

BASIC IS VALUE

Annual Report 2016

At Masan, we believe that value comes from serving the daily basic needs of 90 million Vietnamese consumers, allowing our people to pay less for quality products and services. In a country where daily essentials such as packaged food and beverage, fresh food (meat), and financial services take up half of the average person’s wallet share, being able to deliver value for money is meaningful to our people and society. For us, it’s basic – BASIC IS VALUE.

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“Our greatest achievement will come on the day we make quality, innovative and affordable daily basic goods and services universally available.”

Dr. Nguyen Dang Quang Chairman

“Basic is Value”

“If you think back to the beginning of cell phones, laptops or really any new technology, it’s always expensive.” – Elon Musk

2016 was our first year embarking on our 2020 journey, and we are off to a tremendous start. Revenue in 2016 grew to approximately US\$2.0 billion compared to USD1.35 billion a year earlier. While there are plenty of other fast growing billion dollar companies, “Masaners” do not define value by financial results – it’s just the reward. I am much more excited about the value we are delivering to 90 million Vietnamese consumers on a daily basis and where we will be in 2020. I want to share why I believe Masan is unique and why this is just the beginning of a much larger vision.

We believe value comes from serving the daily basic needs of 90 million Vietnamese consumers, allowing our people to pay less for quality products and services. Basic needs are not cell phones, laptops or sport cars, but daily essentials such as food and beverage, fresh food (meat) and financial products that impact our people’s livelihood each and every day. These daily products currently are not only of questionable quality but also overpriced, representing 50 percent of the consumer’s wallet (half of Vietnam’s GDP). In addition, quality products command a significant premium that few can afford. This dynamic is typical for a developing country that is still behind the curve in terms of productivity and technology and where 70 percent of the population resides in rural areas. Our greatest achievement will come on the day we make quality, innovative and affordable daily basic goods and services universally available. We are passionate about satisfying these big unmet needs of our consumers. Achieving this passion will be a huge challenge and opportunity, but more importantly, it gives Masan a meaningful purpose.

We approach everything we do from the consumers’ lens. For us, the “**Masan Way**” means being single-mindedly “**consumer-centric**”. That is why at Masan, we are not constrained by standard industry classifications. Across our businesses, we place the consumer at the center and innovatively provide solutions to satisfy their daily big unmet needs. As a consumer group, we are committed to deliver on our purpose – our promise.

But what are we doing to realize our vision for the future and how are we creating long-term value? I would like to tell you in detail about the progress we are making to build a unique basic consumer goods and service platform, why we are positioned to win, and why this is a “win-win” proposition for the entire Masan Community.

OUR PROGRESS

In 2016, our consumer-centric strategy was validated by our financial performance. First, we continued to gain share of the consumer wallet growing revenue to US\$2 billion. Second, we started delivering “FMCG-like” profitability margins: gross margins of approximately 30% (~US\$600 million) and EBITDA margin of 20% (~US\$500 million). We, however, need to do a better job of optimizing our balance sheet to ensure we have more profits to re-invest in our platform or return capital to shareholders. I attribute our financial performance to economies of scale, owning power brands, operational efficiency, technology and continual transformation.

We have made significant strides this year as an organization. I want to highlight our strategic milestones in 2016 to demonstrate why we will continue to grow with our consumers:

■ The success of Masan Nutri-Science's consumer-centric approach and innovations to enhance productivity: We started with a mere minority stake in Proconco in 2012. Today we are a market leader in the **US\$18 billion animal protein space**. We have become the champion animal feed player in the external feed market (excluding captive feed sales) due to cutting edge innovations to increase farmers' productivity and creating the industry's **first power brand, "Bio-zeem"**. Even though this is not in any way a small accomplishment, we are even more enthusiastic about the foundation that we have laid to transform Masan Nutri-Science into an integrated branded meat player with our "3F model" (feed-farm-food). We started construction on our first pig farm and entered into a strategic partnership with Vietnam's largest branded meat company, Vissan. The 3F model is a must to **make meat affordable** (Vietnamese are paying nearly 2 times the price compared to US consumers), and to meet the growing demand for hygienic and safe meat products. This is an extension of our food and beverage platform. We are on track to become the **first animal solution provider** in Vietnam to directly serve farmers and the end consumer.

■ The transformation of Masan Consumer Holdings into a complete food and beverage, regional and **"Consumer-Tech"** platform: We have successfully executed our beverage strategy through innovation and building power brands and results are starting to show. Beverage was our biggest growth driver in 2016. We are moving in the right direction to becoming a 50/50 food and beverage domestic champion by 2020. I am more proud with the steps we have taken to go beyond our borders to serve **250 million in-land ASEAN consumers** (Vietnam, Thailand, Cambodia, Myanmar and Laos). We launched a regional fish sauce product, "Chin-su Yod-Thong",

innovated to match the taste profile of Thai consumers alongside our strategic partner Singha. We have a great partner that shares a similar passion of serving consumers, and provides us a platform to reach Thai consumers nationwide and deep local insight. We are still nurturing our regional business and it is still quite small. However, the potential of scaling-up quickly is achievable as our product portfolio perfectly fits with the consumption lifestyle of in-land ASEAN consumers. Partnering with leading local companies will be key to scale up our regional business. I believe we have a game-changing asset that will change the way we serve our consumers: **a revolutionary distribution management system ("DMS")**. This will give us the unique capability to constantly interact with consumers directly on a daily basis. It will provide "next-level" consumer and market insights to innovate and better serve our customers. While this was a successful year, we also experienced many growing pains. We have not been innovative enough in seasonings and convenience foods, and this has obviously led to stagnant growth. This is unacceptable and we are swiftly resolving these issues. I am thrilled and our consumers will be too with our upcoming seasoning and food innovation pipeline.

■ The "clean-up" of Techcombank and our **"Consumer Tech Bank"** strategy: We made a very difficult and unpopular decision in 2012 to sacrifice growth. In order to emerge as a winner out of the financial crisis, we only had to do one thing: rebuild a healthy balance sheet. We took a severe beating during the "clean-up" period, but we stayed the course. As a result, the bank had an outstanding year, achieving the highest growth in top-line and profitability in the market, while, most importantly, maintaining a healthy balance sheet. We are now spending our time and effort to transform the industry and **changing the financial life**

of our consumers: to drive financial inclusion from 30% to 100% or, in simple terms, make banking products universal in the rural. The rural market is enormous with over **US\$8 billion in potential low cost deposits, over US\$40 billion in transaction payments and over US\$15 billion in potential retail loans**. Our execution game plan is quite simple. First, invest in next generation technology providing us a viable cost model to serve each and every consumer. Second, build a proprietary consumer database to create simple, innovative financial products that fits with their financial behavior and habits. This is a low-risk, high reward model that is sustainable across financial cycles. **The future of Vietnam's banking industry is serving the rural.**

■ The strategic roadmap to transform Masan Resources **into a down-stream processing company**: Tungsten is the key element that enables the aerospace, automobile, infrastructure, and defense industry to perform. It is a small piece of the actual end product, but the most important, similar to the role Intel's chips play in CPUs. Tungsten is where we can be a global influencer and **create Vietnam's first global power brand**. To be in a position to do this, we need to increasingly move-up the value-added curve, acquire downstream technology, and innovate to create unique downstream value-added products that cannot be easily replicated. This is the business model to de-commoditize Tungsten and reduce price volatility enabling us to operate across cycles. But most importantly, this is the way to make tungsten a FMCG-like product. The mine is just supply and our conduit to consolidate market share to become 50 percent of the global market excluding China. We cannot get there on our own. Partnering with global industry leaders to strengthen our capabilities will be paramount.

WHY WE ARE POSITIONED TO WIN IN 2020?

Masan has many unique assets to realize our 2020 vision. But what is our distinct competitive advantage?

First, our exclusive distribution network. We have developed the most robust, nationwide route to market covering 180,000 points of sale for food and 110,000 for beverage, daily. We built this network from the ground up over the course of 15 years, investing through our banking and F&B platforms. But why is this a unique competitive advantage? Our points of sale are where consumers purchase most of their basic daily essentials, particularly in the rural. **We do not have to invest a huge amount of capital to create separate physical networks or do double the work to reach consumers.** We can just plug and play, saving time and money. We are investing our money in mobile/digital technology to develop a next generation platform to maintain our competitive edge. Without technology to supplement our physical points of sale, winning rural will be impossible as it is too costly to build a physical footprint to serve each consumer. I envision a hybrid model: our physical touchpoints to become service and delivery centers and consumers can fulfill their daily needs anywhere through their mobile devices. This will also allow us to constantly interact with our end customers, gaining deep insights on how to better meet their daily basic needs. Replicating our network will be difficult as it requires a winning basket of consumer goods to make the cost and reward model work, which most do not have. Half of our work is already done. We can spend the bulk of our energy and effort to create innovative, winning products that our consumers trust and love.

Second, our people. We have a group of people with special talents and gifts. There is a common denominator: our leaders are all consumer-centric entrepreneurs. Their consumer-

centric approach is the secret to why we have been able to create champion businesses organically and turn-around companies we have acquired. Trust me – our people breathe and live to find innovative solutions to deliver on our promise to consumers. They not only have the “Consumer DNA”, but are also “industry” experts in their respective fields, which is critical to manage the different risks present across each of our respective businesses.

This is why I am confident that by 2020, **every household will have every Masan product.**

“WIN-WIN” PROPOSITION

I want to revisit our 2020 objective that we shared last year and explain why it is a win-win proposition for the entire Masan Community: **to be and be recognized as the pride of Vietnam by creating a winning, unique business model in Asia and achieving a market capitalization equal to 10% of GDP, or approximately US\$20 billion.**

How is US\$20 billion achievable? We will need to generate US\$10 billion in revenue to achieve US\$20 billion in market capitalization. That mean on a per capita basis, each consumer will have to spend US\$10 per month versus US\$2 today on our products and services, a 5x increase. We have all the ingredients in place to do this, but it is a challenging goal. I want to be clear, **that this how we measure whether we have fulfilled our consumers’ daily big unmet needs.** If we deliver on this promise, the recognition and financial rewards will be significant. This is what our motto, “doing well, by doing good” means at its very core. Our future vision and the potential reward is a “win-win” proposition for our consumers, employees, shareholders and Vietnam.

I feel a great sense of purpose and excitement at Masan and I look forward to sustaining the momentum in 2017 to deliver on our promise together.

Sincerely Yours,

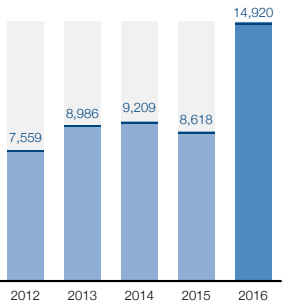


Dr. Nguyen Dang Quang
Chairman of the Board

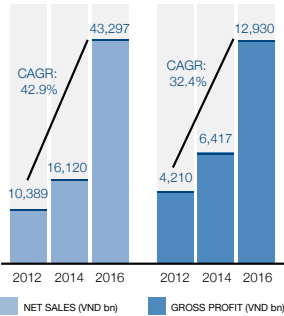
Our goal: by 2020,
every Vietnamese
household will have
every Masan product

2016 scorecard

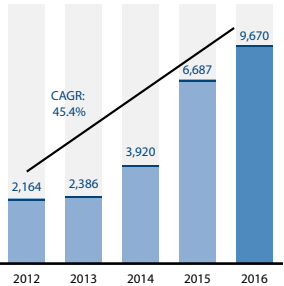
CASH BALANCE¹ (VND BILLION)



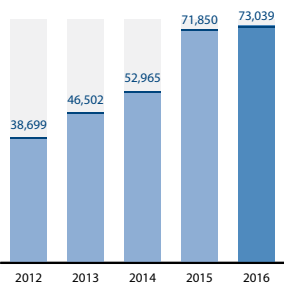
NET SALES AND GROSS PROFIT (VND BILLION)



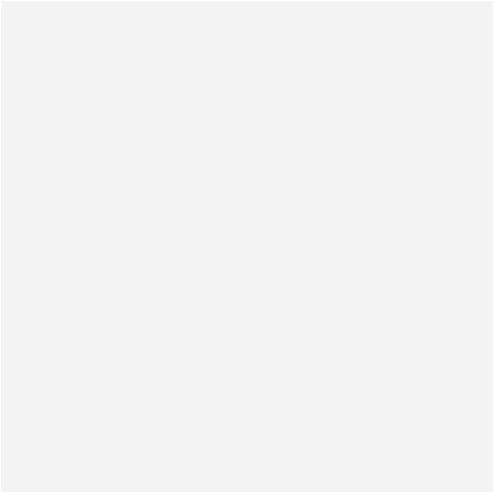
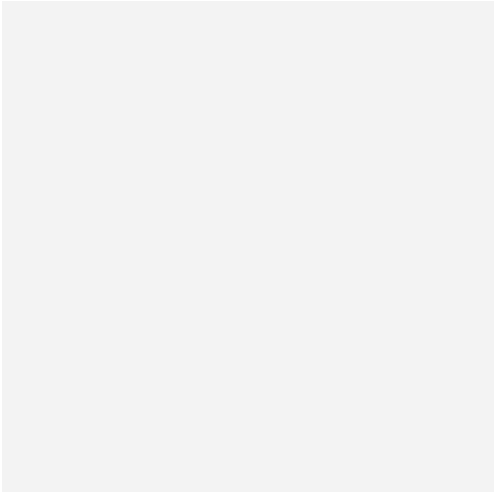
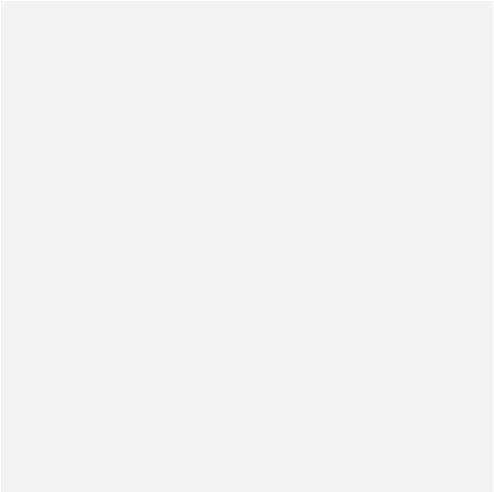
EBITDA² (VND BILLION)



TOTAL ASSET (VND BILLION)

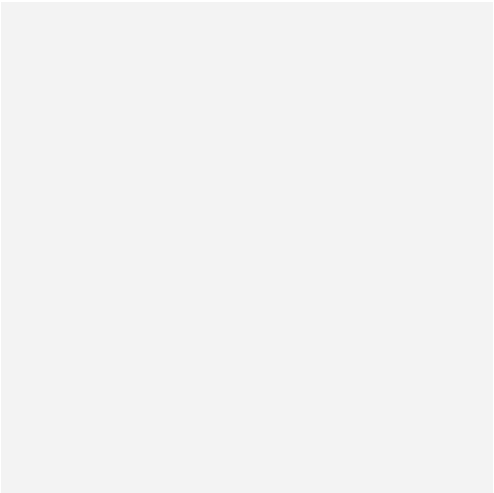
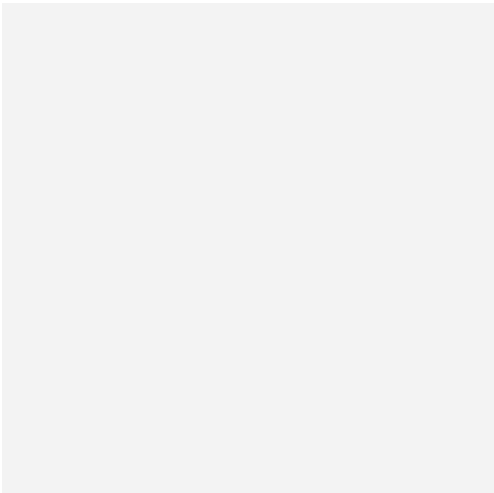
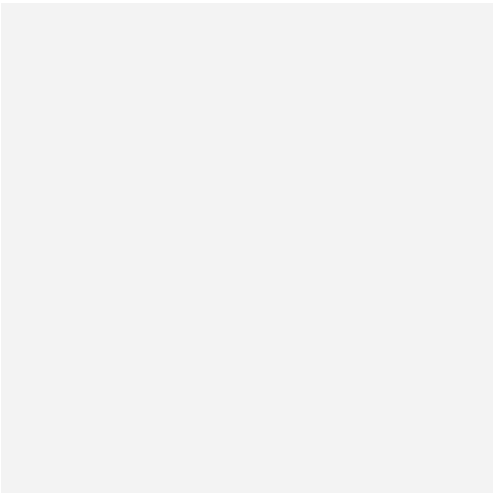


1. Includes short-term investments.
2. EBITDA is calculated as gross profit less selling expenses less general and administrative expenses plus share of profit/(loss) in associates plus depreciation and amortization.



To improve the spiritual and material lives
of In-land ASEAN¹ consumers each and
every day

1. Including Vietnam, Thailand, Myanmar, Cambodia and Laos.



Every Masan product in every Vietnamese household +
one Masan product in every “In-land ASEAN” household



Providing each and every meal with delicious, safe and affordable meat

To be and to be recognized as the leader in providing branded animal protein solutions across the value chain for everyone, every family, every day in Vietnam by driving productivity to global standards

To show the world that a Vietnamese company can lead the transformation of the global tungsten market



Processing Vietnam's resources into value-added components critical to both global industry and consumer technology products



The future of Vietnam's banking industry is to serve the rural

To be and be recognized as the leader in driving the transformation of the banking sector to improve the financial life of each person and business in Vietnam, each and every day

Who we are

BASIC IS VALUE

Masan Group is one of Vietnam’s leading private sector business groups that believes in “doing well by doing good.” Our mission is to provide products and services for Vietnam’s population of 90 million people, enabling them to pay less for their daily basic needs. We believe in driving productivity with technological innovations, trusted brands, and focusing on fewer but bigger opportunities that impact the most lives. Our business segments are branded food and beverage, consumer-agri, mineral resources and financial services, and we believe we are market leaders in each of these industries.

We have a track-record of actively building, acquiring and managing large-scale operating platforms with a focus on sectors that serve consumers daily basic needs. Our businesses include Masan Consumer Holdings, a leader in some of Vietnam’s largest consumer staple categories such as seasonings and convenience foods, with a fast growing beverage business and Masan Nutri-Science, one of the leading animal feed producers in Vietnam that has expanded into pig farming and branded meat to become a complete “3F” platform. The Company’s other businesses include Masan Resources, one of the world’s largest producers of tungsten and strategic industrial minerals, and our associate, Techcombank, a leading joint venture commercial bank in Vietnam with a technology driven retail strategy to capture the growth of financial inclusion.

We believe in a “consumer-centric” approach to provide better products and services to the 90 million people of Vietnam, so that they can pay half as much for their daily basic

needs. Masan aims to achieve this by building leading power brands to win the trust and loyalty of Vietnamese consumers, increasing productivity through innovation and technology as well as economies of scale, and focusing on fewer but bigger opportunities that impact the most lives.

Our objective is to be and be recognized worldwide as the pride of Vietnam by creating a winning, unique business model in Asia.

DOING FEWER AND BIGGER

In a dynamic market with many opportunities, we believe in being disciplined and have recognized several important criteria of a successful and sustainable business in Vietnam. These include:

A Passion to imagine and fulfill daily big unmet needs

Masan believes that value comes from scale and leadership in large opportunities that are underserved. We also believe that imagination and creativity are critical to not only envision such unmet needs, but to envision ways to fulfill them with innovation or new insights. We do not simply want to do what others do or slightly better - we want to change the rules of the game.

Throughout our history, we have focused on large consumer categories, and have constantly redefined them to expand our addressable market, which today reaches US\$9 billion combined in Vietnam alone. This does not include our recent entry into Vietnam’s animal-based protein market, where Vietnam spends approximately US\$18 billion on meat products per year, or our recently announced ambition to better serve

the 250 million consumers of In-land ASEAN. Together with our associated company, Techcombank, Masan operates in sectors of the economy (packaged food and beverage, fresh food, and financial services) that represent approximately 50% of consumers’ wallet share.

An example of an “unmet need” is the inefficient animal protein value chain in Vietnam. We believe it is wrong that Vietnamese consumers, who make on average one tenth the income of Americans, pay nearly double the price for meat products. Starting with the commercial animal feed business, we believe we can transform the productivity of the animal protein value chain to better serve consumers with branded meat products that are more affordable, of higher quality, and safer.

Vietnamese consumers also pay more for financial services and products, taking up a significant amount of their wallet share as low financial inclusion means higher usage of informal financial channels. Our associate Techcombank is competing in a financial sector that is undergoing restructuring, where it is emerging as a leader in retail banking with a healthy balance sheet and a scalable technology platform.

In our tungsten mining and chemical processing business, we are also addressing a large market with opportunities for transformation. Globally, the industrial minerals we mine and process represent a total size of approximately US\$4 to 5 billion per annum, excluding copper. The unmet need in our resource business is evidenced by a desire from customers to buy large volumes from a single supplier, conflict-free minerals, and from an alternative source outside of China. The European Union has stated that tungsten and fluorspar are among the four “critical raw materials” for Europe (Critical Raw Materials for the E.U., July 2010) due to concentration of supply sources and importance to European industry.

Building scale and leadership

To win, we need to be big. Being a market leader of size allows us to compete successfully in an economy with a fragmented local private sector, and where competition from multinational companies and state-owned enterprises is intense. As one of Vietnam’s largest private sector companies, Masan has greater access to capital and professional talent, and the scale to invest in operating platforms, which leads to increased productivity, allowing us to make products more affordable for consumers. We build scale through focus and consolidation, growing our existing businesses organically and accelerating growth with acquisitions that fit within our sector focus. This enables us to harness economies of scale, be cost-competitive and earn high margins that allows us to reinvest in brands and product innovation.

As a result, today, we have leading positions in most of the markets and/or categories where we compete. We are Vietnam’s number one player in seasonings (where we are leaders in fish sauce, soya sauce and chili sauce) and instant coffee. In convenience food, we are the number one instant noodle producer in the premium segment which makes up most of the category’s profit pool.

