash flows for the nine-month period ended 30 September 2020**  
**(Indirect method)**

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

	Code	For the nine-month period ended	
		30/9/2020 VND	30/9/2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>589,484,460,433</b>	<b>504,513,250,505</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	52,109,761,437	62,094,820,400
Allowances and provisions	03	538,370,698	1,127,673,342
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(77,147,044)	(380,854,287)
Profit from investing activities	05	(43,982,287,070)	(7,323,665,356)
Interest expense	06	10,795,801,672	14,749,091,494
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>608,868,960,126</b>	<b>574,780,316,098</b>
Change in receivables and other assets	09	873,862,117,603	251,399,070,518
Change in inventories	10	(31,045,436,985)	23,431,274,584
Change in payables and other liabilities	11	(50,058,706,358)	(131,256,870,544)
Change in prepaid expenses	12	3,779,096,363	3,928,491,225
		<b>1,405,406,030,749</b>	<b>722,282,281,881</b>
Interest paid	14	(12,047,565,359)	(14,079,683,410)
Corporate income tax paid	15	(82,553,668,581)	(71,180,818,777)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>1,310,804,796,809</b>	<b>637,021,779,694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(9,609,969,720)	(10,959,057,672)
Proceeds from disposals of fixed assets	22	29,400,080	170,568,924
Payment for granting loans	23	(600,000,000,000)	-
Payment for other investments	23	(920,000,000,000)	-
Withdraws other investments	24	250,000,000,000	-
Receipts of interests	27	8,191,929,411	7,497,848,489
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,271,388,640,229)</b>	<b>(3,290,640,259)</b>

*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 nine-month period ended 30 September 2020**  
**(Indirect method - continued)**

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

		<b>For the nine-month period ended</b>	
Code	30/9/2020	30/9/2019	
	VND	VND	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	869,404,321,905	1,014,225,302,747
Payments to settle loan principals	34	(934,559,661,342)	(1,013,107,504,377)
Payments of dividend	36	-	(637,666,728,000)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(65,155,339,437)</b>	<b>(636,548,929,630)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(25,739,182,857)</b>	<b>(2,817,790,195)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>218,388,319,710</b>	<b>195,173,528,412</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>76,808,048</b>	<b>372,714,461</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>192,725,944,901</b>	<b>192,728,452,678</b>

30 October 2020

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 nine-month period ended 30**  
**September 2020**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
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These notes form an integral part of and should be read in conjunction with these 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 nine-month period ended 30 September 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 Company is generally within 12 months.

**(d) Group structure**

As at 30 September 2020, the Group has 1 subsidiary (1/1/2020: 1 subsidiary), the detail informations of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/9/2020	1/1/2020
Café De Nam Joint stock Company	Beverage manufacturing and trading	C I.III – 3+5+7, Long Thanh Industrial Zones, Tam An, Long Thanh, Dong Nai, Vietnam	85%	85%

As at 30 September 2020, the Group had 265 employees (1/1/2020: 286 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2020 (continued)**

**Form B 09a – DN/HN**  
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**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

These 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. These financial statements are prepared for the nine-month period ended 30 September 2020.

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

The corresponding figures as at 1 January 2020 were brought forward from the audited figures as at 31 December 2019.

**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.

**(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.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2020 (continued)**

**Form B 09a – DN/HN**  
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**(iii) Transactions eliminated on consolidation**

Intra-group 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 period have been translated into VND at rates approximating actual rate 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 accounting period quoted by the commercial bank where the Company or its subsidiary most frequently conduct 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 amount of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Investments**

***Held-to-maturity investments***

Held-to-maturity investments are those that the Boards of Management of the Company and its subsidiary have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investment. These investments are stated at cost less allowance for doubtful debts.

**(e) Accounts receivables from customers and other receivables**

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2020 (continued)**

**Form B 09a – DN/HN**  
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**(f) Inventories**

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

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated statement of income in the period 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

**(h) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2020 (continued)**

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

**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(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. Cost of tools and supplies are amortised on a straight-line basis over a year ranging from 2 years to 3 years.

**(k) 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.

**(l) Accounts payable to suppliers and other payables**

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

**(m) Provisions**

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

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***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 accounting period. For the purpose of determining the number of years of service by an employee, the year for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

**(n) Share capital and share premium**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, 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.

**(o) Taxation**

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

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

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 tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Revenue**

**(i) Sales of goods**

Revenue from sales 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 sales of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

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**(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 at the balance sheet date. 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) 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.

**(q) Financial income and financial expenses**

**(i) Financial income**

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

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 expenses on borrowings and foreign exchange losses and other financial activities losses

Borrowing costs are recognised as an expense in the period 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) 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.

**(s) 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 period. 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 accounting period.

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**(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.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**4. Cash and cash equivalents**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	54,350,259	65,403,819
Cash at banks	51,171,594,642	51,322,915,891
Cash equivalents	141,500,000,000	167,000,000,000
	<hr/>	<hr/>
	192,725,944,901	218,388,319,710
	<hr/>	<hr/>

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

**5. Receivables**

**(a) Other short-term receivables**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivables from deposits at banks	445,739,726	185,342,466
Accrued interest from other investments	11,096,301,369	-
Short-term deposits for operating activities	167,000,000	2,337,656,100
Short-term deposits for financial activities	670,000,000,000	-
Other non-trade receivables	49,615,660	513,758,335
	<hr/>	<hr/>
	681,758,656,755	3,036,756,901
	<hr/>	<hr/>

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**(b) Accounts receivable – long-term**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Long-term loans receivable from a related party (*)	600,000,000,000	-
Accrued interest receivable from a related party (*)	24,575,342,465	-
Long-term deposits	5,000,000	5,000,000
	<hr/>	<hr/>
	624,580,342,465	5,000,000
	<hr/>	<hr/>

(\*) The long-term loans receivable from a related party was unsecured, bore fixed interest rate at 6.5% per annum as at 30 September 2020 (1/1/2020: 6.5% per annum) and matures on 31 December 2022. The interest is receivable on the maturity of the loan agreement.

**6. Inventories**

	<b>30/9/2020</b>		<b>1/1/2020</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	1,381,952,000	-	3,392,741,499	-
Raw materials	147,946,261,104	(43,964,130)	152,418,926,814	(225,704,420)
Tools and supplies	8,593,129,114	-	8,906,182,488	(764,777,205)
Finished goods	79,331,304,843	-	44,679,299,729	-
Merchandise inventories	707,756,160	-	790,269,574	-
Goods on consignment	1,900,006,425	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	239,860,409,646	(43,964,130)	210,187,420,104	(990,481,625)
	<hr/>	<hr/>	<hr/>	<hr/>

Movements in the allowance for inventories during the period were as follows:

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	990,481,625	1,294,019,791
Increase in allowance during the period	425,929,948	2,548,784,342
Allowance utilised during the period	(1,372,447,443)	(2,651,553,295)
	<hr/>	<hr/>
Closing balance	43,964,130	1,191,250,838
	<hr/>	<hr/>

Included in inventories as at 30 September 2020 was VND44 million (1/1/2020: VND990 million) of slow-moving inventories.

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**7. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	203,391,022,636	874,458,683,919	4,485,955,671	6,464,770,844	1,088,800,433,070
Transfers from construction in progress	-	7,634,742,081	-	-	7,634,742,081
Disposals	-	(273,733,625)	-	-	(273,733,625)
Closing balance	203,391,022,636	881,819,692,375	4,485,955,671	6,464,770,844	1,096,161,441,526
<b>Accumulated depreciation</b>					
Opening balance	73,831,982,997	483,652,547,453	3,786,338,370	3,525,479,713	564,796,348,533
Charge for the period	7,647,407,058	41,733,094,188	112,619,412	410,649,609	49,903,770,267
Disposals	-	(102,650,110)	-	-	(102,650,110)
Closing balance	81,479,390,055	525,282,991,531	3,898,957,782	3,936,129,322	614,597,468,690
<b>Net book value</b>					
Opening balance	129,559,039,639	390,806,136,466	699,617,301	2,939,291,131	524,004,084,537
Closing balance	121,911,632,581	356,536,700,844	586,997,889	2,528,641,522	481,563,972,836

Included in the cost of tangible fixed assets were assets costing VND279,007 million which were fully depreciated as of 30 September 2020 (1/1/2020: VND272,352 million), but are still in active use.