Masan Nutri-Science was established with the aim of transforming the consumer-agri market in Vietnam by establishing a fully integrated 3F model. Today, we are the largest local Vietnamese animal protein company with leadership in external pig feed sales and overall net revenues of approximately US\$1.1 billion in 2016. We are in the process of building one of Vietnam’s largest pig farms and are the strategic partner of Vissan, Vietnam’s largest branded meat company.

After the successful commissioning of the Nui Phao project, we are now a globally significant player across several key industrial minerals, namely tungsten, fluorspar and bismuth.

Our associate Techcombank is one of the largest joint stock commercial banks in Vietnam. As a result of its prudent approach to managing the banking sector downturn over the past few years, it is now on a path to market leadership as sector fundamentals improve.

Cash flow generating businesses

Masan believes that sustainable growth in a developing market like Vietnam requires building cash flow generating businesses. We do not engage in asset trading, such as purchasing land banks or participating in short-term speculation. We compete only in sectors with strong growth fundamentals, a proven private sector regional business model and the potential to build a business of scale. Therefore, we have chosen to focus on the consumption-related sectors.

2016 EBITDA of VND9,670 billion
Strong cash flows to invest across cycles

For the financial year 2016, we reported EBITDA of VND9,670 billion and a consolidated cash balance of VND14,920 billion, which includes short-term investments in the form of term deposits.

Stringent capital allocation and capital structure

Over the last few years we have raised almost US\$3 billion in long-term capital, which allows more strategic business building and investing in Vietnam. We have demonstrated stringent capital allocation by using most of the proceeds to increase our ownership and invest in our existing businesses. We acquired the Nui Phao project on a primarily cashless basis, and less than 20% of the capital we have raised has been deployed to acquire new businesses – namely, Vinacafé Bien Hoa, Vinh Hao, a brewery, Saigon Nutri Food, Masan Nutri-Science, Quang Ninh Mineral Water, and Vissan. We believe these companies and their iconic brands provide us avenues to go deeper into other consumption-related categories.

PLATFORM FOR TRANSFORMATION

Sustainable growth can be achieved only through building best-in-class systems and operating platforms. When we enter a sector, we develop a bespoke strategy and repeatable models to drive market leadership in each business line. This enables us to invest continually in best-in-class operating platforms. Over the past several years, we have invested in power brands, innovation, distribution networks, production facilities and most importantly, talent.

Brands that Consumers Admire and Trust

We have transformed our branded food and beverage and consumer-agri platforms to become market leaders across the categories they operate in with strong brand equity. Our approach to organically develop or acquire power brands which are trusted

by the consumers is in line with our belief of focusing on the consumers’ daily basic needs. Our seasoning products are the market leaders in their respective categories. In instant noodles, we are number one in the premium segment. We are also market leader in the animal feed category based on external sales.

We have grown our food and beverage business to be what we believe is the market leader in almost all of our segments. We developed strong brands by leveraging our deep understanding of the Vietnamese consumers and implementing multinational practices, resulting in what we believe is an unrivaled portfolio of distinct brands that can command customer loyalty across different price points while meeting the diverse needs of Vietnamese consumers.

Our key brands include: Chin-su, Nam Ngu and Tam Thai Tu for seasonings; Omachi, Kokomi, Komi, Cao Boi and Woa! Ngon for convenience food (which includes instant noodles, congee and sausage); and Vinacafé, Wake-Up, Café de Nam, Phinn, Kachi, Vinh Hao and Quang Hanh for non-alcoholic beverages. Our beer brand Su Tu Trang is Vietnam’s fastest growing beer brand and its message of “True beer, true friends” has resonated well with consumers in the mainstream segment. Our associate, Cholimex Food Joint Stock Company, in which we acquired a significant stake at the end of 2014, also has well-known sauces and condiments brands with a strong presence in on-premise channels. Overall, many of our brands are best sellers in their respective categories.

In 2016, Vinacafé Bien Hoa was recognized by Brand Finance, as one of the companies with the “Most Intangible Brand Value” in Vietnam, and was inducted into “The Top 50 Most Valuable Brands” in Vietnam in December 2016. Our coffee business also won the “Vietnam’s Top Quality Product” award for the 18th consecutive time by The Gioi Tiep Thi newspaper.



Vinh Hao, our bottled mineral water brand with a heritage beginning in 1928 also received the “Vietnam’s Top Quality Product” award for the 20th consecutive time by The Gioi Tiep Thi newspaper.

We have been able to apply our FMCG brand building model to our consumer-agri business. Approximately a year and a half after its launch, Bio-zeem today comprises nearly 40% of our animal feed sales. Bio-zeem is the brand for our feed products that carry a proprietary enzyme to strengthen a pig’s immune system and improve the feed conversion ratio. Alongside robust television advertising campaigns to increase our brand awareness, our market share gains were supported by Masan’s focus on delivering full-suite solutions to farmers beyond selling just feed, creating greater brand loyalty.

Our associate Techcombank is also a strong and nationally recognized brand in the market. Techcombank is recognized as a trusted provider of financial services and products, especially by retail and SME clients. In 2016, Techcombank was awarded the “Best Mobile Bank in Vietnam” by The Asian Banker, and “Best Bank in Vietnam” by FinanceAsia.

Innovation for the future

Masan’s track record of building market leading brands would not have been possible without innovation that can deliver benefits to our consumers. More importantly, innovation underpins our efforts to enable consumers to pay less for their daily basic needs. For our efforts, Masan was recognized as the 20th most innovative growth company in the world by Forbes Magazine in 2015.

In our branded food and beverage business, we have an in-house Research and Development (“R&D”) team of approximately 75 employees, who work closely together with our marketing team to develop new and innovative products that meet the needs of Vietnamese consumers. Our R&D team develops on average 30 products annually which we directly test with consumers. Examples include Omachi noodles with spaghetti sauce that we introduced in 2010 to target customers in the premium segment, low-salt Chin-su sauce and chewy noodles strands for noodles.

Seasonings are the essence of Vietnamese food culture and gastronomy. Masan aims to develop safe, delicious and affordable seasoning products because they are used every day and in nearly every meal by Vietnamese consumers. Our processing technology ensures that the soya sauce we produced does not contain 3-MCPD, a harmful chemical agent. Our Chin-su and Nam Ngu fish sauces are free of bacteria. Also importantly, we innovate to make our products delicious. We are

proud that over 50 million Vietnamese consumers choose Nam Ngu as their preferred fish sauce brand.

Toward the end of 2016, we took our first small step to serve the 250 million In-land ASEAN consumers by launching Chin-su Yod Thong fish sauce with the support of our strategic partner Singha in Thailand. After a seven-month research and development period to find the essence of Thai fish sauce, Masan was able to develop a fish sauce that satisfies the taste buds of Thai consumers. Based on an independent survey, 95% of Thai consumers and chefs claimed that they liked and wanted to purchase Chin-su Yod Thong, of which, 75% said that they would replace their current fish sauce with Chin-su Yod Thong if available for purchase in Thailand. Not only did we win the palate of Thai consumers, but we also met the stringent standards of the Thai Food and Drug Administration,



a testament to Masan’s R&D capabilities and commitment to health and safety.

In the beverage category, Masan has been able to introduce Vietnam’s 1st coffee-flavored energy drink, Wake-Up 247. In May 2016, we announced a breakthrough innovation in Vietnam’s coffee market with Café de Nam “Phin Dien”. It is the world’s first single-serve brewing solution that can produce a cup of Vietnam-style coffee (“Vietnamo”). The innovation of Café de Nam “Phin Dien” was inspired by the unique and traditional Vietnamese “phin” coffee filters but with the added convenience and hygiene of contemporary coffee preparation. With a single capsule and a push of a button, consumers are now able to enjoy, within 45 seconds, a cup of 100% genuine coffee in Vietnamese taste.

In addition, Masan Nutri-Science delivered innovation in the consumer-agri sector with the introduction of Bio-zeem. Working closely with global biotechnology firms, we developed an enzyme additive which improves intestinal health, enhances absorption capacity, boosts resistance, and reduces common diseases in pigs. As a result, Bio-zeem improved feed conversion ratios up to 6% according to internal studies, enabling farmers to sell their pigs 12 days sooner to market. We have marketed Bio-zeem as a value-added feature that can be found in our range of consumer-agri products, giving us an edge in a traditionally commoditized market where farmers have been unable to differentiate products. These innovative efforts, along with our investment in brand building, are the reasons 95% of pig farmers switch to Bio-zeem after initial trial.

We believe that our emphasis on innovation and being ahead of the competition can also be seen at Techcombank, which is developing a “Consumer-Tech” model to better serve retail clients.

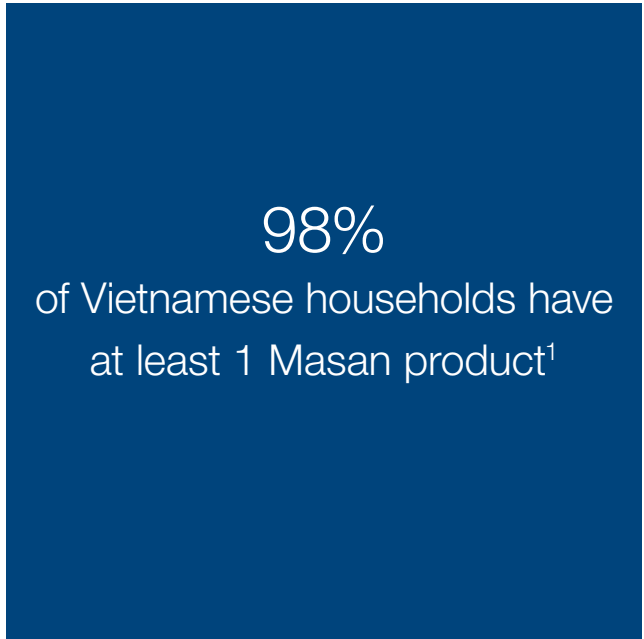


Our mineral resource business has established itself as a high tech, low cost tungsten chemical producer and has committed up to 1% of its tungsten revenues to R&D.

Reaching consumers

We have the largest and deepest distribution network in Vietnam with the ability to reach Vietnamese consumers quickly and effectively. This is critical as up to 70% of Vietnam’s population is still rural and relies on general trade. Modern trade penetration has progressed slowly and the retail landscape remains highly fragmented.

For our consumer products, we have developed a nationwide distribution network with 280 distributors, covering approximately 180,000 points of sale for food and 110,000 points of sale for beverage. This network is one of the largest



and deepest in Vietnam’s FMCG sector. We enhanced our distribution capabilities over the past few years with the addition of more distributors for beverages and on-premise points of sale. This achievement makes our business one of the few in Vietnam with both a strong on and off-premise presence for food and beverage. Today, 98% of all Vietnamese households have a Masan consumer product in their homes.

We are also unique as a “one-stop” solution for our distributors because our wide product portfolio caters to the daily basic needs of Vietnamese consumers, allowing us to have loyal and close relationships with our distributors. Furthermore, our strategically located distribution centers provide us with the ability to distribute food and beverage products within a single day to each distributor nationwide. This also gives

us the unique capability to test new products efficiently and be cost-effectively across Vietnam. In line with our strategy to uplift productivity through innovation and technology, we believe that we have built a best-in-class technology platform to enhancing our sales network with the ability to service our distributors across the network, as well as enhancing and improving our sales efforts. We have also successfully implemented a state-of-the-art Distributor Management System (“DMS”) across all of our distributors, which gives us access to real-time data, including sales and outlet performance across our distribution network.

For our consumer-agri business, we have 850 salesmen to serve 4,500 dealers nationwide, doubling our dealer network in a single year. A large portion of the dealers are exclusive. We believe that we have further strengthened our nationwide distribution network following the acquisition of our stake in Vissan, which has a nationwide network that reaches 130,000 points of sale and more than 1,000 supermarkets and convenience stores, as well as a global export network.

For financial services, Techcombank maintains a strong customer base and branch network. In 2016, the bank served over 1.3 million active retail and over 17,000 active corporate and SME customers through its network of 314 branches and transaction offices, 1,193 ATMs, and 1,587 points of sale, altogether one of the largest networks for a private joint stock commercial bank in Vietnam. Techcombank has been building its digital platform with the aim to enhance its service offerings while being able to effectively reach a larger consumer base across Vietnam.

Our mining products are sold to customers spread across different end-user segments and multiple continents to ensure a diverse exposure to end-user demand. For example, the

fluorspar we produce is sold to manufacturers in all major categories of fluoropolymers, fluorochemicals and aluminum fluoride across the major consuming areas of Asia, the Middle East, North America and Europe. Another example is tungsten, which is ultimately used in a diverse range of industries including automotive, aerospace, consumer goods, mining and oil and gas exploration and production.

Driving productivity with best-in-class facilities

We have built 28 state-of-the art production and processing facilities in 18 provinces in Vietnam that can be recognized as best-in-class not only in Vietnam, but globally. Through economies of scale, we aim to drive productivity that can enable us to meet the daily basic needs of consumers at more affordable price points

For consumer products, we currently operate production facilities at Binh Duong, Tan Binh, Phu Quoc, Hai Duong, Bien Hoa, Long Thanh, Binh Thuan, Phu Yen, Quang Ninh and Nghe An. We have a network of world-class facilities that allow us to manufacture products at high standards for hygiene, safety and efficiency, all without compromising on taste for our consumers. Notably, we were the first company in the world to engineer and build a fully automated fish sauce manufacturing line. In late 2015, we commissioned new manufacturing hubs in Nghe An and Hau Giang, increase our capacity, which allowed us to benefit from the latest production technologies, and took us closer to our customers.

As of December 2016, Masan operated 13 world-class animal feed manufacturing facilities all over Vietnam. As a result of our focus on operational efficiencies, scale, and procurement practices, we have one of the highest gross margins in the animal feed industry, globally.

Since the investment and strategic partnership with Vissan, we are working on a fully integrated 3F business model to service the entire value chain of the Vietnamese animal protein industry. We recently broke ground to build a large scale pig farm on 223.7 hectares of land in Nghe An Province, and plan to spend VND200 billion (accounting for 20% of the total investment) on environmentally friendly facilities such as a waste water treatment plant and a bio gas electricity plant. We believe it will be the largest pig farm in the province. Initial production will be 250,000 pigs per year with the first sales occurring by 2018. Farming will be core to driving productivity in the consumer-agri and ultimately reaching end consumers with branded, safe and affordable meat products. Altogether, the Company is now better positioned to serve the daily protein needs of Vietnamese consumers who currently have to pay almost twice as much as American consumers for one kilogram of meat.

In our resource business, we have built Vietnam’s first international standard processing plant of scale, capable of producing four different minerals and metals from a single ore body. We believe the plant has the most modern and advanced tungsten processing line in the world, as it is the first new tungsten project of scale to be commissioned in over a decade. Through the partnership with our joint venture partner, H.C. Starck, a global manufacturer of technology metals, Masan brought proprietary technical know-how to Vietnam to go deeper in the tungsten value chain and compete globally. We process tungsten concentrate into higher-value tungsten chemicals, such as APT, BTO and YTO. By doing so, Masan is making Vietnam’s resources more valuable.

1. Kantar Worldpanel.

A “consumer-centric” team

In a market where experienced talent is scarce, we have invested to build strong professional management teams at all levels in our organization. We believe in hiring professionals who have a mix of international experience and a track record of business execution in emerging markets through brand building, local distribution, and product innovation. Our management team has been instrumental in transforming Masan Group from a closely held private office with a wide portfolio of businesses and investments into one of Vietnam’s largest private sector companies focused on fulfilling the big unmet needs of consumers.

The majority of our executives at Masan Group have backgrounds in FMCG companies and this consumer-centric management approach extends into businesses that traditionally are not seen as being related to consumers, such as animal feed. For example, at Masan Nutri-Science, the team is spearheaded by the former President and CEO of PepsiCo Vietnam and Southeast Asia, the former Head of Sales of Masan Consumer, and other executives who held senior roles at P&G, Unilever, Cargill and Masan Consumer. With the right operating model and team, Masan is well positioned to enhance the consumer-agri by increasing productivity and building brands just as it has done with the fish sauce and instant noodles categories.



Most importantly, we believe in hiring professionals who demonstrate our entrepreneurial values and are project managers of transformative initiatives within a fast-growing organization. Our team is comprised of young, global, proven and flexible professionals who can execute on diverse projects to create maximum shareholder value. Our talents are also the Company’s shareholders.

Vietnam’s growth story

Masan Group’s strategy is driven by our view of the business opportunities in Vietnam, forecasted to be Southeast Asia’s fastest growing economy in the near future. Real GDP has grown at 6.2% in 2016. Vietnam’s growth has been supported by low labor costs and productivity gains as a result of the Doi Moi (“renovation”) reforms, which opened up the markets and proactive participation in free trade agreements to further integrate Vietnam into the global economy. However, we believe Vietnam’s true value lies in its domestic consumption potential.

DOMESTIC CONSUMPTION POTENTIAL

Vietnam’s demographics and rising income levels support strong continued growth in domestic consumption. The country has just entered an anticipated 30-year era of “demographic dividend” with nearly 70% of its 90 million residents in the working age population and 56% of its residents under the age of 30. Over the next 10 years, the working age population is expected to grow by at least one million per year.

Vietnam’s expanding workforce is expected to drive consumer spendings. In addition, the combined effects of continuous economic growth, rapid urbanization, “demographic dividend,” emergence of middle income earners, and an expanding modern retail network, will fuel the growth of overall food consumption in the medium- to long-term. Vietnam’s food and beverage sector is expected to maintain double-digit growth

rates for the near future, primarily due to increased domestic consumer demand fueled by a rise in disposable incomes. In addition, not only will consumers enjoy more branded food and beverage products, their diet will also shift from grains to more animal protein, a US\$18 billion market. As Vietnam’s largest local feed producer, Masan stands to benefit immensely.

VIETNAM’S CONSTRAINTS DRIVE OUR BUSINESS MODEL

In the recent past, Vietnam experienced many macroeconomic challenges, including high non-performing loans and a reduction in credit activities, which hampered GDP growth over the past few years. In 2016, Vietnam has experienced greater economic stability, a contrast to the previous years of high inflation and currency devaluation, although many challenges remain, particularly in the banking sector. Additionally, the private sector, while growing strongly, remains fragmented as demonstrated by low revenues and market share. Private sector companies are further challenged by constrained availability of long-term capital, lack of professional expertise and competition from larger multinationals. Masan Group manages these risks and addresses Vietnam’s private sector constraints by building scale and creating leading operating platforms to weather financial cycles, and by consolidating and growing market share.

Our history – A track record of transformation

Masan Group’s first predecessor company was established in 1996 with sales of Asian foodstuff and other consumer goods in Eastern Europe. In our early days, we primarily focused on the Eastern European markets and some of our more popular products were sauces and instant noodles, which we began to manufacture in Vietnam when the export business grew. However, by 2000, we shifted our focus more towards the domestic market and launched our premium sauce brand, Chin-su in 2002. Chin-su’s success was followed by more successful brand launches such as Nam Ngu (Vietnam’s most popular fish sauce) and Tam Thai Tu (Vietnam’s most popular soya sauce).

In 2007, Masan entered the domestic convenience food category with the launch of Omachi, a premium instant noodles brand. We have recently expanded our convenience food portfolio with the introduction of Kokomi (mass market instant noodles) and Komi (instant congee), and today we are Vietnam’s number two player in the category.

In 2008 the company was restructured and formally named Masan Group Corporation, comprising a fast growing food business and a 20% stake in Techcombank, which provided the company with greater scale and exposure to Vietnam’s emerging middle class story. Masan Group was subsequently listed on Ho Chi Minh Stock Exchange on 5th November 2009 under the symbol “MSN,” and immediately became the sixth largest listed company in Vietnam based on market capitalization. During 2009, several prominent global investors such as TPG became shareholders.

In 2010, the Group acquired a controlling stake in the Nui Phao mine, one of the world’s largest tungsten mines and established Masan Resources. Masan Group also increased its effective economic interests in Techcombank the same year.

In 2011, Masan Group entered the beverage segment by acquiring control of Vinacafé Bien Hoa, Vietnam’s largest instant coffee producer. The company has since grown its beverage business where today it is not only Vietnam’s largest instant coffee producer with the Vinacafé and Wake-up brands, but also the largest local mineral water company with brands such as Vinh Hao and Quang Hanh. In April 2011, KKR invested US\$159 million into Masan Group’s branded food and beverage business. KKR subsequently increased its investment with an additional US\$200 million investment 2 years later.

2014 marked the first year of operations for Masan Resources with the commissioning of the Nui Phao mine. In achieving this operational milestone, Masan Group became the first company in the world to commission a new tungsten project in over a decade. Masan Resources was listed on the Hanoi Stock Exchange in September 2015.

In September 2014, Masan Group launched Su Tu Trang, a mainstream beer brand which became the fastest growing beer brand in Vietnam during 2015. Due to the strong growth in its beer business, Masan Group quadrupled its brewery capacity in December 2015 to 200 million liters per annum with a new facility in Hau Giang.

In the first half of 2015, Masan Group established Masan Nutri-Science to enter into and transform Vietnam’s animal protein value chain and ultimately better serve consumers with branded meat products. Masan Nutri-Science is currently Vietnam’s largest local animal nutrition business and owns the Bio-zeem brand.

In December 2015, Singha, Thailand’s first and largest brewer, announced the signing of a partnership agreement with Masan Group to invest US\$1.1 billion in order to become a 25% shareholder in Masan Group’s branded food and beverage business and also a 33.3% direct shareholder in Masan Group’s beer business. The deal is the largest M&A transaction ever in Vietnam and allows both partners to better serve 250 million consumers in the In-land ASEAN region (Vietnam, Thailand, Myanmar, Cambodia, and Laos) with their combined branded food and beverage portfolio and distribution reach. Within a year after Singha’s first investment, we launched Chin-su Yod Thong fish sauce in Thailand with their support.

In March 2016, in order to move toward to consumer-oriented business model and consolidate the animal protein space through brands, distribution and best-in-class practices, we acquired 14% stake in Vissan, Vietnam’s largest branded fresh and processed meat company. In June 2016, we increased our stake in Vissan to 24.9%. This was followed by the ground breaking of our pig farm facility in Nghe An Province, which advanced our mission to establishing a 3F model to drive the productivity of the animal protein value chain in Vietnam.

As a result of Masan’s initiatives and business transformation during the past few years, the Company experienced record

financial results and cash generation in 2016, enabling it to announce its first cash dividend and execute a share buyback.

As summarized in this section, Masan has continuously delivered on transformational growth. While the summary in this section covers our key milestones, it does not completely illustrate Masan’s disciplined but innovative approach to building businesses for long-term value creation or fully capture the unique entrepreneurial culture (the “Masanship”) that has made our success possible. We hope that the other sections of the annual report give our readers greater insight into Masan and what we may achieve in the future.

For further details on our corporate history, please see the “General Corporate Information” section of this Annual Report.



The background of the entire image is a solid blue color. Overlaid on this background is a grid of squares. The grid is composed of 18 squares arranged in 3 rows and 6 columns. The squares are a lighter shade of blue than the background, creating a subtle pattern. The text 'Sustainability Report' is positioned in the middle-right area of the grid, spanning across the fourth and fifth columns of the second row.

Sustainability Report



“We want to be a role model in sustainability within our consumer goods, animal protein, resources and financial services businesses.”

Mr. Pham Phu Ngoc Trai Chairman of the Sustainability Board

Letter from Chairman of the Sustainability Board

DEAR MASAN COMMUNITY,

“Nothing except for nature can transform the world as swiftly as can business - for better or worse.” – Amy Larkin

Utterly true! As witnessed over time, the operations of a business can be quite beneficial or detrimental to society depending on which way they develop, intentionally or not. Given its increasing criticality, sustainability has become a mainstream issue in business nowadays. It is no longer a choice but a must, governing the long-term development of a business in order to succeed in the market place. Correspondingly, it has grown to be the ultimate end of our overall approach. In order to make sure we stay fit for the future in favor of the prevailing trend, we have for years worked to integrate sustainability into our business model and value chain. Our strategy has evolved into creating a sustainable business that combines sustained financial growth with sustainable operational practices.

Inspired by our objective “to be and be recognized worldwide as the pride of Vietnam by creating a winning, unique business model in Asia”, we are committed to enhancing the quality of life of Vietnamese consumers by focusing the efforts of our people in combination with our breakthrough innovations to help address both local and global challenges. These include paying attention to natural resources, energy efficiency, air quality, water tension, human health and wellness, safety, education and development, as well as community enrichment.

We aspire to be recognized as a sustainable company with equitable and responsible practices as this is the essence of our consumer-centric business model. From our consumer-related businesses to our resources and chemical processing platform, we always build our businesses on four core values: Win-win, Integrity, Leadership, and most importantly, Driving Change Sustainably. Driving change sustainably means adhering to the triple principles of Environmental Stewardship, Social Responsibility and Economic Development.

Hence, we seek to not only offer quality products and services to meet the daily basic needs of consumers at affordable prices, but also contribute in other ways to people, society and the environment in the process. As such, our specific actions will not just translate into business growth but co-existence and mutual prosperity under the 3P tenets “Profit – People – Planet” of sustainability. We aim to achieve this by driving productivity with technological innovations, trusted brands, and focusing on fewer but bigger opportunities that impact the most lives. In return, sustainability has also helped us improve efficiency, minimize costs and wastes, optimize productivity and all stakeholders satisfaction. Sustainability is in fact a long journey with no end, but we are now starting to harvest tangible results as outlined in our attached Sustainability Report.

Looking ahead, we want to be a role model in sustainability within our consumer goods, animal protein, resources and financial services businesses. To reach this, we will continue to invest in promoting green practices, responsible operations, and stakeholder engagement. Both the Board of Directors and the newly established Sustainability Committee have great confidence in this strategy as well as in Masan’s management team. We believe, with our hearts and minds, that our efforts will translate into sustainable growth across our businesses and contribute positively to the community where we operate and to our larger society even as business conditions continue to change.

And together we will collectively make a difference in the world - for better, of course.

Best regards,

Mr. Pham Phu Ngoc Trai
Chairman of the Sustainability Board and Chairman of the Board of Directors of Masan Nutri-Science

Strategy of sustainability

Masan Group Corporation is one of Vietnam's largest private sector companies specializing in foods and beverages, consumer agri, resources and financial services.

Our objective is **to be and be recognized worldwide as the pride of Vietnam by creating a winning, unique business model in Asia.**

Our uniqueness is underpinned by our belief in applying a consumer-centric business model across all of our operating platforms and across various industries. By doing so, we can enable 90 million Vietnamese people to pay half for their daily basic needs.

To get there, we will focus on our four core values of **Win-win, Integrity, Leadership**, and most importantly, **Driving Change Sustainably**, prompting us to always act in a manner that is environmentally, economically, and socially sustainable, adhering to the following principles:

- **ENVIRONMENTAL STEWARDSHIP:** Encouraging a voluntary, progressive reduction in environmental impact throughout the lifecycle of our products by innovative solutions and reduction in the amount of resources consumed, waste generated and emissions produced.
- **SOCIAL RESPONSIBILITY:** Committing to a policy of proactive, voluntary and continual improvement over and above basic legal requirements so that we contribute in promoting and improving the health and quality of life of the community in which we operate, and our staff is recognized and encouraged by society and regulators.

- **ECONOMIC DEVELOPMENT:** Contributing to economic growth through innovative delivery, based on sound science, up-to-date technologies and ethical standards for hygiene and specialty products for use across consumer, commercial and industrial applications.

Our corporate sustainability framework revolves around the harmonious interactions between people, planet and profit. We believe a sustainable company's goal is the delivery of long-term shared value in financial, environmental, social and ethical terms. Corporate sustainability has become our source for innovation and future growth across all businesses. For that purpose, we



have established a Sustainability Committee to spearhead all sustainable practices at Masan and report its implementation across our businesses to the Board of Directors.

At Masan, the Sustainability Committee oversees, evaluates and advises on the Company's pursuit of best practices that improve environmental and social sustainability, enrich our customers' experiences, increase shareholder value, and lead to a better world. This Sustainability Report is the Committee's first vivid public demonstration of Masan's achievements in sustainability to customers, suppliers, consumers and government with openness and transparency.

Masan has taken on the responsibility in creating value for consumers since our establishment in 1996. Over the years, our business strategy has evolved into creating a sustainable business that combines sustained financial growth with sustainable operational practices. Sustainability has also helped us improve efficiency, minimize costs and wastes, optimize productivity and stakeholders satisfaction.

With this Report, we wish to deliver a holistic view of Masan's consolidated efforts to pursue sustainable business practices and foster greater shared value as the nature of our business dictates. We strongly believe that Masan is at the intersection of business goals and society growth. With our fundamental belief to improve the lives of our consumers, we are on track to create a better future for ourselves as well as the society as a whole.

Doing well by doing good

At Masan, we do not have a job; we have a purpose. Our passion is to imagine and fulfil the big unmet needs of Vietnamese consumers, allowing us to improve their spiritual and material lives of the Vietnamese each and every day. Over our 20 plus year history, we taken great strides in in turning our passion into reality.

Each day, our team of over 10,000 employees work relentlessly to bring about the best products and services to fulfill the daily basic needs of 90 million Vietnamese at affordable prices. We are really proud of what we have accomplished as briefly describe below:

- Revenue of US\$2 billion in 2016
- Top 10 best FMCG companies to work for in Vietnam (Anphabe)
- 98% of Vietnamese consumers use at least one Masan product (Kantar Worldpanel)
- Contributed VND5,000 billion to the State budget
- 28 facilities in 18 provinces in Vietnam

However, our relentless effort would be incomplete without addressing the importance of developing our people, contributing to our communities where we operate, giving back to society at large and reducing our environmental footprint.

HUMAN SUSTAINABILITY

Innovation in products and processing

Masan's belief in "**Doing well by doing good**" has existed since our establishment. At Masan, "doing good" means more than just CSR. We believe sustainability makes business sense.

We believe we do things differently. In order to fulfil our commitment, we do not bind ourselves with existing standards but use our imagination to explore how else we can create positive change. We have asked ourselves: How do we offer consumer staples to Vietnamese people at half the current price? How can children in rural areas enjoy the same nutritional food products as others in the cities? How do we offer clean meat with traceability? How can rural farmers gain access banking services without paying exorbitant fees? How do we bridge the productivity gap between Vietnam and the rest of the world?

Our approach to answering these questions is to place a premium on innovation and invest heavily in R&D with the aim to increase productivity while improving the quality of our products and services. At Masan Consumer, we were pioneers in making soy sauce without 3-MCPD, a chemical agent which has adverse health effects – and we were proactive with sharing our technological know-how with other manufacturers to raise industry standards. We have also developed innovations to make our fish sauce more savory and free from harmful bacteria. Our instant coffee products contain no soybean ingredients and our single-serve coffee solution, Café de Nam, is made with 100% pure coffee that can deliver the famous Vietnamese coffee flavor at an affordable price.

With the same commitment to improving our products to benefit our customers, Masan Nutri-Science has developed Bio-zeem animal feed which boosts immunity to diseases and improves digestion for pigs. As a result, farmers can deliver their pigs to market 12 days earlier than standard feed. We followed up on this innovation with Bio-zeem Super, which is free of antibiotics while preserving the same feed conversation ratio, meat quality, and tolerance to diseases with verified results. In 2016, Masan completed its integrated 3F model of scale by



establishing a leading feed business, partnering with Vissan and entering pig farming. With the right operating model, Masan is well-positioned to enhance the consumer-agri by increasing productivity, improving safety and quality standards, and delivering traceable meat products at affordable prices.

At Masan Resources, we have upgraded our processing plant to improve production and processing recoveries by developing the most advanced technology applicable to our polymetallic ore body. We are also on track to improve the recovery rates for tungsten mineral from 65% as per design to nearly 80% by 2018. This means Masan will be increasing its economic output while using less natural resources. We have also reduced our utilities consumption on a per unit basis to lower our environmental impact.

To meet our aim of fulfilling the daily basic needs of consumers at more affordable prices, we have leveraged our economies of scale. Our execution approach of “doing fewer but bigger” means Masan owns and operates some of the largest facilities of its kind globally.

We have been rewarded by our customer’s trust. Today, 98% of all Vietnamese households carry at least one Masan product. 95% of farmers who have tested Bio-zeem continue using our feed brand. Techcombank is #2 in Visa transactions based on volume, a demonstration of trust. Now our dream is much bigger, that is to have all Masan products in every single Vietnamese household and at least one product in that of In-land ASEAN by 2020. In order to deliver this dream, our commitment to innovation must not waiver.

Responsible procurement

For our branded food and beverage business, our main input materials are the ingredients of our food products and packing materials. The principal raw materials used in the production are anchovies, palm oil, dehydrated vegetables, soya, chilies, various flavoring and spices, flour, green coffee, sugar, powder cream, mineral water, and meat. In addition, packaging materials such as paper labels, plastic, glass, carton boxes, polypropylene, paper-based cups/bowls and plastic bags, are significant components in the production cost of our products.

The majority of raw materials used in the manufacture of our products are commodities. To ensure the traceability of raw materials, we require foreign suppliers to provide us with certificates of origin, analysis, non-genetic modification and plant quarantine and local suppliers to have certificates of food and hygiene safety, animal quarantine and good agricultural practices. Suppliers whose long-term performance record with us demonstrates reliability over time are considered

“approved suppliers” and will continue to be engaged under annual contracts.

The main materials in Masan Nutri-Science’s finished products include rice bran, soybean residue, corn, rapeseed oil cake and meat powder from both domestic and foreign sources. Materials purchased from abroad are based on agreements signed six months in advance with adjustments to price based on energy, protein and nutrient costs. Domestic materials are purchased by a central department and allocated to each factory. Short-term agreements and prices are usually reviewed weekly for market fluctuation.

Raw materials required for Nui Phao Mining’s production comprise generic raw materials and specialized chemicals used in its processing operations. Generally, Nui Phao Mining sources generic raw materials from domestic suppliers and specialized chemicals from international suppliers.

The processing operations at the plant involves crushing and grinding, copper flotation, bulk sulfide flotation to separate the remaining heavy sulfide minerals from the non-sulfides, gravity recovery of tungsten from the sulfide flotation tailings and fluorite flotation from the gravity plant tailings. Bismuth concentrate is recovered by selective flotation, and leached and cemented. Final products include value-added tungsten chemicals (such as APT, BTO and YTO), acid-grade fluorite, copper concentrate, and bismuth cement.

Effluent from the processing plant is neutralized. Heavy metals are precipitated in the form of high density sludge and thickened, with the thickener overflow being discharged to the polishing pond and then to the environment and the underflow impounded in a cell within the tailings storage facility.

1. Forbes, 2015

Among world's top resources companies with the highest safety coefficient

In a challenging commodity price environment, supply chain management and cost cutting are an integral part of our resources and tungsten chemical processing business. We have been able to effectively cut costs with the following key initiatives: inventory reduction, procurement purchase order agreements, and logistics cost reduction; altogether, leading to US\$13.32 million in savings.

Safety

Our employees are our most valuable assets. We are committed to the well-being of our employees which is reflected by our safety track record. We are responsible for providing our employees with sufficient protective equipment, occupational safety and hygiene policies, and comfortable working conditions in the work place. We have also carried out extensive workshops in order to train employees positive safety habits not only for work but also for their daily activities.

Our workforce have achieved 18,305,204 man-hours, equivalent to 1,037 days worked, without a lost-time injury or fatality at the Nui Phao mining project. This safety record places Masan among the world's top resources companies with the highest safety coefficient.

Our facilities conform to HACCP processing standards, have obtained ISO 9001 (quality management system), ISO 22000 (Food safety management system) and OHSAS 18001 certifications (occupational health and safety management systems certifications).

TALENT SUSTAINABILITY

We have a clear strategy to approach and recruit the best talents in the industry and realize their potential. We strive to maintain a working environment that feels like a family. We treat our employees with respect and we uphold equal gender opportunity as a core value for managing our talents.

Jobs creation and talent nurturing

We are proud to be one of the best places to work in Vietnam thanks to our long-term strategy to attract and retain talents to ensure sustainable growth. Our purpose has always been to improve the material and spiritual lives of Vietnamese consumers as well as our employees. The jobs Masan has created offer steady income to employees and indirectly contribute to social advancement, both on a local and national scale.

Masan regularly reviews HR's strategies and policies to ensure that a broad and diverse set of potential candidates is within reach. However, with all else being equal, priority for employment is first given to local community members, whether they are affected directly or indirectly by the project, followed by the residents of the district and province where our operations



take place and then to Vietnamese nationals, in order to maximize the economic benefits to the local community.

For example, at Masan Resources, where the people of Thai Nguyen province have been affected the most by our operations, members of the local population make up more than 80% of the total workforce as of 2016. In particular, there were 589 project affected people (PAP) working for Masan Resources, accounting for 53% of the total number of employees, among which there were 113 employees from 6 different ethnic minorities such as Tay, Nung Dao, Cao Lan, San Chi, and San Diu.

Diversity and inclusion

To date, there are 28 Masan facilities operating in 18 provinces in Vietnam, including Phu Quoc, Can Tho, Vinh Long, Hau Giang, Tien Giang, Ho Chi Minh City, Binh Duong, Dong Nai, Binh Dinh, Binh Thuan, Phu Yen, Khanh Hoa, Nghe An, Hung

Total employees of
10,187
in 2016

Yen, Hai Duong, Hai Phong, Ha Nam and Thai Nguyen. In order to optimize growth at local levels, we prioritize recruiting local community members and train our staff to meet ever-changing business demands.

At Masan Resources, the percentage of our female workforce is among the highest in the mining industry (24%).

"Masan Young Entrepreneurs", a flagship initiative of Masan Consumer for attracting fresh talents, has been a staple of Masan Consumer's approach to recruiting potential candidates for future leadership roles. Candidates have an opportunity to work with senior management and gain hands-on knowledge and experience with leadership and business management.

As a common practice, Masan employees openly receive and give performance feedback between peers, supervisors and

managers. Such flexibility allows for meaningful conversations in order to improve employee's performance and development.

Talent development and retention

At Masan, our approach to talent retention is clearly defined. We facilitate learning experience and leadership situations, create a performance-based culture, supplement technical with soft skills and ensure our people's well-being.

We also have long-term plans to prepare our best employees for future executive roles though rigorous training programs. We constantly ask our employees to look at problems differently to quickly realize their potential and maximize their growth opportunities. While recruiting and retaining the best talents in

the industry, we understand that sustainable growth in human resources comes from the physical, mental and emotional well-being of employees across all functions.

We reward our employees fairly and proportionally with their performance and contribution to our businesses. Our key talents are also shareholders, which promotes an entrepreneurial culture and long-term thinking.

Employees' welfare and training

Masan Group and our subsidiaries have a total of 10,187 employees as of 31 December 2016. The team is well trained with high qualifications. Our employees are classified as follows:

Qualification ¹	Percentage
Post graduate	1%
University graduate	40%
College graduate	11%
Intermediate college graduate	15%
High school graduate	16%
Secondary school graduate	18%
Total	100%

1. Majority of employees having qualification from intermediate college or lower include employees working as direct employees of factories, warehouses, or as points of sale promotion employees, drivers or working in janitorial positions.



We invest in continuing education and training programs for qualified and/or applicable employees. These programs provide employees with opportunities to enhance his or her skills and knowledge. In addition, each of our facilities provides specific localized instruction to employees, depending upon his or her role.

Employees who directly participate in the production and trade of foodstuffs also participate in training courses on hygiene and safety and obtain a certificate from the Vietnam Food Administration.

Masan Resources is one of our leading businesses in training, educating and providing development opportunities for employees. In 2016, about 1,200 training products have been developed for our internal and external training courses. The development of this training project are divided into on-site

training with senior managers and experts as coaches, and e-learning for self-arranged attendance.

Overall, we have organized approximately 400 training courses for more than 6,000 employees covering overall knowledge and professional skills in 2016.

ENVIRONMENT SUSTAINABILITY

At Masan, we care about our environmental footprint. We aim to ensure green practices across our all of our operations which we believe can be achieved without sacrificing business performance. Thorough waste treatment and sustainable resource usage are critical parts of our decision making process and operations across all of our businesses, from the manufacturing of consumer products to processing minerals. Whenever a new project is under development, we take into account any potential adverse impact to the environment to develop mitigation and compliance plans before groundbreaking.

For instant, with the recent groundbreaking of our high-tech pig farm in November 2016, we plan to spend as much as VND200 billion on environmentally friendly facilities including a waste water treatment plant and a biogas electricity plant as part of our continued focus on minimizing our impact on the environment.

Our manufacturing processes produce waste water as well as other industrial waste which we treat and store in accordance with both local and international regulatory standards. To ensure compliance with applicable regulations, we have installed environmental protection equipment and facilities to treat and, if possible, recycle wastes, including solid, liquid and gaseous ones.

Our Legal and Compliance department, together with our Safety, Health, and Environment department are responsible for nation-wide compliance and monitoring of environmental laws and regulations.

In addition, the technical department of each of our operating subsidiaries carries out sample testing of waste discharge on a periodic basis to monitor compliance with relevant environmental laws and regulations.

We believe we are national leaders within our industries with regards to environmental practices.

Raising awareness

Our commitment to preserve the environment starts locally and emphasizes going green at the workplace first. We have planted trees around our factories and neighboring areas to keep the area green and provide fresh air.

Masan understands the importance of raising awareness among our employees and local people about climate change and the environment. Over the years, employees at Masan Resources have spearheaded the reforestation movement with the help of local people to plant more trees and maintain the ecological balance of the area around our processing plant in Thai Nguyen.

Masan Resources has also provided more than 30 loudspeakers as well as broadcast stations and information centers to reach more than 3,000 households in neighboring communities. As a result, we are able to mitigate risk by providing transparent information about our best environmental practices while encouraging local residents to preserve and replenish resources, especially water.

Masan has also worked closely with local fishermen to raise awareness of overfishing. Not only is this sound business



practice as our fish sauce production must rely on a sustainable source of anchovies, but because we understand that overfishing will impact the ecology of our waters and the leave less resources for future generations.

Water

At Masan, one of our key priorities in environment protection is the preservation of water sources. With the assistance of advanced monitoring equipment, we are able to better track our water usage and replenish water sources more efficiently than ever before.

At Masan Consumer, we have invested in Dutch-designed waste water treatment plants at production facilities in Binh Duong, Hai Duong and Nghe An. Altogether, we can treat approximately 5,000 m³ of water a day, of which 5% of our waste water is recycled for plant watering and cleaning the



facilities. In 2016, we used 800,000 m³ of industrial and domestic water in 2016. All treated water results comply with Vietnam's highest standard of class "A" and our facilities have obtained ISO 14001 (environmental management). In the spirit of transparency, our monitoring system reports online and on a real-time basis to the Department of Natural Resources and Environment of Binh Duong.

At Masan Nutri-Science, we took the initiative to invest VND200 billion to complete the most advanced water treatment system for pig farming in Vietnam. Not only will we be able to purify waste water to reach the highest standard of Class A, we will also be able to re-circulate 70% of the treated water for farm use.

At Nui Phao, we took a step further and have technical experts collect water samples to monitor our surroundings for

environmental impact. Working with reputable international consultants such as SGS International, Goshu Kohsan of Japan and the Ministry of Natural Resources and Environment, Masan continuously seeks to improve its environmental processes and monitoring regimen. From 2013 until 2016, a total of 18,233 water samples have been collected for analysis, including wastewater, surface water and ground water. We have reduce the amount of water extracted from nearby Cong River from 12,978 million liters to 10,978 million liters, equivalent to a 13% saving of surface water. This year we recycled and re-circulated 9,390 million liters of water, meeting 85% of the total water supply needed by the processing plant. This is in-line with our commitments, guided by the World Bank standards, to reduce reliance on extracted water, increase water reuse and continuously improve the waste-water management capabilities.