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**8. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,212,406,973	443,297,234	1,655,704,207
Charge for the period	74,999,997	92,783,142	167,783,139
Closing balance	1,287,406,970	536,080,376	1,823,487,346
<b>Net book value</b>			
Opening balance	91,666,667	432,988,005	524,654,672
Closing balance	16,666,670	340,204,863	356,871,533

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 September 2020 (1 January 2020: VND1,004 million), but are still in active use.

**9. Construction in progress**

<b>For the nine-month period ended</b>	<b>30/9/2020 VND</b>
Opening balance	1,699,576,081
Additions during the period	10,546,114,520
Transfers to tangible fixed assets	(7,634,742,081)
Transfers to long-term prepaid expenses	(1,388,947,000)
Closing balance	3,222,001,520

During the nine-month period ended 30 September 2020, there was no borrowing cost capitalised into construction in progress of the Group.

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**10. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,097,581,429	6,624,504,753	20,722,086,182
Additions during the period	-	165,813,362	165,813,362
Transfer from construction in progress	-	1,388,947,000	1,388,947,000
Amortisation for the period	(302,091,030)	(3,195,078,397)	(3,497,169,427)
Closing balance	13,795,490,399	4,984,186,718	18,779,677,117

**11. Goodwill**

**For the nine-month period ended**

**30/9/2020  
VND**

**Cost**

Opening and closing balances 27,176,107,031

**Accumulated amortisation**

Opening balance 9,738,105,037

Charge for the period 2,038,208,031

Closing balance 11,776,313,068

**Net book value**

Opening balance 17,438,001,994

Closing balance 15,399,793,963

**12. Taxes payable to State Treasury**

	<b>30/9/2020 VND</b>	<b>1/1/2020 VND</b>
Corporate income tax	105,876,156,028	66,516,248,108
Value added tax	43,249,466,304	15,484,919,988
Personal income tax	74,055,178	163,138,296
	149,199,677,510	82,164,306,392

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**13. Accrued expenses**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Bonus and 13 <sup>th</sup> month salary	10,951,668,386	12,126,269,277
Accrued processing fees	6,426,541,538	826,373,453
Purchases not yet received invoices	2,783,907,840	4,106,578,778
Accrued interest expenses	1,084,299,135	2,336,062,822
Logistics expense	1,081,841,658	1,057,947,193
Construction in progress	280,000,000	89,600,000
Others	5,162,342,491	7,078,940,347
	<hr/>	<hr/>
	27,770,601,048	27,621,771,870
	<hr/>	<hr/>

**14. Other payables**

**(a) Other short-term payables**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,884,690,000	1,884,690,000
Short-term deposits received	381,882,500	289,442,500
Social insurance, health insurance, unemployment insurance and trade union fees	219,803,837	199,196,539
Others	3,056,649,007	2,835,020,318
	<hr/>	<hr/>
	5,543,025,344	5,208,349,357
	<hr/>	<hr/>

**(b) Other long-term payables**

	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	279,450,000	279,450,000
	<hr/>	<hr/>

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**15. Short term borrowings**

	30/9/2020		1/1/2020	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	280,251,301,399	280,251,301,399	345,406,640,836	345,406,640,836

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

	Currency	Annual interest rate	30/9/2020 VND	1/1/2020 VND
Unsecured bank loans	VND	2.8% - 4.6%	280,251,301,399	345,406,640,836

As at 30 September 2020, the Group does not have any overdue borrowings including principal and interest.

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**16. 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 owners' equity 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 period	-	-	-	416,913,068,404	(2,348,521,182)	414,564,547,222
Dividend	-	-	-	(637,899,240,000)	-	(637,899,240,000)
Balance as at 30 September 2019	265,791,350,000	29,974,241,968	213,510,848,947	679,769,859,286	(10,186,952,494)	1,178,859,347,707
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 period	-	-	-	470,063,200,373	(2,110,110,522)	467,953,089,851
Balance as at 30 September 2020	265,791,350,000	29,974,241,968	213,510,848,947	1,413,740,060,087	(12,992,438,013)	1,910,024,062,989

Investment and development fund was appropriated from undistributed profits 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 Annual General Meeting of Shareholders of the Company on 23 June 2020 resolved to the advance of dividends of 2020 and authorized for the Board of Directors of the Company to implement. On 6 October 2020, the Board of Directors announced the advance of dividends by cash amounting to VND664,478 million and the date to finalise the list of shareholders to entitle for dividends which is on 20 October 2020.

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**17. Share capital and share premium**

The Company's authorised and issued share capitals are:

	30/9/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	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 dividends 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 during the period.

**18. Off balance sheet item**

**Foreign currency**

	30/9/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,155,222	26,678,703,565	1,638,521	37,866,230,016

**19. Revenue from sales of goods**

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

Net revenue comprised:

	For the nine-month period ended	
	30/9/2020	30/9/2019
	VND	VND
Total revenue	1,952,776,932,730	2,015,463,223,877
Less revenue deductions		
▪ Sales returns	651,241,671	5,264,453,729
	651,241,671	5,264,453,729
Net revenue	1,952,125,691,059	2,010,198,770,148

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**20. Cost of sales**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	1,363,280,113,528	1,456,914,523,671
▪ Allowance for inventories	425,929,948	2,548,784,342
	1,363,706,043,476	1,459,463,308,013

**21. Financial income**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investments	19,548,628,040	7,345,370,608
Interest income from loans to a related party	24,575,342,465	-
Foreign exchange gains	1,218,767,415	844,619,007
	45,342,737,920	8,189,989,615

**22. Financial expenses**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Interest expense	10,795,801,672	14,749,091,494
Foreign exchange losses	110,873,786	546,395,339
Others	7,289,027,730	292,370,400
	18,195,703,188	15,587,857,233

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**23. Basic earnings per share**

The calculation of basic earnings per share for the nine-month period ended 30 September 2020 was based on the consolidated profit attributable to ordinary shareholders of the Company, after deducting the amounts appropriated to bonus and welfare fund, and a weighted average number of ordinary shares outstanding calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders	470,063,200,373	416,913,068,404

**(ii) Weighted average number of ordinary shares**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

**(iii) Basic earnings per share**

	<b>For the nine-month period ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	17,685	15,686

**24. Significant transactions with related parties**

During the period and as at the period end, the Group has the following significant transactions and balances with its related parties:

	<b>Transaction value</b>		<b>Receivables/(payables)</b>	
	<b>For the nine-month period ended</b>		<b>as at</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>	<b>30/9/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Parent of parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	1,655,214,938,511	1,771,169,963,542	288,056,730,298	1,055,405,027,473
Sales of services	148,556,009,000	83,194,517,000	33,511,901,500	123,797,050,300
Purchases of goods	81,020,108,716	56,247,422,743	(13,880,814,588)	-

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2020 (continued)**

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

	Transaction value		Receivables/(payables)	
	For the nine-month period ended 30/9/2020 VND	30/9/2019 VND	as at 30/9/2020 VND	1/1/2020 VND
<b>Parent company</b>				
<b>Masan Beverage One Member Company Limited</b>				
Dividend declared	-	628,275,240,000	-	-
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	372,229,498	998,557,350	-	10,502,415
Purchases of goods	1,443,407,610	415,413,802	(87,897,438)	(182,793,171)
Purchases of service	24,664,748,667	22,399,657,937	(11,657,456,962)	(9,378,428,200)
Management fee	2,692,116,999	480,000,000	(2,692,116,999)	-
Sales of fixed assets	29,400,080	155,544,481	-	-
Loans receivable	600,000,000,000	-	600,000,000,000	-
Interest income from loans	24,575,342,465	-	24,575,342,465	-
<b>Masan MB One Member Company Limited</b>				
Sales of goods and services	16,091,018,640	11,549,044,009	2,738,313,065	-
Purchases of goods	10,741,503,606	51,700,000	-	-
<b>Masan HG One Member Company Limited</b>				
Sales of goods and services	1,496,631,645	-	1,105,117,358	77,369,490
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	-	20,042,719,830	-	-
Purchases of goods	49,664,388,382	101,249,872,371	(21,696,414,658)	(37,487,475,792)
Purchases of service	37,825,920,672	46,977,643,440	(24,978,195,581)	(42,278,028,250)
<b>Key management personnel</b>				
Remunerations	5,043,942,218	5,591,632,775	-	-

30 October 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Doan Quoc Hung  
Chief Executive Officer