Clean and renewable energy

Vietnam is a coastal country and we are acutely aware of the importance of minimizing our carbon footprint to combat climate change. As such, energy saving or resource optimization should be a priority for any business of scale that wishes to grow sustainably.

At Masan Consumer, we use biogas created from husk and sawdust to supplement our energy needs at all of our facilities. Biogas is not only an environmentally friendly and cost-effective energy source, but also results in job creation and income for local people. We have made great efforts in lowering our energy requirements, reducing our energy usage from 15% to 40% depending on different products as compared to 2013. Over 75% of our energy for production are made from renewable sources. Altogether, we have reduced by 28% of our electricity usage, saving around VND30 billion a year.

Masan’s high-tech pig farm in Nghe An is considered to be Vietnam’s most environmentally advanced, able to produce biogas from its operations and generate enough electricity to be self-sufficient.

LIVELIHOOD ENHANCEMENT

Masan believes in improving the livelihoods of members of the communities where we have operations and partnering with local residents.

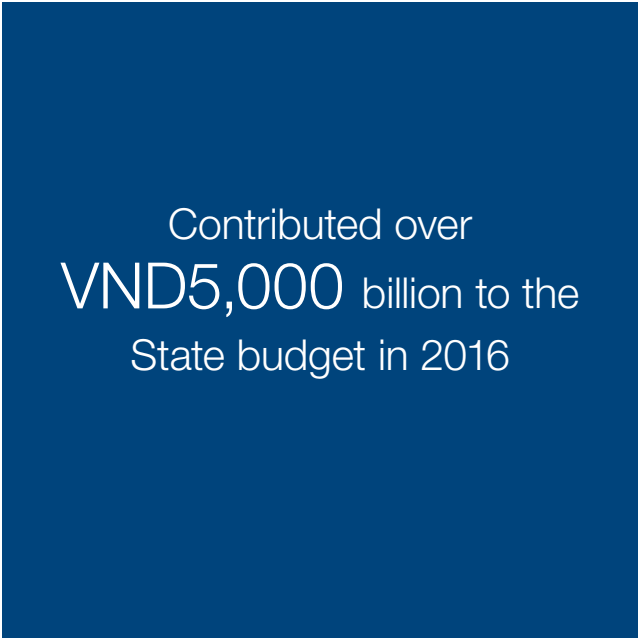
As of December 2016, we have contributed over VND5,000 billion to the State budget, fulfilling our legal obligation as a private sector leader. In addition to being one of the largest tax payers in the provinces where we have operations, we have been working directly with local people to promote job creation and improve their quality of life.

Resettlement projects

Masan Resources’ mining business revolves around responsibility and accountability, as such it has fully and correctly implemented policies on Compensation, Support and Resettlement under State regulation and international standards.

Specifically, we have built three resettlement areas including Nam Song Cong, Hung Son 3 and Dong Bong with full infrastructure such as water supply, electricity, telephone lines and sewer systems in place. These are homes to more than 1,200 families affected by Nui Phao’s operations. After the initial construction, we continued to build and upgrade schools, hospitals, cultural centers, churches and playgrounds.

Over and above resettlement programs, we have invested in economic restoration. At Nui Phao, we prioritize recruitment of local people, directly or through third party suppliers who would



employ them. Currently, more than 50% of people living in the affected area are working for the company.

In the past years, we have also empowered and encouraged micro-entrepreneurship by supporting the establishment of four local businesses in garment and fungi-culture, with the addition of two more businesses in 2016. These businesses help create jobs and generate income for the local people.

Local entrepreneurial support

Anh Duong Co. is one of the successful entrepreneurial attempts supported by Masan Resources. After just one year in operation, Anh Duong Co. has become the packaging provider for not only Masan Resources but also other large mining companies in Vietnam and brought steady income for affected families. In the future, Anh Duong Co. plans to expand



its operations overseas by building relationship with foreign suppliers and enhancing product line to meet export standards.

We have also coordinated with Dai Tu Township Policy Bank to give micro-loans to finance local people’s businesses. A total of VND5 billion has been disbursed to 166 individuals to support their entrepreneurial efforts. In 2016 alone, Masan Resources Community Support Fund has partnered with more than 200 households to develop a healthy and sustainable farming community.

Keeping consumer staples affordable

We have tried our best to stabilize prices of consumer staples in a volatile market through enhancing our distribution channels nationwide. Vissan, our strategic partner for branded meat products, has made a concerted effort to stabilize processed

and fresh food prices at 300,000 outlets in Hanoi, Ho Chi Minh, Da Nang and supermarket chains across the nation. This is consistent with our aim to enable 90 million Vietnamese consumers to pay less for their daily basic needs.

COMMUNITY SERVICE

Masan believes in giving back to the communities where we have operations through sustainable initiatives that empower people who are experiencing a variety of challenges (ranging from disabilities, poverty, and homelessness). To that end, we have invested heavily on educational opportunities, construction of housing and infrastructure, vocational training, and mentoring.

The following lists some of Masan’s contributions from the start of 2016 to date:

- Funded the construction of housing for two Vietnamese Heroic Mothers at Chau Thanh Township, Hau Giang Province;
- Donated VND500 million to the Orange Initiative, organized by the Peace and Development fund to aid people with disabilities and victims of Agent Orange;
- Upgraded Ha Son kindergarten at Ha Son Village, Quy Hop Township, Nghe An Province. Masan also built a 5km road, electricity lines, and internet cables for the benefit of Ha Son Village;
- Built two new bridges for Cai Be Township, Tien Giang Province, enabling safe and convenient commute for the local population;
- Contributed 1,200 Tet gift packages to farmers and families who live in poverty in Thai Nguyen, Dong Nai, Quang Nam and Long An Provinces;
- Donated cows to impoverished cow-breeders in Loc Giang Hamlet, Long An Province;



- Funded numerous institutions such as the University of Agriculture and Forestry and provided new computers for Nghi Loc Township, Nghe An Province and Chau Thanh District, Ben Tre Province; and
- Donated VND1 billion to STF - Pham Phu Thu Scholarship for poor and good students in Vietnam. We aim to eventually distribute up to 1,000 scholarships to disadvantaged students in the provinces where our facilities are located.
- Donated VND1 billion to The Association of Disable People, Orphans and Poor Patients of Quang Nam Province.
- Supported farmers in Ea Tu Commune, Buon Me Thuot City to apply the cutting-edge technologies to improve the quality of coffee bean and productivity of coffee production.

Natural disaster relief

With 28 facilities operating throughout 18 provinces in Vietnam. Masan is able to provide help where required. We have tackled the aftermath of natural disasters, provided humanitarian aid, and financial assistance to affected families across regions where we have operations.

2016 witnessed some of the most destructive natural disasters in Vietnam. After the disastrous flooding in central Vietnam, our employees donated with matching contribution from the Company approximately VND6.5 billion in financial aid to affected areas such as Nghe An, Ha Tinh and Quang Binh including some of the most destitute and distant villages in central Vietnam. In the same manner, Techcombank employees sent VND1.4 billion and other provisions to affected families.

CORPORATE GOVERNANCE

Masan Group is committed to good governance, best-in-class procedures and policies and corporate transparency. In addition to oversight from our major institutional investors and the governance committees prescribed by Vietnam law, such as our Board of Directors, Supervisory Board and Management Board, we have the following committees to ensure higher governance standards:

- **Corporate Governance Committee** - This committee is chaired by an independent board member and is comprised of our Legal Counsel, and Group CFO. This committee periodically engages third parties to evaluate its governance practices to identify and monitor the company's compliance with governance regulations and provide recommendations to improve Masan's governance practices and policies.

- **Transaction Execution Committee** - This committee is led by our Head of Business Development who is responsible for coordinating with our various departments to execute on material corporate transactions such as M&A and strategic partnerships. From initial exploratory discussions to final deal documentation, the committee applies a rigorous process to ensure that the appropriate level of scrutiny and approvals has been applied when executing a transaction. A transaction will be evaluated for its strategic rationale, commercial implications, accounting impact, structure, legality and compliance with existing agreements and potential to affect future corporate actions.

- **Subsidiary Performance Committee** - Comprising the CEOs and CFOs of our companies, Head of Group HR, and Head of Business Development, this committee develops and approves the KPIs used to measure and evaluate the performance of our subsidiaries. The committee may engage independent parties to conduct periodic reviews to report to the Board and benchmark its own findings. This committee enhances accountability within our company and ensures that the performance of our businesses and people is measured as objectively as possible.

- **Sustainability Committee** - This committee reports to the Board of Directors and is comprised of the CEOs of Masan's key subsidiaries other senior executives. The role of the committee is to review, make recommendations, and approve Masan's goals, policies, and programs relating to its sustainability and environmental practices. In furtherance of its role, the committee will provide support to the company in its efforts to both achieve its sustainability goals and also to leverage the activities that support these goals to differentiate the company and its brands in the marketplace.

Masan is currently developing a robust Internal Audit function with the assistance of international advisors to further build out its risk management platform.

AWARDS

Our commitment to sustainable business practices over the years has led to third party recognition by both domestic and international agencies.

Masan is ranked 23rd as the best place to work in Vietnam and 10th within the FMCG (Food and Non-Food) industry by Anphabe in 2017.

Masan Group won an award for Investor Relations in 2016 for "Best Information Disclosure", as voted by the Vietnam Association of Financial Executives.



Masan Consumer is ranked 7th in the 2016 Vietnam Top 50 brands and 2nd within the consumer products space by Brand Finance.

Vinacafé Bien Hoa is recognized as the brand with most intangible value in Vietnam and is among Vietnam Top 50, also by Brand Finance. Vinacafé Bien Hoa has been awarded as “National Brand” five consecutive times by Vietnam’s government and has won the “Vietnam Top Quality Product” award for 18 consecutive years by Sai Gon Tiep Thi Newspaper.

Vinh Hao Mineral Water has received many awards for brand and product quality such as “Vietnam Golden Star”, “Top 100 Power brands” and has been recognized as “Vietnam Top Quality Product” for 20 consecutive years by Sai Gon Tiep Thi Newspaper.

ANCO was recognized as “Vietnam Top Quality Product 2016” by Sai Gon Tiep Thi Newspaper.

Proconco is ranked among the world’s Top 80 best feed producers as voted by Feed International Magazine. It is also one of Vietnam’s most loved feed brand and has been recognized as “Vietnam Top Quality Product” for many consecutive years by Sai Gon Tiep Thi Newspaper.

Masan Resources received the Gold Cup for Excellent Enterprise in 2016 by the Thai Nguyen Department of Labour, Invalid and Social Affairs (DOLISA), and a certificate for being in the Trusted Brand Index 2016 by Vietnam Enterprise Institute.

Techcombank is awarded “Best Mobile Bank in Vietnam 2016” by The Asian Banker and “Best Bank in Vietnam 2016” by FinanceAsia, “Best Compensation and Welfare Policy” by Talentnet and “Top Three Best Workplaces in Finance and Banking” by Anphabe.

Looking forward

At Masan, sustainability means harmonious co-existence and interaction between our various stakeholders and the environment. Our belief in “Doing well by doing good” exemplifies our commitment to sustainable business practices and has underpinned our remarkable achievements over the course of our corporate history.

For us, success is not only measured by our financial results but also from the positive social impact we create. Our sustainable business practices are a natural extension of our core desire to enable Vietnamese consumers to pay less for their daily basic needs, leaving them with more to improve their lives and invest in their future.

At Masan, we believe that “**Basic is value**”. Doing good is a basic value.





Management Report

Overview

Vietnam's economy continued to be one of the best performers globally in 2016 with GDP growth of 6.2%, according to the Government Statistics Office (GSO). High foreign investment flows coupled with strong domestic demand continued to support solid economic growth. While growth slowed down from 6.7% in 2015, mainly due to environmental factors affecting the agricultural sector, GDP per capita rose 5% to a new high of US\$2,215 according to the World Bank. Environmental factors such as drought in the Mekong Delta and salt water intrusion affected the agricultural sector adversely in the first half of the year. Lower soft commodity prices also affected the value of Vietnam's exports especially rice and coffee. However, investor appetite for Vietnamese assets continued to be strong, with foreign direct investments rising sharply. Actual foreign investment inflows rose by 9%, reaching a record high of US\$15.8 billion, according to data issued by the Ministry of Planning and Investment.

Domestic consumption continued to be a strong growth driver, as Vietnamese consumers' higher confidence during the fourth quarter of 2016 helped to lift the country to be among the world's five most optimistic nations, according to Nielsen. Vietnam's consumer confidence index moved up five percentage points from the July-September quarter to 112, fifth in the world after India, Philippines, the U.S. and Indonesia. Vietnam's growing middle class population with rising disposable income, higher education levels coupled with the country's stable economic outlook remain the main drivers for its ranking.

The strong rate of economic expansion was also reflected in bank lending, with credit growth of 21.8% during 2016. If the growth rate persists in 2017, the State Bank of Vietnam could

raise the key interest rate to keep inflation and GDP expansion balanced. Inflation rose at a slower rate than anticipated, with consumer price index up 2.7% in 2016, lower than the 5% increase expected at the start of 2016. Stability of the Vietnamese Dong was a crucial factor to keep inflation in check with depreciation of only 1.2% against the U.S. Dollar throughout the year. Unlike a number of emerging economies, which saw sharp falls in the value of their currency and pushed up the cost of imports, the Vietnamese Dong maintained a steady course throughout the year.

Growth prospects for 2017 remain strong with IMF predicting GDP to rise by 6.2%, supported by macroeconomic indicators from the fourth quarter of 2016, when GDP rose by 6.7%. This increasing pace of expansion, combined with more favorable conditions for the agricultural sector, should sustain growth in 2017.

However, growth could be adversely affected due to several macroeconomic pressures, including an increasing budget deficit. Vietnam's economy, like those of its neighbors, is largely impacted by China's. The Chinese economy is foreseen to decelerate in 2017 which may lead to a weaker Yuan and put pressure on the Vietnamese Dong. Uncertainties in the global economy also pose challenges for Vietnam, which has put more emphasis on international trade agreements. Political events such as the election of Donald Trump and Brexit may affect global growth and international trade. The shelving of the Trans-Pacific Partnership has been widely deemed as a net negative for Vietnam. Other uncertainties, including but not limited to volatile commodity prices, unexpected changes in monetary policy from developed countries, and natural disasters, could adversely impact economic growth in 2017.

However, despite these potential headwinds, consumer confidence in Vietnam continues to improve and sustainable growth is supported by real structural drivers such as a young population, higher disposable incomes, and greater contribution from the rural economy in Vietnam.

Masan is well positioned to benefit from the growing consumer confidence in Vietnam as a market leader with a portfolio of basic consumer staple products including food, beverages, meat and consumption finance (through its interest in Techcombank). Approximately 50% of Vietnamese consumers' wallet share goes towards these basic consumer needs. However, consumers have to pay high prices for products of questionable quality and origins and basic financial services, such as money transfers or retail lending. For example, Vietnamese consumers pay almost twice as much for pork compared to American consumers, who, on average, have almost 10 times the income. As a result, approximately half of rural children in Vietnam do not consume the recommended amount of protein according to the World Health Organization. If Masan can fulfil these big unmet needs, through innovation and increased productivity, the Company believes Vietnamese people will benefit enormously while driving shareholder value creation. This belief underpins Masan's mission of "Doing well by doing good."

2016 marked the culmination of three years of investing and transformation of Masan's businesses to lay the foundation for the next phase of growth. Masan Consumer transformed from a food company into a food and beverage company. A minority interest in Proconco developed into Masan Nutri-Science, Vietnam's largest animal feed business by external sales. A brownfield mine transformed into a high-tech chemical processing leader with 36% market share of the tungsten market outside of China. Techcombank, our associated

Masan aims to enable
90 million
Vietnamese
to pay **50%** less for their
daily BASIC needs by
driving INNOVATION and
PRODUCTIVITY

company, has gone through a period of aggressive provisioning to emerge as a sector leader in the retail banking space.

Our business transformation and efforts were validated by our record-breaking financial performance in 2016. For the full year 2016, Masan's net sales grew to VND43,297 billion from VND30,628 billion in 2015, representing a 41% increase. Driven by "power-brands", economies of scale and enhanced productivity, coupled with significant contribution from the consumer-agri and financial service businesses, EBITDA grew by 45% from VND6,687 billion in 2015 to VND9,670 billion in 2016. Reported net profits post minority interests increased from VND1,478 billion in 2015 to VND2,791 billion in 2016, representing an 89% increase and beating our upward revised earnings guidance of VND2,400 billion by 16%. Adding back amortization of goodwill and purchase price allocation, our

cash profits post minority interests grew by 78% to VND3,392 billion in 2016.

Within the consumer-agri, Masan has built a market leading 3F (Feed-Farm-Food) platform, compared to a minority stake in Proconco five years ago. Integration and transformation of Proconco and ANCO's businesses into a single "FMCG-like" platform resulted in VND24 trillion in feed sales in 2016. Power brand Bio-zeem, which improves feed conversion ratios, was a critical success factor, enabling Masan Nutri-Science to become Vietnam's largest animal feed player (external market), with a clear path to provide consumers with affordable and healthy meat products, an US\$18 billion opportunity. Groundbreaking of our first large-scale pig farm in Nghe An Province took place in November 2016, with a capacity to produce nearly 250,000 pigs per year. Combined with our strategic partnership with Vissan, Vietnam's largest branded meat company, we have strengthened our 3F model to better position us to drive productivity in the animal protein value chain and provide consumers with delicious, safe and affordable meat products.

Compared to providing primarily food products three years ago, Masan Consumer today can truly consider itself to be a food and beverage company. Our beverage business was fastest growing segment in 2016, with 27% growth rate in 2016. This growth was underpinned by a 69% and 47% growth in bottled beverages and beer, respectively. During 2016, we also acquired additional stakes in Vinacafé Bien Hoa, Vinh Hao and Quang Ninh businesses to reduce minority expenses and improve profitability. We aim to be a 50/50 food and beverage company by revenue in 2020.

Masan Consumer also witnessed a major milestone in 2016 with the October launch of our first seasoning brand for the Thai market, Chin-su Yod Thong fish sauce in Thailand

Masan Nutri-Science is now an integrated branded meat player with its "3F model" (Feed-Farm-Food)

during October 2016. The launch marks our first small step to better serve the 250 million consumers of In-land ASEAN, comprising Vietnam, Thailand, Myanmar, Laos and Cambodia. Going forward, we will continue to partner with leading local companies to scale up our regional business, with the aim of delivering 70/30 revenue contribution from our local and foreign businesses by 2020.

In 2016, our associated company, Techcombank, delivered a substantial boost to our earnings, contributing VND970 billion, as the bank nearly doubled its net profit. The bank continues to implement its strategy of become a "Consumer-Tech Bank" by building out its retail franchise, underpinned by one of the strongest and cleanest balance sheets in Vietnam. Techcombank's focus on fee income and its strong retail franchise helped the bank delivering ROE of 16.3% during

2016. Today, Techcombank is the number one provider of bancassurance solutions, retail mortgages and wealth management products, while being the second largest overall player in visa transactions. Going forward, the bank will continue to drive cash consolidation through transaction payments while building a bespoke credit risk model and cost-effective distribution system to service rural consumers and aim to generate sustainable ROE's above 20%.

In the resource business, Masan has successfully transformed an attractive asset, the Nui Phao mine, into a globally significant tungsten business with a 36% market share ex-China. Nui Phao is the largest operating tungsten mine and one of the lowest cost producers of tungsten globally. During a depressed commodity environment in 2016, Masan Resources delivered a profitable year and delivered 52% growth in net sales of more than VND4 trillion through higher recoveries and production and value-add chemical processing. Going forward, the resource business, potentially with the help of new strategic partners, aims to consolidate the tungsten market outside of China to secure supply as it goes further downstream, helping to minimize effects of commodity price swings.

Overall, with all businesses performing above expectations and our capex phase winding down, Masan's cash generation ability improved significantly in 2016, with EBITDA generation of nearly VND10 trillion, generating substantial free cash flows. With greater confidence in capital raising abilities supported by a scale platform, Masan declared its first ever cash and share dividend and completed a share buyback program in 2016. Despite the share buyback program and cash dividend, Masan is on track to pay down some of its more expensive debt in 2017, and lower consolidated gross debt/EBITDA to 3.5x in 2017. Improved leverage ratios are expected to lower net financial expense, strengthen the consolidated

36%
World's tungsten market share outside of China¹

balance sheet and increase financial flexibility to act on transformational opportunities when they arise.

Looking forward, Masan is committed to growing sustainably by contributing meaningfully through its corporate social responsibility initiatives. Masan aims to deliver 15-20% growth in revenues and profits for 2017. Growth rates in comparison to 2016 could be challenged by cyclically low pig prices affecting demand for our feed products and expected higher soft commodity prices which could put a downward pressure on margins. Within the branded food and beverage business, growth could be impacted by planned distributor level inventory rebalancing during the first half of 2017, paving the way for sustainable growth during the second half of 2017. Techcombank will also continue to provision its vintage NPL's with the aim of finishing the exercise during the first half of the year,

1. USGS

which may adversely impact Masan's earnings. However, full year earnings may improve as Masan pays down expensive debts and increase its stake in subsidiaries to reduce minority interests.

With Vietnam's macroeconomic outlook improving and the investments in our business platforms starting to show results, Masan is now well-positioned to benefit from Vietnam's growing consumer potential and the larger In-land ASEAN opportunity. However, the way forward is not guaranteed and there will be plenty of challenges. Vietnam, as a frontier market, is expected to experience its fair share of economic volatility, and we also anticipate more competition, especially from foreign companies. As such, we will have to stay committed to the values and beliefs that have guided us throughout our 20-year history. We must continue our disciplined approach to building businesses. We must stay focused, doing fewer but bigger, to develop scale and leadership. We must continue nurturing a culture where talent is inspired to drive change for tomorrow's value through innovation and a sense of purpose. If we are passionate about imagining and fulfilling big and unmet needs, then we have a strong chance to achieve our 2020 objective: **to be and be recognized worldwide as the pride of Vietnam by creating a winning, unique business model in Asia.**

Business environment

Masan Group's existing business operations are focused primarily on Vietnam and its performance and quality of assets depend substantially on the Vietnamese economy. During 2016, Masan introduced its first seasoning brand "Chin-su Yod Thong" in Thailand, as part of a broader strategy to enter "In-land ASEAN", comprising of Vietnam, Thailand, Myanmar, Cambodia, and Laos. Hence, going forward, economic environment in Vietnam and In-land ASEAN overall may significantly impact Masan's operations, in addition to a variety of external factors, including economic developments throughout Asia and the rest of the world. In addition, various macroeconomic factors including but not limited to personal expenditure and consumption patterns, inflation levels, interest rates, commodity price levels, debt service burden of consumers or businesses and general availability of credit, as well as factors such as the spread of disease, large-scale acts of war, terrorism or any other adverse social, geographic or political incidents may affect Masan's business operations adversely.

In 2017, Vietnam's economy is expected to continue expanding, supported by growing domestic consumption on the back of higher disposable incomes, expanding middle class, higher rate of urbanization and a banking system with stronger asset metrics.

Internationally, expected increase in soft commodity prices during 2017 may adversely impact margins for Masan's consumer focused businesses. Rising geo-political concerns, especially in the South China Sea, may affect Vietnam's export growth leading to slower economic growth. Similar to the first half of 2016, drought, salt water intrusion, etc. may affect Vietnam's

agricultural sector, dampening consumers' spending power and affecting overall growth. Strong demand-side pressure and any unexpected depreciation of the Vietnamese Dong against the U.S. Dollar could make it more expensive to import goods, and push up overall prices for goods and services.

VIETNAM'S MEAT SECTOR

Production of meat in Vietnam is driving the demand for animal feed. The Vietnamese livestock market has a positive outlook, with pig farming and poultry farming among the largest segments by revenues. According to Stoxplus, the livestock market value increased up to US\$9 billion in 2015. As of August 2016, Vietnam had 28 million pigs (3,491 thousand tons of meat) and 342 million chickens and other poultry (908 thousand tons of meat). Pigs and poultry are the main sources of consumption of animal feed in Vietnam.

The consumption of feed has grown in line with the development of livestock sector and about 20 million tons of animal feed to be consumed per year. Of which, there are 13 million tons of industrial feed and 6 million tons of self-made feed. Self-made feed is very popular in Vietnam since the price of feed's ingredients is decreasing while the price of industrial feed is stable. In the short term, to reduce production cost, Vietnamese farmers tend to buy feed ingredients then mix these ingredients based on their experience. In the long term, Vietnamese livestock industry is switching from a household model to industrial farming with large-scale business. It's one of the key drivers pushing Vietnam's industrial feed market up.

While Vietnamese feed producers have exported feed since 2013, the percentage of exports is relatively low and the majority of feed consumption is for domestic consumption. In 2016, animal feed and its material exports were valued at approximately US\$500 million, which is an increase of 23% from 2013.

Animal feed and its material imports, however, were valued at approximately US\$3.25 billion in 2016.

Total meat consumption in Vietnam is estimated at US\$18 billion. Processed meat represents less than 1% of meat consumption, which is significantly lower than other Asian countries, such as China, where the proportion is 13%. As income levels rise, protein consumption in Vietnam should increase, and with greater focus on safety, health and branding, we expect to see a move towards packaged meat. The processed meat sector in Vietnam is fragmented, providing an opportunity for a leader to establish trends in this category.

Masan has taken the first step to enter the consumer-agri through the establishment of Masan Nutri-Science ("MNS"). MNS is the largest external overall animal feed player in the fast growing US\$7+ billion animal feed industry. Since animal feed represents the majority of the profit pool in the animal-based protein value chain, MNS would serve as an ideal entry point, supporting Masan's long-term view of building a Feed-Farm-Food model, enabling us to deliver branded and processed quality meat products to Vietnamese consumers.

Masan's integration and transformation of ANCO and Proconco's animal feed businesses to become more "FMCG-like" lead to more than VND24 trillion in net sales for FY2016. In the same year, Masan completed its integrated 3F model of scale by establishing a leading feed business, entering into pig farming with the ground-breaking opening of the largest pig farm in Nghe An Province (250,000 pigs per year) and entering into a strategic partnership with Vissan, Vietnam's largest processed meats player. Altogether, Masan is well positioned to enhance the consumer-agri by increasing productivity and building power brands like "Bio-zeem" to provide Vietnamese consumers with safe, healthy, traceable and affordable meat products.

VIETNAM'S CONSUMER SECTOR

Improved per capita income has fueled Vietnam’s domestic consumption, which has been a solid growth driver despite external economic turbulences over recent years. Domestic consumer demand is expected to continue to benefit from the combined effects of favorable demographics, greater urbanization, rise in disposable incomes and consumer leverage.

Vietnam has the third largest population in Southeast Asia, with nearly 70% belonging to the working age group (15-60). This phenomenon is what the United Nations Population Fund describes as a “demographic dividend”, where there are two or more persons of working age (15-60) for every person of dependent age (under 15 or over 60). The demographic dividend equates to an increase in the rate of economic growth due to a rising share of working age people in a population.

Vietnam’s demographic dividend presents an excellent opportunity for the rise in domestic consumer demand and is expected to persist through the next 30 years. There are other trends allied to these demographic realities, which will influence consumer behavior, including: (i) higher numbers of women in the workforce, (ii) increasing urbanization, (iii) busier lifestyles and (iv) greater exposure to marketing. These could result in structural changes in the consumer market, including: (i) greater demand for convenience food, (ii) greater focus on quality and health aspects of products, (iii) consolidation and greater preference for branded products and (iv) demand for new products and variants.

Vietnam's urban population was just above a quarter of the total population in 2005. By 2016, this figure had increased to 34%. Comparatively, urban population rates are much higher in Southeast Asia with Thailand, Indonesia and Malaysia at 50%, 54% and 75%, respectively (World Bank).

Increasing urban migration is a strong structural support pillar for consumption growth, but the rural opportunity is large in Vietnam.

Vietnam’s real GDP per capita, estimated at slightly more than US\$2,100 in 2016 (World Bank), is similar to China and Indonesia in 2005 and 2008, respectively. Both these economies, experienced sharp growth in consumer spending from these levels. As Vietnam’s real GDP grows (8.5% CAGR expected over 2016-2020, according to the IMF), consumer expenditure is expected to increase at a CAGR of 8.0%. Vietnam, one of the fastest growing Southeast Asian economies, is poised to enter the next high-growth phase in consumer spending.

Vietnam has the lowest per-capita numbers among its regional peers on key consumption metrics such as spending on food and non-alcoholic beverages and consumption of packaged foods. Rising income levels, new product introductions, greater marketing activity and expanding distribution networks of consumer companies are expected to result in a rise in consumption of key consumer products.

Masan's food and beverage portfolio continued to deliver growth in FY2016, with beverages outperforming on the back of a very successful year in bottled beverages, due to the success of its brand building efforts (Wake-up 247, Vinh Hao, Quang Hanh). Masan's portfolio of seasoning brands continues to evolve with line extensions of existing brands and a greater focus on premium variants. In October 2016, Masan launched Chin-su Yod Thong in Thailand to begin its In-land ASEAN journey. Convenience foods' revenues declined during FY2016, due to fierce competition in the economy segment and slower overall market growth. Masan has focused more on the premium and mainstream segments where gross margins allow both innovation and profitability. Going

forward, Masan plans to launch innovations and full meal solutions as opposed to basic instant noodles to grow the entire category.

Masan's consumer staple platform comprising food, beverages and meat is now better positioned to serve the daily basic needs of Vietnamese consumers by providing them affordable and hygienic consumer products.

VIETNAM'S BEER SECTOR

With a population of 90 million consumers and a robust beer-drinking culture, Vietnam is attractive to both foreign and domestic manufacturers, due to the industry’s growth potential. The key consumers of beer remain Vietnamese males residing in the working age group. Nevertheless, more and more women are increasingly consuming beer due to social and work-related causes, yet their overall number remains much lower than men



due to health and beauty concerns. On-trade channel continues to be the largest channel for beer consumption, as the culture of drinking beer at parties and gatherings continues to grow, supplanted with easy availability of beer at foodservice outlets, bars/pubs, etc.

Both domestic and foreign beers makers are expected to intensify efforts in the near future to gain market share, driven by new innovative products, especially lighter beers, supported by marketing and advertising efforts. Thanks to the strong beer consumption culture in Vietnam, the beer category is expected to grow to nearly 4.8 billion liters by 2020, growing at nearly 6%. In terms of value, the market could exceed VND210 trillion by 2020, growing at more than 7% on average per year.

Masan Brewery revenues grew to over VND1 trillion within two years of entering the market and delivered a positive operating profit, helped by the expansion of its product portfolio.

VIETNAM'S BANKING SECTOR

The Vietnamese banking industry is still in an early stage of development. Although the Government has taken a number of steps to liberalize and modernize the industry, many business transactions still occur outside the banking system, and it is common for people to maintain their savings in cash or gold. The SBV estimates that only 31% of the Vietnamese population has bank accounts. The Government has strengthened regulation of credit institutions in recent years and permitted expanded foreign investment in the banking sector to instill greater public confidence in the nation’s banks and mobilize this untapped source of capital. At the same time, the Government has enacted various measures designed to improve the health and stability of the banking system, including controlling credit growth and raising capital requirements.

Masan is currently a financial investor of Techcombank with an effective economic interest of 30.4%. Masan believes in the long-term growth prospects of the banking sector in Vietnam considering that the penetration level of financial products, such as bank accounts, credit cards, and mortgages is very low. Techcombank has outlined a clear growth strategy focused on serving the retail consumers in Vietnam. Driving cash consolidation through transaction payments, building a cost effective model to reach rural consumers and leveraging customer data to build a bespoke risk management model would be the central themes of this strategy going forward. Techcombank is further poised for market leadership as sector fundamentals improve with an aim to be the champion retail bank in Vietnam with the highest NIM's and sustainable ROE's.

GLOBAL TUNGSTEN SECTOR

Masan is a globally significant player in the tungsten market, with a 36% ex-China market share globally. Therefore, the price of tungsten and its outlook will have an impact on our business. While the overall commodity environment has softened in response to the recent slower economic growth in China and Europe, the medium- and long-term structural stories for tungsten and our other industrial minerals remain compelling.

According to Argus Media Group, world demand for tungsten increased from 53,000 tons in 2003 to just under 77,000 tons in 2016, a compound annual growth rate of 3%. World GDP growth rates show a relatively good year-on-year correlation with primary tungsten demand growth. China is the largest supplier and producer on tungsten, and its higher GDP growth was the reason why tungsten demand outstripped world GDP growth from 2003-2011.

Despite strong economic growth in most of tungsten's major consuming countries, consumers were mainly de stocking

during 2015 and 2016, with the use of secondary tungsten also becoming prevalent in developed markets like the United States and Europe. The decline in oil price has also been a major factor in reduced demand growth for tungsten during 2014-2015, though oil prices recovered during 2016.

Prices for tungsten dropped sharply in 2016, with the overproduction in China exacerbated by lackluster primary demand in Europe and a drop in consumption by the energy sector in the United States. Prices in Europe for Ammonium Para Tungstate dropped from US\$300/mtu (metric ton unit) at the start of 2015, to less than US\$170/mtu by November 2016. The slowdown of Chinese economic growth further dented prospects for price growth, as domestic producers were unable to shift excess production to export markets.

The supply and demand balance in the tungsten market is expected to get tighter in 2017 and an equilibrium position is forecasted, after three years of oversupply. Prices increased by about 40% during first five months of 2016, to reach more than US\$215/mtu, though some of the gains have been retraced during the latter part of the year. The improving fundamental situation in the tungsten industry, together with rising production costs in China, should push prices up in the medium to longer term.

Despite average lower commodity prices across all commodities, Masan Resources delivered more than 52.3% increase in net revenues of VND4,049 billion for FY2016 vs. FY2015. Initiatives implemented in the last 18 months to improve the quality of products have resulted in additional demand and new potential long-term sale arrangements, which are expected to lead to higher price realizations in the near future. Optimization of productivity initiatives has resulted in increased production while strict cost control measure helped to deliver strong profitability in a weak commodity price environment.

Factors affecting our business and results of operations

We are a holding company whose material assets are the shares of the companies that we hold, primarily i) Masan Consumer Holdings ("MCH"), which currently holds our interests in branded food and beverage businesses such as Masan Consumer ("MSC") and Masan Brewery ("MB"); ii) Masan Nutri-Science ("MNS"), which holds interests in animal feed companies, Vietnamese-French Cattle Feed JSC ("Proconco"), Agro Nutrition International JSC ("ANCO"), under-construction pig farming operations in Northern Vietnam and an associate stake in Vietnam Meat Industries Limited ("Vissan"); iii) Masan Resources ("MSR"); and iv) our associate company Techcombank ("TCB"). Thus, risks that affect the businesses of these companies could also affect our business, financial condition, results of operations and prospects.

In January 2016, after the first funding of our deal with Singha, our ownership in MCH declined from 100% to 85.7%. Some of the proceeds from the first funding were used to increase MCH's stake in MSC from 77.8% to 96.7% around the same period. Events that affect MSC's business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

MCH further owned a 66.7% economic interest in Masan Brewery as of 31 December 2016, with the rest owned by Singha. The entire stake is held through shares and we consolidate this percentage of the company as a subsidiary on our financial statement. Events that affect MB's business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We have an 89.4% economic interest in Masan Nutri-Science as of 31 December 2016. The entire stake is held through shares, and we consolidate this percentage of the company as a subsidiary on our financial statement.

MNS further have a 100% stake in ANCO and a 75.2% stake in Proconco, while the rest of the stake in Proconco is owned by state owned enterprises in Vietnam. ANCO further have a 100% stake in our under-construction pig farm in Nghe An Province in Northern Vietnam and a 24.9% equity stake in Vissan, Vietnam's largest branded meat player. Events that affect MNS and its subsidiaries' business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We have a 93.8% economic interest in Masan Resources as of 31 December 2016. The entire stake is held through shares and we consolidate this percentage of the company as a subsidiary on our financial statement. Events that affect MSR's business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We have a 30.4% economic interest in Techcombank as of 31 December 2016, which includes convertible bonds that are mandatorily convertible. As we do not own a controlling stake in Techcombank, we account for our investment using the equity accounting method. Events that affect Techcombank's business and financial condition will in turn affect our net profit, impacting our business and financial condition.

Risk factors that may affect our businesses and financial results include regulatory, business, competition and operational risks, as well as other factors that may be beyond our control.

Masan Group's subsidiaries and associates operate in industries that face significant competition and our market-leading positions may be challenged if our competitors make significant strides to capture market share.

Masan Consumer Holdings competes mainly on the basis of brand image, pricing, distribution network and product mix. The entrance of established foreign brands and companies has heightened the competitiveness of the consumer staple market in Vietnam. Competition may cause competitors to significantly increase their advertising expenditures and promotional activities or to engage in irrational or predatory pricing behavior, something which is already evident in the instant noodles category in Vietnam. MCH may be required to make substantially greater investments in research and development, as well as promotions and marketing. Such expenditures may lower our profit margins and thereby adversely affect our results of operations.

Specifically, and within MCH, Masan Brewery's current or potential competitors may offer products comparable or superior to those we provide or adapt more quickly than we do to evolving industry trends or changing market requirements. Our competitors may have greater financial resources, better purchasing economics, or lower cost bases than we do, which could provide a competitive advantage for them. There can be no assurance that we will be able to compete effectively against current or potential competitors. If we are unable to

compete effectively, our business, financial condition, results of operations and prospects could be adversely affected.

Masan Nutri-Science currently operates in the animal feed industry, where feed prices are a critical component for profitability. Since Vietnam imports substantial quantities of animal feed raw materials like soya, corn, wheat and others, global volatility in these commodity markets may erode our margins going forward. Furthermore, since the current industry is quite fragmented, there can be no assurance that we will be able to compete effectively against current or potential competitors. Going forward, Masan Nutri-Science will build and operate a scale pig farm, with revenues expected in 1Q2018. Hence, pig prices and other factors affecting the pig market overall in Vietnam, may also affect our business operations.

Masan Resources operates the largest tungsten mine in the world, where majority of its revenues are derived from exports. The company will compete with global producers of tungsten, fluorspar, bismuth and copper, including producers from China, in the world mineral markets, primarily on the basis of quality, price, transportation cost and reliability of supply. There can be no assurance that Nui Phao's competitors will not seek to sell higher-grade minerals, significantly reduce their prices to gain market share, discover more readily accessible mine sites or have a more reliable supply.

Techcombank may face tougher competition from both local and foreign financial institutions as a result of Vietnam joining the World Trade Organization in 2007. The State Bank of Vietnam also allows foreign banks to operate in Vietnam through local branches. As the State Bank of Vietnam continues

liberalizing the banking sector, Techcombank may also face greater competition from other local banks, which may result in a material adverse effect on our business, financial condition, results of operations and prospects.

Masan Group is dependent on a continued ability to recruit or retain appropriately skilled personnel for its key management positions.

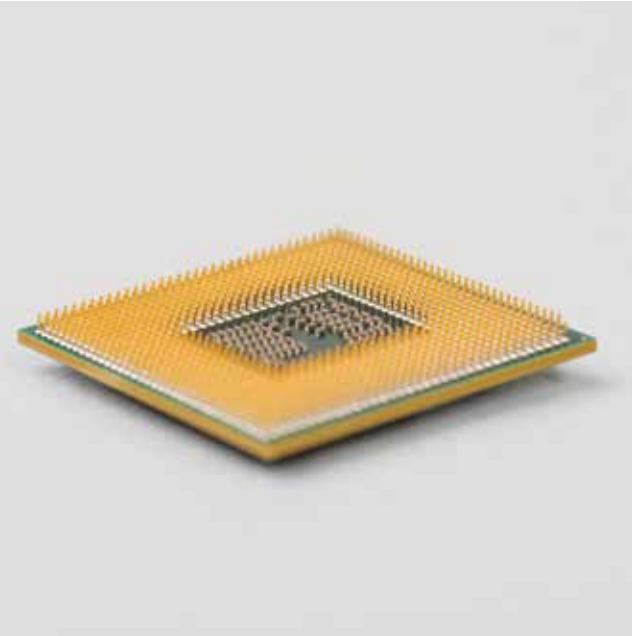
Although Masan Group is not dependent on any one member of our respective Boards of Directors, Supervisory Boards, Management Boards or senior management teams, our success depends to a significant extent on their skills, capabilities and efforts, as well as our ability to recruit and retain them and other appropriately skilled personnel. Due to intense competition in Vietnam, we face a continuing challenge in recruiting and retaining a sufficient number of skilled professionals. A loss of key personnel may have a material adverse effect on our business, financial condition, results of operations and prospects.

Masan Group's business outlook is directly tied to the economic prospects of Vietnam and In-land ASEAN.

Our business outlook is directly tied to the economic prospects of Vietnam and In-land ASEAN, comprising of Vietnam, Thailand, Myanmar, Laos and Cambodia. Thus, if these economies experience an economic recession, it will materially impact us in the future.

The financial results of Masan Resources will be influenced by commodity price movements.

The Nui Phao project is now operational and sells concentrate and value-added products of tungsten, as well as fluorspar, bismuth and copper. The price at which the output is sold will be dependent on global demand-supply and pricing for these products. Global commodity prices have been adversely affected over the last year on account of global growth concerns, especially in China and Europe. Any volatility in global prices for the minerals we sell would impact our resource business.



Financial statements

CONSOLIDATED BALANCE SHEET

	31 December 2016	31 December 2015
Figures in VND million	Audited	Audited
CURRENT ASSETS	22,876,206	16,709,473
Cash and Cash Equivalents	13,148,938	8,324,476
Short-term Investments	1,771,012	293,990
Net Operating Receivables	1,254,640	849,541
Other Receivables	1,022,415	2,276,986
Inventories	5,389,531	4,417,969
Other Current Assets	289,67	546,511
LONG-TERM ASSETS	50,162,832	55,140,227
Long-term Receivables	1,817,067	10,432,139
Fixed Assets	29,821,492	26,998,134
Tangible Fixed Assets	23,317,266	19,965,062
Finance Lease Tangible Fixed Assets	17,947	31,407
Intangible Fixed Assets	6,486,279	7,001,665
Construction in Progress	2,356,227	5,480,035
Long-term Investments	12,240,702	9,144,883
Other Long-term Assets	3,927,344	3,085,036
TOTAL ASSETS	73,039,038	71,849,700

	31 December 2016	31 December 2015
Figures in VND million	Audited	Audited
CURRENT LIABILITIES	17,898,443	15,005,196
Short-term Debt	8,618,340	8,366,625
Current Accounts Payable	2,427,338	2,419,059
Advance from Customers	86,812	139,989
Tax Payable	546,109	504,532
Payroll Payable	204,231	257,716
Accrued Expense	3,456,392	2,875,921
Other Payable	2,559,221	441,354
LONG TERM LIABILITIES	34,827,970	29,735,458
Long-term Debt	32,472,398	27,253,112
Other Long-term Liabilities	2,355,572	2,482,346
TOTAL LIABILITIES	52,726,413	44,740,654
EQUITY	20,312,625	27,109,046
Chartered Capital	7,680,757	7,467,179
Capital Surplus	10,649,796	9,631,106
Other Capital	(9,426,958)	(9,045,049)
Treasury Shares	(641,110)	-
Differences in Forex Revaluation	(1,874)	-
Retained Earnings	7,015,545	8,561,380
Non-controlling Interest	5,036,469	10,494,430
TOTAL RESOURCES	73,039,038	71,849,700

CONSOLIDATED INCOME STATEMENT

	2016	2015	2016	2015
Figures in VND million	Audited	Audited	Pro forma ¹	Pro forma ¹
Total Revenue	45,100,176	31,324,871	45,100,176	31,324,871
Less Sales Deductions	(1,803,112)	(696,461)	(1,803,112)	(696,461)
Net sales	43,297,064	30,628,410	43,297,064	30,628,410
Cost of Sales	(30,366,979)	(20,819,786)	(30,178,480)	(20,662,241)
Gross profit	12,930,085	9,808,624	13,118,584	9,966,169
Selling, General & Administrative Expenses	(6,906,884)	(5,708,874)	(6,208,562)	(5,161,179)
Financial Income	769,194	1,382,303	769,194	1,382,303
Financial Expenses	(3,291,226)	(2,714,701)	(3,291,226)	(2,714,701)
Share of Profit in Associates	979,938	499,017	979,938	499,017
Net Operating Profit	4,481,107	3,266,369	5,367,928	3,971,609
Results of Other Activities	(34,704)	(39,640)	(34,704)	(39,640)
Profit Before Tax	4,446,403	3,226,729	5,333,224	3,931,969
Tax	(673,906)	(699,479)	(792,815)	(792,290)
Net Profit after Tax	3,772,497	2,527,250	4,540,409	3,139,679

1. Pro forma numbers, for each of the reporting periods and its respective comparative period, have been computed by removing one-off events, reversing impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Group's M&A transactions in the past.

Discussion on audited results

REVENUE

Net sales increased by 41.4% from VND30,628 billion in 2015 to a record VND43,297 billion in 2016, driven by full year contribution of consumer-agri business, continued sales growth in the branded food and beverage business, and substantial growth in the resource businesses. Masan Nutri-Science, contributed VND24,423 billion in net sales, reflecting the first full year of consolidation. Masan Nutri-Science, on a like-for-like basis generated 19.5% growth in top line driven by the success of power brand Bio-zeem, which accounted for 39% of MNS consolidated sales for FY2016. Masan's branded food and beverage platform contributed VND14,826 billion of net sales, up 6.5% compared to 2015, supported by 47% growth in net revenues at Masan Brewery and 22.8% growth in the beverage category, mid-single digit growth in seasonings, offset by 11.1% decline in convenience food sales due to fierce competition in the category. Masan Resources delivered VND4,049 billion to Masan Group's consolidated topline, up 52.3% compared to FY2016, due to higher volumes, improved efficiencies and higher value-added products in spite of lower average prices.

COST OF GOODS SOLD

Cost of goods sold (as a percentage of net sales) increased to 70.1% in 2016 from 68.0% in 2015. In absolute terms, this represents a 45.9% increase from VND20,820 billion in 2015 to VND30,367 billion in 2016. The increase in percentage is due to the consolidation of our consumer-agri business and 1.5% decline in gross margins of the resource business due to lower commodity prices.

2016 was a culmination
of 3 years of business
transformation, resulting in
record revenue and
earnings growth of
41% and 89%,
respectively

GROSS PROFIT MARGIN

Gross profit increased by 31.8% from VND9,809 billion in 2015 to VND12,930 billion in 2016 due to 41.4% growth in sales, offset by full year consolidation of consumer-agri business and lower gross margin in resource business. As a result, Masan's gross profit margin decreased to 29.9% in 2016 from 32.0% in 2015. Lower gross margins from the animal protein business due to the nature of the industry, and the resource business due to lower commodity prices, though there were 1.2% improvement in gross margin within the consumer-agri, due to higher focus on pig feed, economies of scale, cost saving initiatives and focus on building power brands. Gross margin

in the branded food and beverage business was flat at 43.8% in spite of higher growth in traditionally lower margin business like beverages due to higher gross margins in seasonings and convenience foods.

SELLING EXPENSES

Selling expenses in 2016 increased by 22.9% to VND4,971 billion compared to VND4,044 billion in 2015. Selling expenses as a percent of net sales decreased from 13.2% in 2015 to 11.5% in 2016, driven by much lower selling expenses as a percentage of sales in our consumer-agri business.

GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses were up 16.3% in 2016 to VND1,936 billion compared to VND1,664 billion in 2015. General and administration expenses as a percentage of net sales decreased from 5.4% in 2015 to 4.5% in 2016. The decrease was a result of cost control measures implemented across our businesses.

FINANCIAL INCOME

Financial income decreased by 44.4% to VND769 billion in 2016 from VND1,382 billion in 2015 and is comprised of interest earned from our cash balance and other interest bearing investments. Financial income was reduced as the Group’s consumer subsidiary paid out substantial cash dividends and the Group bought back 9.2 million shares during 2016.

FINANCIAL EXPENSES

Financial expenses increased by 21.2% to VND3,291 billion in 2016 from VND2,715 billion in 2015, driven mainly by an

increase in interest paid to banks and bondholders, due to the full year consolidation of the consumer-agri business. Higher financial expenses also resulted from higher debt at ANCO due to the 24.9% stake acquired in Vissan and higher working capital lines to fund organic expansion by adding new production facilities.

SHARE OF PROFIT IN ASSOCIATES

Share of profit in associates comprised of Masan Group’s share of the profits of Techcombank, proportionate to our equity interest. Share of profit in associates were up 96.4% in 2016 to VND980 billion in 2016 compared to VND499 billion in 2015. The improvement was primarily due to a higher contribution from Techcombank’s profits after tax of 99.0%.

NET PROFIT AFTER TAX

In 2016, the Group reported net profit after tax of VND3,773 billion up 49.3%, compared to VND2,527 billion in 2015. Net profit after minority interests were up 88.8% to VND2,791 billion, compared to VND1,478 billion in 2015, 16% higher than Masan’s upwardly revised estimates of VND2,400 billion. The key drivers for the net profit increase include record operating performance, with higher sales, gross profits and EBITDA on account of the contribution from the consumer-agri business, as well as an increase in profits from associate Techcombank.

Normalized to remove the impact of amortizing goodwill and purchase price allocation, Masan’s pro forma net profit post minority interests increased from VND1,908 billion in 2015, to VND3,392 billion, a 77.8% increase. For details on our normalized, pro forma results, please see the “Discussion on audited vs. pro forma results” section further below.

CASH AND CASH EQUIVALENTS

Masan Group had a strong consolidated cash position (including short-term investments) of VND14,920 billion as of 31 December 2016 compared to VND8,617 billion as of 31 December 2015, an increase of 73.1%. The increase in our cash position reflects continued organic cash flow generation from our business with consolidated EBITDA of VND9.7 trillion in 2016. The Group’s cash inflows were also boosted by the injection of VND13.3 trillion from Singha Asia for equity stakes in MCH and MB, offset by increased stakes in Vinacafé, Vinh Hao, Proconco and Quang Ninh.

Masan Group believes in having adequate liquidity in a capital constrained market. Our strong cash position provides greater flexibility, can be used to fund capital expenditure requirements, is a buffer for unforeseen events and allows us to invest into support organic and inorganic growth.

FIXED ASSETS

As of 31 December 2016, fixed assets amounted to VND29,821 billion compared to VND26,998 billion, as of 31 December 2015. The increase was mainly due to the capital expenditure for resources, branded food and beverages and consumer-agri businesses and acquisition of additional stake in ANCO.

INVESTMENTS IN ASSOCIATES

Investments in associates represent 30.4% effective economic interest in Techcombank, ANCO’s 24.9% equity stake in Vissan and Masan Consumer’s 32.8% equity stake in Cholimex Food Joint Stock Company, as of 31 December 2016. Investments in associates also include various associate investments by Proconco.

TOTAL ASSETS

Total assets increased by 1.7% to VND73,039 billion as of 31 December 2016 compared to VND71,850 billion as of 31 December 2015, on account of capital expenditures and business growth during 2016.

BORROWINGS

As of 31 December 2016, short-term and long-term borrowings increased by 15.4% to VND41,091 billion compared to VND35,620 billion as of 31 December 2015. Much of the increase in borrowings came from the increase in interest paid to banks and bondholders related to the consumer-agri business. Higher financial expenses also resulted from higher debt at ANCO due to the 24.9% stake acquired in Vissan and higher working capital lines to fund organic expansion. Masan’s businesses generated VND9,670 billion in EBITDA during 2016, coupled with a scale platform which generated nearly US\$2 billion in revenues for FY2016. Masan plans to pay down some of its existing expensive debts, based on its ability to raise capital based on the strength of its operating platform and the sustainability of future cash flows. The Group had a consolidated cash position of VND14,920 billion (including cash equivalents and short-term investments) as of 31 December 2016.

OWNERS’ EQUITY

Owners’ equity as of 31 December 2016 was VND20,313 billion, as compared to VND27,109 billion as of 31 December 2015, representing a decrease of 25.1%. The decrease was mainly due to dividends and lower non-controlling interests.

Discussion on audited vs. pro forma results

Pro forma numbers are unaudited numbers that are derived from our audited results with adjustments made to reflect normalized earnings. These adjustments include adding back the amortization of goodwill and purchase price allocation from our past acquisitions, reversing out one-time, non-recurring gains from the disposal of subsidiaries for the year ended 31 December 2016.

We have added back these amortization-related expenses as they do not reflect our core business earnings.

PRO FORMA FINANCIAL RESULTS

General and Administration Expenses (G&A)

Pro forma general and administration expenses, for each of the reporting periods and its respective comparative period, have been computed by reversing the impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Group’s past M&A transactions. Pro forma G&A in 2016 was VND1,238 billion compared to VND1,117 billion in 2015. Pro forma G&A as a percentage of net sales was 2.9% in 2016, down from 3.6% in 2015.

Net Profit After Tax

Pro forma net profit after tax was VND4,540 billion in 2016, representing a 44.6% increase from VND3,140 billion in 2015. This increase was mainly due to higher sales, gross profits and EBITDA on account of full year contribution from the animal protein business, offset by lower net financial income. Net profit after tax margin was 10.5% in 2016, compared to 10.3% in 2015.

2017 Financial outlook

Masan, across all of its key businesses, is expected to deliver growth in 2017, with its consumer staple portfolio continuing to contribute approximately 90% of consolidated net sales. Conservatively, Masan expects to achieve 15% to 20% growth for net sales and earnings for FY2017 versus FY2016.

Growth rates in comparison to 2016 will be challenged by expected higher soft commodities environment which will increase input costs. In addition, the first half of 2017 will also be impacted by Masan’s effort to rebalance the inventory levels at its food and beverage distributors to better match market demand and supply, particularly in the food categories. This will enable Masan to deliver strong second half results and ensure sustainable growth in the medium-term for our food and beverage business. In addition, the initiative will optimize SG&A, and further drive profitability. Our consumer-agri business will also experience lower growth in the first half of 2017 due to cyclical low pig prices, which have impacted the commercial feed market.

Techcombank will continue on its objective to fully provision its vintage NPL’s to better position itself for its medium-term growth strategy, which may adversely impact Masan’s earning results in the first half of the year. Full year earnings may improve as Masan uses its cash to pay down expensive debts and increase its stakes in existing businesses to reduce its minority interest.

We expect the above initiatives to be reflected in market leadership, better financial metrics and value creation over the next five years. We expect to generate VND3,200 billion to VND3,400 billion of net profit after tax post minority interest in 2017, under Vietnamese Accounting Standards.

Based on our current business operations, our current financial position and general market conditions, we believe the following information below reflects a fair estimation of our income statement for this year:

	Plan 2017 VND billion		Actual 2016 VND billion	Growth Rate	
	Low End	High End		Low End	High End
Net Sales	50,000	52,000	43,297	15%	20%
Net Profit after Tax and Minorities (VAS)	3,200	3,400	2,791	15%	22%

PLAN FOR CAPITAL EXPENDITURE

Major planned investments in 2017 for fixed assets are expected to amount to around VND4,000 billion - VND4,200 billion, mainly due to our expected investments of nearly

VND1,500 billion in building out a scale pig farm in Northern Vietnam. The plan of investment does not include possible M&A transactions, which are subject to market conditions and the availability of opportunities.



Financial Report

This Financial Report is the consolidated audited financial statements. For separate audited financial statements, please find in the below links <http://masangroup-cms-production.s3-ap-southeast-1.amazonaws.com/iblock/63a/63aff6fb83b3d565b8e7165b6b1ba917/f57a52ef2ff27bd0326b8f86c3d2a84.pdf>

Masan Group Corporation
Corporate information

Business Registration Certificate No.	0303576603	23 February 2017
	The Company’s Business Registration Certificate has been amended several times, the most recent of which is dated 23 February 2017. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The initial Business Registration Certificate No. 4103002877 was dated 18 November 2004.	
Board of Directors	Dr. Nguyen Dang Quang	Chairman
	Mr Ho Hung Anh	Vice Chairman (from 17 March 2016)
	Mr Ho Hung Anh	Member (to 16 March 2016)
	Ms Nguyen Hoang Yen	Member
	Mr Nguyen Thieu Nam	Member
	Mr Lars Kjaer	Member
	Mr Dominic Edward Salter Price	Member
Board of Management	Dr. Nguyen Dang Quang	Chief Executive Officer
	Mr Nguyen Thieu Nam	Deputy Chief Executive Officer
	Mr Michael Hung Nguyen	Deputy Chief Executive Officer
	Mr Seokhee Won	Deputy Chief Executive Officer
	Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer (from 15 August 2016)
	Mr Le Trung Thanh	Deputy Chief Executive Officer (from 15 February 2017)
Legal representative	Dr. Nguyen Dang Quang	Chairman Chief Executive Officer
Registered Office	Suite 802, 8 th Floor, Central Plaza 17 Le Duan Street Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Statement of The Board of Management’s Responsibility in Respect of The Consolidated Financial Statements

The Board of Management of Masan Group Corporation (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively “the Group”) for the year ended 31 December 2016.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the year ended 31 December 2016 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In preparing those consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that they have complied with the above requirements in preparing these consolidated financial statements.

Approval of The Consolidated Financial Statements

We do hereby approve the accompanying consolidated financial statements of the Group as at and for the year ended 31 December 2016, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer
Ho Chi Minh City, Vietnam

15 March 2017

Independent Auditor’s Report

TO THE SHAREHOLDERS

Masan Group Corporation

We have audited the accompanying consolidated financial statements of Masan Group Corporation (“the Company”) and its subsidiaries (collectively “the Group”), which comprise the consolidated balance sheet as at 31 December 2016, 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 15 March 2017, as set out on pages 78 to 145.

Board of Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of 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.

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 Masan Group Corporation and its subsidiaries as at 31 December 2016 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.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam
Audit Report No.: 16-01-467 (b)



Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2013-007-1
Deputy General Director

Ho Chi Minh City, 15 March 2017


Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2013-007-1

As at 31 December 2016

Consolidated balance sheet

	Code	Note	31/12/2016 VND million	1/1/2016 VND million
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		22,876,206	16,709,473
Cash and cash equivalents	110	6	13,148,938	8,324,476
Cash	111		941,318	918,656
Cash equivalents	112		12,207,620	7,405,820
Short-term financial investments	120	7	1,771,012	293,990
Held-to-maturity investments	123		1,771,012	293,990
Accounts receivable – short-term	130	8	2,277,055	3,126,527
Accounts receivable from customers	131		1,295,848	878,130
Prepayments to suppliers	132		283,315	872,866
Receivables on short-term lending loans	135		-	762,400
Other short-term receivables	136		739,100	641,598
Allowance for doubtful debts	137		(41,208)	(28,589)
Shortage of assets awaiting for resolution	139		-	122
Inventories	140	9	5,389,531	4,417,969
Inventories	141		5,416,696	4,434,592
Allowance for inventories	149		(27,165)	(16,623)
Other current assets	150		289,670	546,511
Short-term prepaid expenses	151		106,482	79,536
Deductible value added tax	152		171,398	445,579
Taxes receivable from State Treasury	153	17	11,790	21,396

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

As at 31 December 2016 (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	31/12/2016 VND million	1/1/2016 VND million
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260)	200		50,162,832	55,140,227
Accounts receivable – long-term	210	8	1,817,067	10,432,139
Receivables on long-term lending loans	215		369,700	8,563,114
Other long-term receivables	216		1,447,367	1,869,025
Fixed assets	220		29,821,492	26,998,134
Tangible fixed assets	221	10	23,317,266	19,965,062
Cost	222		27,576,775	22,597,132
Accumulated depreciation	223		(4,259,509)	(2,632,070)
Finance lease tangible fixed assets	224	11	17,947	31,407
Cost	225		67,300	67,300
Accumulated depreciation	226		(49,353)	(35,893)
Intangible fixed assets	227	12	6,486,279	7,001,665
Cost	228		7,989,536	7,906,859
Accumulated amortisation	229		(1,503,257)	(905,194)
Long-term work in progress	240		2,356,227	5,480,035
Construction in progress	242	13	2,356,227	5,480,035
Long-term financial investments	250	7	12,240,702	9,144,883
Investments in associates	252		12,219,056	9,124,149
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		-	(912)
Other long-term assets	260		3,927,344	3,085,036
Long-term prepaid expenses	261	14	2,869,569	2,042,622
Deferred tax assets	262	15	313,272	213,737
Goodwill	269	16	744,503	828,677
TOTAL ASSETS (270 = 100 + 200)	270		73,039,038	71,849,700

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

As at 31 December 2016 (continued)

Consolidated balance sheet

	Code	Note	31/12/2016 VND million	1/1/2016 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		52,726,413	44,740,654
Current liabilities	310		17,898,443	15,005,196
Accounts payable to suppliers	311		2,427,338	2,419,059
Advances from customers	312		86,812	139,989
Taxes payable to State Treasury	313	17	546,109	504,532
Payables to employees	314		204,231	257,716
Accrued expenses	315	18	3,456,392	2,875,921
Other short-term payables	319	19	2,527,993	398,473
Short-term borrowings, bonds and liabilities	320	20	8,618,340	8,366,625
Bonus and welfare funds	322		31,228	42,881
Long-term liabilities	330		34,827,970	29,735,458
Accounts payable to suppliers	331		88,335	75,845
Accrued expenses	333	18	37,164	-
Other long-term payables	337	19	30,935	97,813
Long-term borrowings, bonds and liabilities	338	20	32,472,398	27,253,112
Deferred tax liabilities	341	15	1,573,844	1,692,753
Provisions	342	21	625,294	615,935

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

As at 31 December 2016 (continued)

Form B 01 – DN/HN
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	Code	Note	31/12/2016 VND million	1/1/2016 VND million
EQUITY (400 = 410)	400		20,312,625	27,109,046
Owners' equity	410	22	20,312,625	27,109,046
Share capital	411	23	7,680,757	7,467,179
- Shares with voting rights	411a		7,680,757	7,467,179
Capital surplus	412	23	10,649,796	9,631,106
Other capital	414	24	(9,426,958)	(9,045,049)
Treasury shares	415	23	(641,110)	-
Foreign exchange differences	417		(1,874)	-
Undistributed profits after tax	421		7,015,545	8,561,380
- Undistributed profits brought forward	421a		7,014,072	7,069,066
- Net profit for the current year	421b		1,473	1,492,314
Non-controlling interest	429		5,036,469	10,494,430
TOTAL RESOURCES (440 = 300 + 400)	440		73,039,038	71,849,700

15 March 2017

Prepared by:

Approved by:

Doan Thi My Duyen
Chief Accountant

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

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

For the year ended 31 December 2016

Consolidated statement of income

	Code	Note	2016 VND million	2015 VND million
Revenue from sale of goods	01	27	45,100,176	31,324,871
Revenue deductions	02	27	1,803,112	696,461
Net revenue (10 = 01 - 02)	10	27	43,297,064	30,628,410
Cost of sales	11	28	30,366,979	20,819,786
Gross profit (20 = 10 - 11)	20		12,930,085	9,808,624
Financial income	21	29	769,194	1,382,303
Financial expenses	22	30	3,291,226	2,714,701
In which: Interest expense	23		3,112,480	2,425,305
Share of profit in associates	24	7	979,938	499,017
Selling expenses	25	31	4,970,503	4,044,357
General and administration expenses	26	32	1,936,381	1,664,517
Net operating profit				
{30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		4,481,107	3,266,369
Other income	31		14,672	34,513
Other expenses	32		49,376	74,153
Results of other activities (40 = 31 - 32)	40		(34,704)	(39,640)
Accounting profit before tax (50 = 30 + 40) (carried forward)	50		4,446,403	3,226,729

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

For the year ended 31 December 2016 (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	2016 VND million	2015 VND million
Accounting profit before tax				
(50 = 30 + 40) (brought forward)	50		4,446,403	3,226,729
Income tax expense – current	51	33	892,321	817,534
Income tax benefit – deferred	52	33	(218,415)	(118,055)
Net profit after tax (60 = 50 - 51 - 52)	60		3,772,497	2,527,250
Attributable to:				
Equity holders of the Company	61		2,791,444	1,478,292
Non-controlling interest	62		981,053	1,048,958
Earnings per share				
Basic earnings per share (as restated) (VND)	70	35	2,462	1,317
Diluted earnings per share (as restated) (VND)	71	35	2,462	1,316

15 March 2017

Prepared by:

Approved by:

Doan Thi My Duyen
Chief Accountant

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

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

For the year ended 31 December 2016 (Indirect method)

Consolidated statement of cash flows

	Code	Note	2016 VND million	2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		4,446,403	3,226,729
Adjustments for				
Depreciation and amortisation	02		2,379,260	1,814,926
Allowances and provisions	03		124,986	144,193
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		23,324	17,866
Profits from investing activities	05		(1,666,453)	(1,798,838)
Interest expense	06		3,112,480	2,425,305
Operating profit before changes in working capital	08		8,420,000	5,830,181
Decrease in receivables and other assets	09		224,311	89,060
(Increase)/decrease in inventories	10		(1,025,916)	283,372
Increase in payables and other liabilities	11		473,569	1,270,210
Increase in prepaid expenses	12		(105,699)	(18,263)
			7,986,265	7,454,560
Interest paid	14		(2,958,543)	(2,318,538)
Corporate income tax paid	15		(895,387)	(1,306,820)
Other payments for operating activities	17		(13,734)	(6,430)
Net cash flows from operating activities	20		4,118,601	3,822,772
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,920,583)	(3,856,825)
Proceeds from disposals of fixed assets and other long-term assets	22		13,292	6,087
Payments for granting loans and term deposits at banks	23		(94,467,254)	(62,229,339)
Receipts from collecting loans and term deposits	24		101,946,046	57,373,597
Payments for investments	25		(25,071,491)	(3,708,222)
Proceeds from disposals of investments	26		218,701	3,536,943
Receipts of interest, dividends and others	27		1,116,662	767,707
Net cash flows from investing activities	30		(19,164,627)	(8,110,052)

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

For the year ended 31 December 2016 (Indirect method - continued)

Form B 03 – DN/HN
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	Code	Note	2016 VND million	2015 VND million
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new shares and equity issued to non- controlling interest	31		15,579,566	264,123
Payments for repurchase of equity instruments and treasury shares	32		(908,037)	-
Proceeds from borrowings	33		29,017,143	39,553,432
Payments to settle borrowings	34		(23,625,559)	(31,741,770)
Payments to settle finance lease liabilities	35		(14,155)	-
Payments of dividends to non-controlling interest of subsidiaries	36		(177,474)	(640,430)
Net cash flows from financing activities	40		19,871,484	7,435,355
Net cash flows during the year (50 = 20 + 30 + 40)	50		4,825,458	3,148,075
Cash and cash equivalents at the beginning of the year	60		8,324,476	5,166,415
Effect of exchange rate fluctuations	61		(996)	9,986
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	13,148,938	8,324,476

15 March 2017

Prepared by:

Approved by:

Doan Thi My Duyen
Chief Accountant

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

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

For the year ended 31 December 2016

Notes to the consolidated financial statements

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

Masan Group Corporation (“the Company”) is a joint stock company incorporated in Vietnam.

The consolidated financial statements comprise the Company and its subsidiaries (collectively “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are described as follows:

Subsidiaries

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2016	1/1/2016
Direct subsidiaries					
1	MasanConsumerHoldings Company Limited (“MCH”)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	85.7%	100.0%
2	Masan Horizon Corporation (“MH”)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
3	Masan Nutri-Science Corporation (formerly known as Masan Nutri-Science Company Limited) (“MNS”)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.4%	99.9%
Indirect subsidiaries					
1	Masan Brewery Company Limited (“MB”)	(i) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	57.1%	100.0%
2	Masan Master Brewer Company Limited (“MMBr”)	(i) Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	100.0%
3	Masan Brewery PY One Member Company Limited (“MBPY”)	(i) Beer and beverage manufacturing	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam	57.1%	100.0%

For the year ended 31 December 2016 (continued)

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No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2016	1/1/2016
4	Masan Brewery HG One Member Company Limited (“MBHG”)	(i) Beer and beverage manufacturing	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	57.1%	100.0%
5	Masan Brewery Distribution One Member Company Limited (“MBD”)	(i) Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	100.0%
6	Masan Consumer Corporation (“MSC”)	(i) Trading and distribution	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	83.1%	77.8%
7	Masan Food Company Limited (“MSF”)	(i) Trading and distribution	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	83.1%	77.8%
8	Masan Consumer (Thailand) Limited (“MTH”)	(i) Trading and distribution	4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	83.1%	-
9	Masan Industrial One Member Company Limited (“MSI”)	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam	83.1%	77.8%
10	Viet Tien Food Technology One Member Company Limited (“VTF”)	(i) Seasonings manufacturing	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam	83.1%	77.8%
11	Masan HD One Member Company Limited (“MHD”)	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Vietnam	83.1%	77.8%
12	Ma San PQ Corporation (“MPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	83.1%	73.5%
13	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	83.1%	-
14	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i) Beverage manufacturing	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	56.9%	41.4%
15	CDN Production Trading Corporation (“CDN”)	(i) Beverage trading and manufacturing	10 Noi Bo Hung Gia 2, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam	48.4%	-

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2016	1/1/2016
16	Vinh Hao Mineral Water Corporation (“VHC”)	(i) Beverage manufacturing	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	73.6%	49.7%
17	Kronfa., JSC (“KRP”)	(i) Beverage manufacturing	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	73.6%	49.7%
18	Masan Beverage Company Limited (“MSB”)	(i) Beverage trading and distribution	12 th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	83.1%	77.8%
19	Masan DN One Member Company Limited (“MDN”)	(i) Seasonings, convenience food manufacturing and packaging	Street No. 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam	83.1%	77.8%
20	Masan MB One Member Company Limited (“MMB”)	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Indistrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	83.1%	77.8%
21	Masan HG One Member Company Limited (“MHG”)	(i) Convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	83.1%	77.8%
22	Saigon Nutri Food Joint Stock Company (“SNF”)	(i) Convenience food manufacturing	Lot K4, No.2 Street, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	83.1%	77.8%
23	Quang Ninh Mineral Water Corporation (“QNW”)	(i) Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam	54.6%	50.6%
24	Mapleleaf Company Limited (“ML”)	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
25	Masan Resources Corporation (“MR”)	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	93.8%	72.7%
26	Masan Thai Nguyen Resources Company Limited (“MRTN”)	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	93.8%	72.7%

For the year ended 31 December 2016 (continued)

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No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2016	1/1/2016
27	Thai Nguyen Trading and Investment Company Limited (“TNTI”)	(ii) Investment holding	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	93.8%	72.7%
28	Nui Phao Mining Company Limited (“NPM”)	(ii) Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	93.8%	72.7%
29	Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	(ii) Deep processing of nonferrous metals and precious metals (tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	47.8%	37.1%
30	Kenji Company Limited (“Kenji”)	(iii) Investment holding	6 th Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.4%	99.9%
31	Shika Company Limited (“Shika”)	(iii) Investment holding	6 th Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.4%	99.9%
32	Meiji Corporation (“Meiji”)	(iii) Investment holding	12 th Floor, Kumho Asiana Plaza Saigon Tower, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.4%	99.9%
33	Agro Nutrition International Joint Stock Company (“ANCO”)	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	89.4%	70.0%
34	Aqua Nutrition International Joint Venture Co., Ltd (“ANCO Vinh Long”)	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	89.4%	70.0%
35	Agro Nutrition International Binh Dinh One Member Limited Company (“ANCO Binh Dinh”)	(iii) Animal protein	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	89.4%	70.0%
36	Agro Nutrition International Thai Nguyen Limited Company (“ANCO Thai Nguyen”)	(iii) Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	89.4%	70.0%

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2016	1/1/2016
37	Agro Nutrition International Tien Giang One Member Limited Company (“ANCO Tien Giang”)	(iii) Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	89.4%	70.0%
38	Agro Nutrition International Nghe An Company Limited (“ANCO Nghe An”)	(iii) Animal protein	C Area, Nam Can Industrial Park, South East Nghe An industrial zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	89.4%	70.0%
39	Agro Nutrition International Hau Giang One Member Limited Liability Company (“ANCO Hau Giang”)	(iii) Animal protein	Tan Phu Thanh Industrial Park – phase 1, Chau Thanh A District, Hau Giang Province, Vietnam	89.4%	70.0%
40	Masan Nutri-Farm Limited Liability Company (“MNF”)	(iii) Breeding swine	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	89.4%	-
41	Masan Nutri-Farm (NA) LL.C (“MNF N.A.”)	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	89.4%	-
42	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	67.2%	68.6%
43	Proconco Can Tho Co., Ltd. (“Proconco Can Tho”)	(iii) Animal protein	Lot 13 and Lot 14, Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	67.2%	68.6%
44	Con Co Binh Dinh Co., Ltd. (“Proconco Binh Dinh”)	(iii) Animal protein	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam	67.2%	68.6%
45	Proconco Hung Yen Manufacturing and Trading Company Limited (formerly known as Toan Loi Manufacturing and Trading Company Limited) (“Proconco Hung Yen”)	(iii) Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	67.2%	68.6%

For the year ended 31 December 2016 (continued)

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Associates

No.	Name	Principal activity	Percentage of economic interests at	
			31/12/2016	1/1/2016
Direct associate				
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)	Banking	(*)	(*)
Indirect associates				
1	Cholimex Food Joint Stock Company (“Cholimex”)	(iv) Seasonings manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(v) Packing manufacturing	25.0%	25.0%
3	Loc Khang Joint Stock Company (“Loc Khang”)	(v) Animal protein	-	26.2%
4	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(v) Animal protein	25.0%	25.0%
5	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	(v) Animal protein	21.3%	21.3%
6	Vissan Joint Stock Company (“Vissan”)	(v) Food manufacturing and retailing	24.9%	-

- (i) These entities are direct and indirect subsidiaries of MCH.
- (ii) These entities are direct and indirect subsidiaries of MH.
- (iii) These entities are direct and indirect subsidiaries of MNS.
- (iv) This entity is an indirect associate of MCH.
- (v) These entities are indirect associates of MNS.

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries and of its subsidiaries or indirect subsidiaries in the associates.

(*) For Techcombank, see Note 7(b)(“).

As at 31 December 2016, the Group had 10,187 employees (1/1/2016: 9,754 employees).

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(c) Normal operating cycle

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The 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”).

The consolidated financial statements are prepared and presented in millions of Vietnam Dong (“VND million”).

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) Common-control business combination

Business combination where the same group of shareholders (“the Controlling Shareholders”) control the combining companies before and after the business

combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 *Framework* and Vietnamese Accounting Standard 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger (“carry-over”) basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders’ perspective. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in undistributed profits after tax under equity.

The consolidated statements of income and cash flows include the results of operations of the combining companies as if the group structure had been in existence from the Controlling Shareholders’ perspective throughout the entire periods presented or where the companies were incorporated at a date later than the beginning of the earliest period presented, for the period from the date of incorporation to the end of the relevant reporting periods.

(ii) Non-common control business combination

Non-common control business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of acquisition consists of the aggregate fair value at the date

For the year ended 31 December 2016 (continued)

of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the consolidated statement of income.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations include any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognised as an expense when incurred.

(iii) Subsidiaries

Subsidiaries are entities controlled by 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 currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees). The consolidated financial statements include the Group’s share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with

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those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Non-controlling interest (“NCI”)

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 owners. 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, except where such difference arises from a transaction that is contractually linked to an issuance of shares or capital contribution at a premium or surplus in which case the difference is recorded in other capital.

(vi) 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. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the associate.

(b) Foreign currency

(i) 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 rates at

For the year ended 31 December 2016 (continued)

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the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

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

(ii) **Foreign operations**

The assets and liabilities of foreign operations are translated to VND at exchange rates at the end of the annual accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the balance sheet under the caption “Foreign exchange differences” in equity.

(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.

(d) **Investments**

(i) **Held-to-maturity investments**

Held-to-maturity investments are those that the management of the Company or its subsidiaries has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

(ii) **Equity investments in other entities**

Equity investments in other entities of which the Company or its subsidiaries has no control or significant influence are initially recognised at cost, which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less

allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the management of the Company or its subsidiaries before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) **Accounts receivable**

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

(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 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, and the costs of dismantling and removing the asset and restoring the site on which it is located. 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

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in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure have 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 are capitalised as an additional cost of tangible fixed assets.

Mining properties comprise mine rehabilitation assets and fair value of mineral reserves from business combination.

(ii) **Depreciation**

Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to mining activities are depreciated over the estimated mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group’s mining properties.

Others

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

■ mining properties	15 - 20 years
■ buildings and structures	4 - 30 years
■ leasehold improvements	3 - 5 years
■ office equipment	3 - 10 years
■ machinery and equipment	3 - 25 years
■ motor vehicles	3 - 10 years

(h) **Finance lease tangible fixed assets**

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

Depreciation on finance leased assets is computed on a

straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 2(g).

(i) **Intangible fixed assets**

(i) **Land use rights**

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over their useful lives ranging from 19 to 50 years.

(ii) **Software**

Cost of acquiring a 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 4 and 10 years.

(iii) **Brand name**

Cost of acquiring a brand name is capitalised and treated as an intangible asset.

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair value of brand name acquired in a business combination is recognised as an intangible asset and is amortised on a straight-line basis over a period ranging from 10 to 20 years.

For the year ended 31 December 2016 (continued)

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(iv) **Customer relationships**

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships is amortised on a straight line basis over their useful lives ranging from 5 to 20 years.

(v) **Mineral water resources**

Mineral water resources that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible asset.

Fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/ transacted price of similar interests located in a similar area. In the multi-period excess earnings method, subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of mineral water resources are amortised on a straight line basis over their useful lives ranging from 10 to 37 years.

(vi) **Mining rights**

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with the Decree No. 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights is stated at an amount equal to the present value of mining rights fee and is capitalised and treated as an intangible asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

(vii) **Technology**

Technology that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible asset.

The fair value of technology acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology is amortised on a straight line basis over their useful lives over 5 years.

(viii) **Mineral water resources exploitation rights**

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 9 to 30 years.

(j) **Construction in progress**

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

Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets are qualified for capitalisation when the mineral reserve to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair value as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either “machinery or equipment” or “mining properties” in tangible fixed assets or in long-term prepaid expenses.

For the year ended 31 December 2016 (continued)

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

(i) **Other mining costs**

In accordance with the Letter No. 12727/BTC-TCDN dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognised as long-term prepaid expenses under non-current assets.

Other mining costs comprise of:

- Exploration, evaluation and development expenditure (including development stripping); and
- Production stripping (as described below in “Deferred stripping costs”).

Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- It is probable that the future economic benefits will flow to the Group;
- The component of the ore body for which access has been improved can be identified; and
- The costs incurred can be measured reliably.

Production stripping costs are allocated between inventory and long-term prepaid expenses in accordance with the life of mine strip ratio.

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are recognised as long-term prepaid expenses where the current period actual stripping ratio is higher than the average life of mine strip ratio.

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The development and production stripping costs are amortised over the life of the proven and probable reserves of the relevant components on a systematic basis.

(ii) **Pre-operating expenses**

Pre-operating expenses are recorded in the consolidated statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepaid expenses, initially stated at cost, and are amortised on a straight line basis over 3 years starting from the date of commercial operation.

(iii) **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 Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, 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 term of the lease from 42 to 50 years.

(iv) **Land compensation cost**

Land compensation costs comprise 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 term of the lease of 20 years.

(v) **Printing axles and tools and supplies**

Printing axles and tools and supplies are initially stated at cost and amortised over their useful lives from 1 to 3 years.

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 regulation.

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Cost of tools and supplies are amortised on a straight-line basis not more than 3 years.

(vi) Goodwill from equitisation

Goodwill generated from state-owned enterprise's equitisation is recognised as long-term prepaid expenses. Goodwill generated from state-owned enterprise's equitisation includes brand name value and potential development value. Brand name value is determined on the basis of actual costs incurred for creation and protection of trademarks, trade name in the course of the enterprise's operation for the period of five years before the valuation date (including establishment costs and expenditures on training, advertising and promotional activities incurred to promote and introduce the enterprise and its products and website costs). Potential development value is evaluated on the basis of profitability of the enterprise in the future taking into account the enterprise's profit ratio and interest rates of 5-year government bonds. Goodwill generated from the state-owned enterprise equitisation is amortised on a straight-line basis over ten years starting from the date of conversion from a state-owned enterprise into a joint stock company (date of first business registration certificate for a joint stock company).

(l) Goodwill

Goodwill arises on acquisition of subsidiaries and associates in non-common control acquisition.

Goodwill 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 a subsidiary is written down to recoverable amount where management determines that it is not fully recoverable.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(m) Trade and other payables

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

(n) 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.

Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fee is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with the Decree No. 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Mining rights grant fees are recognised as intangible fixed assets.

Mine rehabilitation

The mining, extraction and processing activities of the Group give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment ("MONRE") and the Group's environmental policies based on the Environment Impact Report. The timing of the actual closure and rehabilitation expenditure is dependent on the life and nature of the mine.

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When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in mining properties and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated statement of income.

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 current salary level.

Provision for severance allowance to be paid to the existing eligible employees as of 31 December 2016 has been made based on the eligible employees' years of service, being the total employees' years of service less the number of years for which the employees 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, if any, and their average salary for the six-month period prior to the end of the annual accounting period.

(o) Bonds issued

Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from the issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

(p) Derivative financial instruments

The Group holds derivative financial instruments to hedge its exposures to the risk of raw material price fluctuation. Derivative financial instruments are recorded in the balance sheet at cost on the date when the derivative contracts are entered into. Realised gains or losses from derivatives are recognised as financial income or financial expenses in the consolidated statement of income.

(q) Taxation

Income tax on the 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 or substantially enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using 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

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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.

(r) Equity

(i) Share capital and capital surplus

Ordinary shares are stated at par value. The difference between proceeds from the issuance of shares over the par value is recorded in capital surplus. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from capital surplus.

(ii) Other capital

Agreements to issue a fixed number of shares in the future are recognised based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

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

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are reissued subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within capital surplus.

(s) Revenue

Goods sold

Revenue from the 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. For sales of minerals, the sales price is usually determined on a provisional basis at the date of revenue recognition. Adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as

long as 90 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer’s survey is within executed contractual tolerance, then sales is based on the most recently determined product specifications.

No revenue 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.

(t) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans, foreign exchange gains and realised gains from derivative financial instruments. 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, interest costs, foreign exchange losses and realised losses from derivative financial instruments. 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 tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(u) 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.

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(v) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period) of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

(w) 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 for segment reporting is based on business segments.

(x) 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.

(y) Share-based payments

Shares issued to employees are recorded at their par value.

4. SEGMENT REPORTING

The Group has three reportable segments, as described below, which are the Group’s strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Board of Management of the Company or its subsidiaries reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Food and beverage
- Consumer-Agri: breeding swine, animal protein and food manufacturing; and retailing
- Others: mining and processing; financial services

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(a) Business segments

	Food and beverage		Consumer-Agri		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	14,825,581	13,916,891	24,422,665	14,053,644	4,048,818	2,657,875	43,297,064	30,628,410
Segment gross margin	6,493,420	6,095,489	5,280,238	2,916,623	1,156,427	796,512	12,930,085	9,808,624
Segment results	2,661,566	2,245,496	1,937,434	782,474	944,886	164,636	5,543,886	3,192,606
Net unallocated expenses							(1,771,389)	(665,356)
Net profit							3,772,497	2,527,250

In the Others segment, Segment Revenue and Segment Gross Margin arise from Mining and Related Processing activities. Other than Mining and Related Processing activities, included in Segment Results of the Others segment is Financial Services income from share of profit of Techcombank as disclosed in Note 7.

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	Food and beverage		Consumer-Agri		Others		Total	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	18,198,152	19,431,822	18,168,377	14,766,478	35,231,122	34,546,124	71,597,651	68,744,424
Unallocated assets							1,441,387	3,105,276
Total assets							73,039,038	71,849,700
Segment liabilities	5,703,114	5,368,413	12,581,924	7,804,983	13,451,049	13,454,736	31,736,087	26,628,132
Unallocated liabilities							20,990,326	18,112,522
Total liabilities							52,726,413	44,740,654

	2016	2015	2016	2015	2016	2015	2016	2015
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditure	989,112	1,865,381	746,033	194,788	1,178,946	1,796,516	2,914,091	3,856,685
Unallocated capital expenditure					6,492	140	6,492	140
Depreciation	507,777	380,125	221,434	102,062	937,251	770,150	1,666,462	1,252,337
Unallocated depreciation					2,692	4,883	2,692	4,883
Amortisation	350,871	455,809	401,729	247,772	196,030	115,780	948,630	819,361
Unallocated amortisation					48,051	4,500	48,051	4,500

Certain segment information for the year ended 31 December 2015 has been reclassified to conform with the current year's presentation.

(b) Geographical segments

For the years ended 31 December 2016 and 2015, the Group focuses on the business operations in one geographical segment which is in Vietnam.

For the year ended 31 December 2016 (continued)

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5. BUSINESS COMBINATION

Acquisition of CDN Production Trading Corporation (“CDN”)

In May 2016, VCF, a subsidiary of the Company, completed the acquisition of 85.0% equity interest of CDN for a consideration of VND35,000 million, including transaction costs. Such acquisition resulted in the Company gaining 48.4% effective equity interest in CDN as at 31 December 2016.

The acquisition had the following effect on the Group’s assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	23,444	-	23,444
Accounts receivable from customers	362	-	362
Prepayments to suppliers	20,894	-	20,894
Other receivables	394	-	394
Inventories	4,438	-	4,438
Other current assets	3,186	-	3,186
Tangible fixed assets	8,023	-	8,023
Construction in progress	513	-	513
Long-term prepaid expenses	1,203	-	1,203
Deferred tax assets	29	-	29
Current liabilities	(3,281)	-	(3,281)
Short-term borrowings	(50,000)	-	(50,000)
Total net identifiable assets acquired	9,205	-	9,205
Share of net assets acquired			7,824
Goodwill on acquisition (Note 16)			27,176
Total consideration			35,000
Cash acquired			(23,444)
Net cash outflow			11,556

Goodwill acquired in the acquisition is attributable mainly to synergies which management expects to realise by integrating CDN into the Group’s existing business.

The acquisition was in May 2016. Therefore the contribution of revenue and net loss after tax of acquired business to the Group’s results during the period from the acquisition date to 31 December 2016 is insignificant.

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6. CASH AND CASH EQUIVALENTS

	31/12/2016 VND million	1/1/2016 VND million
Cash on hand	3,712	8,379
Cash at banks	937,228	909,225
Cash in transit	378	1,052
Cash equivalents	12,207,620	7,405,820
	13,148,938	8,324,476

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

7. INVESTMENTS

	31/12/2016 VND million	1/1/2016 VND million
Short-term financial investments		
Held-to-maturity investments (a)	1,771,012	293,990
Long-term financial investments		
Investments in associates (b)	12,219,056	9,124,149
Equity investments in other entities (c)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	-	(912)
	12,240,702	9,144,883

(a) Held-to-maturity investments

Held-to-maturity investments represented term deposits at banks with remaining terms to maturity of less than twelve months from the reporting date.

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(b) Investments in associates

	31/12/2016					1/1/2016				
	% of equity owned	% of voting rights	Carrying value at equity accounted VND million	Allowance for diminution in value VND million	Fair value VND million	% of equity owned	% of voting rights	Carrying value at equity accounted VND million	Allowance for diminution in value VND million	Fair value VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	19.5%	19.5%	9,807,843	-	(**)	19.5%	19.5%	8,838,067	-	(**)
Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	-	(**)	32.8%	32.8%	254,802	-	(**)
Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	9,299	-	(**)	25.0%	25.0%	8,954	-	(**)
Loc Khang Joint Stock Company (“Loc Khang”)	-	-	-	-	-	26.2%	26.2%	5,016	-	(**)
Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	7,545	-	(**)	25.0%	25.0%	8,508	-	(**)
Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	9,487	-	(**)	21.3%	21.3%	8,802	-	(**)
Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	-	(**)	-	-	-	-	-
			12,219,056	-	(**)			9,124,149	-	(**)

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Movements of investments in associates during the year were as follows:

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Loc Khang VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Total VND million
Opening balance	8,838,067	254,802	8,954	5,016	8,508	8,802	-	9,124,149
Additions	-	-	-	-	-	-	2,135,490	2,135,490
Share in post-acquisition profit/ (loss) of associates during the year	969,776	6,648	1,571	(534)	1,537	940	-	979,938
Dividends declared	-	(12,058)	(1,226)	(956)	(2,500)	(255)	-	(16,995)
Disposals	-	-	-	(3,526)	-	-	-	(3,526)
Closing balance	9,807,843	249,392	9,299	-	7,545	9,487	2,135,490	12,219,056

(*) Investment in Techcombank represents investment in 30.4% (1/1/2016: 30.4%) of the effective economic interest in Techcombank as of 31 December 2016. The Group's effective economic interest includes 12.0% through direct equity interest (net of dilutive impact of convertible bonds on current equity interest of 15.0%), 3.7% indirect equity interest through Mapleleaf Company Limited (net of dilutive impact of convertible bonds on current equity interest of 4.5%), and 14.7% through 10 years convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert during the conversion period of the convertible bonds, subject to regulatory and other customary approvals.

(**) At the reporting date, the fair value of these investments was not available.

During the year, the Group acquired 24.9% of Vissan for VND2,135 billion.

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

(c) Equity investments in other entities

Details of the Group’s cost of equity investments in other entities were as follows:

	31/12/2016					1/1/2016				
	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Fair value VND million	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Fair value VND million
PTSC Dinh Vu Port Company	5.9%	5.9%	21,646	-	(*)	5.9%	5.9%	21,646	(912)	(*)

(*) At the reporting date, the fair value of these investments was not available.

Movements of the allowance for diminution in value of long-term financial investments during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	912	-
Increase in allowance during the year	-	912
Written back	(912)	-
Closing balance	-	912

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(d) Transactions in subsidiaries for the year ended 31 December 2016 – transactions with non-controlling interest

(i) Transaction with non-controlling interest in MCH

In January 2016, Singha Asia Holdings Pte. Ltd. (“Singha”) invested VND14,317,297 million to MCH and MB to acquire equity interests of 14.3% and 33.3%, respectively.

In addition, in January, July and September 2016, MCH increased its equity interests in MSC from 77.8% to 97.0% by purchasing from non-controlling interest shares for total consideration of VND17,896,285 million, including transaction cost.

As a result of these transactions, economic interest of the Company in MCH, MSC and MB were changed to 85.7% (1/1/2016: 100%), 83.1% (1/1/2016: 77.8%) and 57.1% (1/1/2016: 100%), respectively, resulting in the following effects:

	VND million
Cash received	14,317,297
Net assets diluted	(510,302)
Cost of acquisition, cash paid	(17,896,285)
Net assets acquired	2,310,366
Differences recorded in undistributed profits after tax	(1,778,924)

Pursuant to Agreement between Singha and MCH, Singha has the right to pay a second subscription amount of USD450 million in exchange for an additional 10.7% equity interest in MCH. The second subscription amount has not been made as of the date of issuance of these consolidated financial statements.

In January and April 2016, MSB purchased 3,223,929 shares of VHC for total consideration of VND137,197 million, including transaction cost. As a result of this transaction, economic interest of MSB in VHC increased by 24.6% to 88.6%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(137,197)
Net assets acquired	136,291
Differences recorded in undistributed profits after tax	(906)

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In February and December 2016, MSB purchased 4,054,863 shares of VCF for total consideration of VND665,785 million, including transaction cost. As a result of this transaction, economic interest of MSB in VCF increased by 15.3% to 68.5%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(665,785)
Net assets acquired	392,661
Differences recorded in undistributed profits after tax	(273,124)

In February 2016, MSB also purchased 54,100 shares of QNW for total consideration of VND623 million, including transaction cost. As a result of this transaction, economic interest of MSB in QNW increased by 0.7% to 65.7%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(623)
Net assets acquired	1,243
Differences recorded in undistributed profits after tax	620

In June 2016, MSC issued shares to certain employees under its employee share based payment plan after obtaining shareholders' approval at its Annual General Meeting, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	30,000
Net assets diluted	(50,035)
Differences recorded in undistributed profits after tax	(20,035)

In October 2016, MSF purchased 384,980 shares of MPQ for total consideration of VND5,964 million, including transaction cost. As a result of this transaction, economic interest of MSF in MPQ increased by 5.5% to 99.9%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(5,964)
Net assets acquired	4,292
Differences recorded in undistributed profits after tax	(1,672)

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(ii) Transactions with non-controlling interest in MNS

In March, April, June and December 2016, the Company sold 10.6% its equity interest in MNS for a consideration of VND211,051 million, resulting in the following effects:

	VND million
Transaction amount	211,051
Net assets diluted	(270,438)
Differences recorded in undistributed profits after tax	(59,387)

In January 2016, Kenji purchased 10,412,088 shares of Proconco for total consideration of VND283,209 million, including transaction cost. As a result of this transaction, economic interest of the Company in Proconco increased by 6.6% to 75.2%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(283,209)
Net assets acquired	392,580
Differences recorded in undistributed profits after tax	109,371

In May 2016, MNS purchased 30.0% of the equity interests of ANCO (increased MNS's equity interest in ANCO to 99.9%) for a total consideration of VND1,447,336 million, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(1,447,336)
Net assets acquired	1,363,196
Differences recorded in undistributed profits after tax	(84,140)

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Notes to the consolidated financial statements

(iii) Transactions with non-controlling interest in MR

The Company's subsidiary, MH, which is the parent of MR, acquired non-controlling interest in MR at VND15,500 per share, which increased its interest in MR from 72.7% to 93.8%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(2,348,014)
Net assets acquired	2,395,883
Differences recorded in undistributed profits after tax	47,869

In this transaction, MH acquired the MR's shares belonging to MRC Ltd, a minority shareholder, which held 20.0% shares in MR for VND2,234,635 million in cash. The Company entered into an agreement with MRC Ltd for MRC Ltd to subscribe for 12,000,000 shares of the Company at VND95,000 per share (see Note 23) and the Company also entered into a loan agreement with MRC Ltd for an unsecured loan of USD35 million payable after two years of drawdown with 0% interest rate (see Note 20(**)(a)). In the event MRC Ltd sells any of the 12,000,000 shares above, subject to customary adjustments from dilutive events, the loan payable will be decreased proportionately. Lastly, MRC Ltd has signed an agreement to grant the Company a call option, pursuant to which the Company or its nominee shall be entitled, but not obliged, to purchase from MRC Ltd the Company's shares at VND112,000 per share. This option is only exercisable in the event that MRC Ltd serves a payment notice for the loan above that is due after two years of drawdown. The number of callable shares is calculated based on the amount of loan repaid over USD35 million multiplied by 12,000,000 shares, subject to customary adjustments from dilutive events.

(e) Significant transactions in subsidiaries in prior years

In 2014, MCH granted the right to acquire certain equity interests in MCH for a subscription price of VND525,900 million to PENM III Germany Gmbh & Co. Kg at a pre-agreed valuation which can be exercised after 4 years. MCH has the ability to settle the option by issuing new equity capital of MCH or the Company or its affiliates can transfer their equivalent interests in MCH's capital.

Transactions with non-controlling interest in MR

On 25 January 2013, BI Private Equity New Market III K/S ("PENM II") subscribed for 15,902,430 mandatorily convertible preference shares in MR for a cash consideration of VND520,709 million. The holders of these mandatorily convertible preference shares shall be paid fixed dividends ranging from 3.0% to 10.0% per annum on the principal amount and the preference shares are mandatorily convertible into ordinary shares within 4 years. The preference shares also confer onto PENM II the right to receive dividends declared to ordinary shareholders in proportion to their shareholding and are automatically converted to ordinary shares in the event of the liquidation of MR.

As part of the agreement, MR is able to exercise its right to convert or force convert the preference shares to ordinary shares according to the terms of the agreement.

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8. ACCOUNTS RECEIVABLE – SHORT-TERM AND LONG-TERM

As at 31 December 2016, a part of short-term receivables of an indirect subsidiary was pledged with banks as security for loans granted to that subsidiary (Note 20).

As at 31 December 2016, prepayments to suppliers of the Group amounting to VND155,330 million (1/1/2016: VND200,850 million) were related to construction in progress.

Loans receivable comprised of:

	31/12/2016 VND million	1/1/2016 VND million
Receivable on short-term lending loans		
Receivable from other loan investing activities (*)	-	762,400
Receivable on long-term lending loans		
Receivable from other loan investing activities (*)	369,700	8,563,114

(*) The receivables on short-term and long-term lending loans were a result of the Group's cash management operations to maximise its financial interest income on its more liquid assets. In 2016, VND10,449,214 million of short-term and long-term lending loans were collected.

As at 31 December 2016, long-term lending loans earn interest at a rate of 6.5% per annum. These loans mature in 2018 and the interest is receivable at maturity date, unless repaid earlier.

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Other receivables comprised of:

	31/12/2016 VND million	1/1/2016 VND million
Other short-term receivables		
Receivable from sale of claims	503,533	377,208
Non-trade receivables from a related party (**)	142,244	142,244
Short-term deposits	13,623	46,820
Accrued interest receivable from deposits	33,837	11,773
Services receivable	11,547	11,547
Advances	6,523	7,359
Others	27,793	44,647
	739,100	641,598
Other long-term receivables		
Long-term deposits	51,794	45,836
Accrued interest receivable from other loan investing activities	38,590	440,103
Others (***)	1,356,983	1,383,086
	1,447,367	1,869,025

(**) The short-term non-trade amounts of the Group due from Masan Corporation were unsecured, interest-free and are receivable in demand.

(***) Others represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount could be netted off with annual land rental fee.

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

	2016 VND million	2015 VND million
Opening balance	28,589	2,064
Acquisition of a subsidiary	-	24,864
Increase in allowance during the year	20,073	3,169
Allowance utilised during the year	(58)	(599)
Written back	(7,396)	(909)
Closing balance	41,208	28,589

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9. INVENTORIES

	31/12/2016		1/1/2016	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	998,780	-	912,443	-
Raw materials	2,800,811	(23,652)	1,939,680	(10,283)
Tools and supplies	640,308	-	699,637	-
Work in progress	152,539	-	168,151	-
Finished goods	761,800	(3,513)	705,969	(5,906)
Merchandise inventories	17,123	-	4,453	(434)
Goods on consignment	45,335	-	4,259	-
	5,416,696	(27,165)	4,434,592	(16,623)

As at 31 December 2016, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (Note 20).

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

	2016 VND million	2015 VND million
Opening balance	16,623	22,318
Increase in allowance during the year	63,172	94,987
Allowance utilised during the year	(48,250)	(99,505)
Written back	(4,380)	(1,177)
Closing balance	27,165	16,623

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10. TANGIBLE FIXED ASSETS

	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost							
Opening balance	5,026,292	3,910,138	25,761	114,168	13,396,141	124,632	22,597,132
Acquisition of a subsidiary (Note 5)	-	-	-	67	7,432	524	8,023
Additions	-	5,005	-	3,094	24,132	10,428	42,659
Transfers from construction in progress	-	2,097,913	58,428	16,139	2,783,152	12,114	4,967,746
Transfers to short-term prepaid expenses	-	-	-	-	(25)	-	(25)
Transfers (to)/from long-term prepaid expenses	-	(1,624)	-	-	3,133	-	1,509
Disposals	-	(4,923)	-	(3,560)	(17,416)	(19,943)	(45,842)
Reclassifications	-	(3,544)	56	5	6,398	2,658	5,573
Closing balance	5,026,292	6,002,965	84,245	129,913	16,202,947	130,413	27,576,775

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	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Accumulated depreciation							
Opening balance	311,133	375,659	23,813	46,448	1,839,939	35,078	2,632,070
Charge for the year	197,289	315,290	11,440	22,679	1,088,527	25,200	1,660,425
Transfers to short-term prepaid expenses	-	-	-	-	(22)	-	(22)
Disposals	-	(4,465)	-	(3,496)	(14,770)	(15,806)	(38,537)
Reclassifications	-	(610)	822	1,087	1,498	2,776	5,573
Closing balance	508,422	685,874	36,075	66,718	2,915,172	47,248	4,259,509
Net book value							
Opening balance	4,715,159	3,534,479	1,948	67,720	11,556,202	89,554	19,965,062
Closing balance	4,517,870	5,317,091	48,170	63,195	13,287,775	83,165	23,317,266

Included in the cost of tangible fixed assets were assets costing VND746,785 million which were fully depreciated as of 31 December 2016 (1/1/2016: VND226,792 million), but which are still in active use.

There is no tangible fixed assets retired from active use and held for disposal as of 31 December 2016 (1/1/2016: VND2,555 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND11,261 million as of 31 December 2016 (1/1/2016: VND64,989 million).

As at 31 December 2016, tangible fixed assets with carrying value of VND836,939 million (1/1/2016: VND936,938 million) were pledged with banks as security for loans granted to the subsidiaries and VND12,977,974 million (1/1/2016: VND10,976,469 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 20).

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11. FINANCE LEASE TANGIBLE FIXED ASSETS

	Machinery and equipment
	VND million
Cost	
Opening and closing balance	67,300
Accumulated depreciation	
Opening balance	35,893
Charge for the year	13,460
Closing balance	49,353
Net book value	
Opening balance	31,407
Closing balance	17,947

A subsidiary of the Company leased laboratory equipment for metallurgical assay testing under a finance lease arrangement (Note 20).

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12. INTANGIBLE FIXED ASSETS

	Land use rights	Software	Brand name	Customer relationships	Mineral water resources	Mining rights	Technology	Mineral water resources exploitation rights	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Cost									
Opening balance	307,357	353,793	2,412,583	3,074,214	412,698	588,373	669,433	88,408	7,906,859
Additions	3,654	842	-	-	-	-	-	27,597	32,093
Transfers from construction in progress	-	26,155	876	-	-	-	-	1,795	28,826
Transfers from long-term prepaid expenses	21,758	-	-	-	-	-	-	-	21,758
Closing balance	332,769	380,790	2,413,459	3,074,214	412,698	588,373	669,433	117,800	7,989,536
Accumulated amortisation									
Opening balance	26,520	58,273	308,526	373,671	7,594	35,919	92,096	2,595	905,194
Charge for the year	10,075	44,189	151,363	197,279	21,934	30,550	138,143	5,223	598,756
Transfers to long-term prepaid expenses	(693)	-	-	-	-	-	-	-	(693)
Closing balance	35,902	102,462	459,889	570,950	29,528	66,469	230,239	7,818	1,503,257
Net book value									
Opening balance	280,837	295,520	2,104,057	2,700,543	405,104	552,454	577,337	85,813	7,001,665
Closing balance	296,867	278,328	1,953,570	2,503,264	383,170	521,904	439,194	109,982	6,486,279

Included in the cost of intangible fixed assets were assets costing VND46,199 million which were fully amortised as of 31 December 2016 (1/1/2016: VND21,637 million), but which are still in use.

As at 31 December 2016, intangible fixed assets with carrying value of VND570,939 million (1/1/2016: VND611,000 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 20).

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13. CONSTRUCTION IN PROGRESS

	2016 VND million	2015 VND million
Opening balance	5,480,035	3,811,051
Acquisition of a subsidiary (Note 5)	513	223,192
Additions during the year	2,660,537	3,825,674
Transfers to tangible fixed assets	(4,967,746)	(2,118,246)
Transfers to intangible fixed assets	(28,826)	(242,864)
Transfers from tools and supplies	-	397
Transfers to short-term prepaid expenses	(14,494)	(449)
Transfers to long-term prepaid expenses	(769,143)	(17,874)
Disposals	(4,583)	(825)
Written off	(66)	(21)
Closing balance	2,356,227	5,480,035

As at 31 December 2016, construction in progress with carrying amount of VND1,678,197 million (1/1/2016: 1,039,805 million) were pledged with banks as security for long-term loans and bonds of the Company’s subsidiaries (Note 20).

During the year, borrowing costs capitalised into construction in progress amounted to VND200,407 million (2015: VND319,610 million) (Note 37).

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14. LONG-TERM PREPAID EXPENSES

	Other mining costs VND million	Pre- operating expenses VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitisation VND million	Others VND million	Total VND million
Opening balance	1,113,461	47,543	170,505	606,393	49,597	31,344	23,779	2,042,622
Additions	104,324	-	42,065	-	54,281	-	141,647	342,317
Reclassification from long-term receivables	-	-	-	26,103	-	-	-	26,103
Acquisition of a subsidiary (Note 5)	-	-	-	-	1,203	-	-	1,203
Transfers from construction in progress	-	-	154,987	554,295	59,577	-	284	769,143
Transfers to tangible fixed assets	-	-	-	-	(1,509)	-	-	(1,509)
Transfers from/ (to) intangible fixed assets	-	-	(26,250)	-	-	-	3,799	(22,451)
Transfers from/(to) short-term prepaid expenses	-	-	-	-	3,696	-	(321)	3,375
Amortisation for the year	(66,876)	(21,724)	(14,752)	(66,937)	(63,243)	(3,134)	(49,909)	(286,575)
Refund of land compensation costs	-	-	-	(4,178)	-	-	-	(4,178)
Reclassifications	-	-	-	4,941	9,228	-	(14,169)	-
Disposals	-	-	-	-	(2)	-	-	(2)
Written off	-	-	(479)	-	-	-	-	(479)
Closing balance	1,150,909	25,819	326,076	1,120,617	112,828	28,210	105,110	2,869,569

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15. DEFERRED TAX ASSETS AND LIABILITIES

(i) Recognised deferred tax assets and liabilities

	31/12/2016 VND million	1/1/2016 VND million
Deferred tax assets:		
Accruals and provisions	306,554	208,541
Unrealised profits on intra-group transactions	6,718	5,196
Total deferred tax assets	313,272	213,737
Deferred tax liabilities:		
Tangible fixed assets	(719,720)	(759,684)
Intangible fixed assets	(854,124)	(933,069)
Total deferred tax liabilities	(1,573,844)	(1,692,753)
Net deferred tax liabilities	(1,260,572)	(1,479,016)

(ii) Movements of temporary differences during the year

	1/1/2016 VND million	Acquisition of a subsidiary (Note 5) VND million	Recognised in consolidated statement of income VND million	31/12/2016 VND million
Accruals and provisions	208,541	29	97,984	306,554
Unrealised profit on intra-group transactions	5,196	-	1,522	6,718
Tangible fixed assets	(759,684)	-	39,964	(719,720)
Intangible fixed assets	(933,069)	-	78,945	(854,124)
	(1,479,016)	29	218,415	(1,260,572)

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16. GOODWILL

	31/12/2016 VND million
Cost	
Opening balance	1,088,675
Acquisition of a subsidiary (Note 5)	27,176
Closing balance	1,115,851
Accumulated amortisation	
Opening balance	259,998
Amortisation during the year	111,350
Closing balance	371,348
Net book value	
Opening balance	828,677
Closing balance	744,503

17. TAXES

(a) Taxes payable to State Treasury

	31/12/2016 VND million	1/1/2016 VND million
Value added tax	161,055	116,597
Special consumption tax	52,489	62,956
Corporate income tax	284,519	287,683
Personal income tax	41,996	31,682
Other taxes	6,050	5,614
	546,109	504,532

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Movements of taxes payable to State Treasury during the year as follows:

	1/1/2016 VND million	Acquisition of a subsidiary VND million	Incurred VND million	Paid/ Refund VND million	Net-off/ Reclassified VND million	31/12/2016 VND million
Value added tax	116,597	-	3,015,021	(572,402)	(2,398,161)	161,055
Special consumption tax	62,956	-	476,784	(487,251)	-	52,489
Import-export tax	-	-	363,681	(359,071)	(4,610)	-
Corporate income tax	287,683	-	892,321	(895,387)	(98)	284,519
Personal income tax	31,682	111	172,263	(159,647)	(2,413)	41,996
Other taxes	5,614	-	426,783	(425,194)	(1,153)	6,050
	504,532	111	5,346,853	(2,898,952)	(2,406,435)	546,109

(b) Taxes receivable from State Treasury

	31/12/2016 VND million	1/1/2016 VND million
Corporate income tax	398	398
Other taxes	11,392	20,998
	11,790	21,396

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18. ACCRUED EXPENSES

	31/12/2016 VND million	1/1/2016 VND million
Short-term		
Advertising and promotion expenses	842,533	758,820
Accrued interest expense	571,195	481,026
Sales discounts and traditional customer support fee	973,440	445,632
Natural resource taxes and fees	230,261	286,166
Accruals for construction work	136,537	148,815
Consultant fee	35,737	120,873
Bonus and 13th month salary	239,235	91,612
Purchases not yet received invoices	36,370	67,475
Transportation expense	108,590	62,304
Exhibition and market fees	47,024	32,874
Withholding tax	1,917	11,363
Others	233,553	368,961
	3,456,392	2,875,921
Long-term		
Sales discounts	34,243	-
Others	2,921	-
	37,164	-

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Notes to the consolidated financial statements

19. OTHER PAYABLES

	31/12/2016 VND million	1/1/2016 VND million
Short-term		
Dividends payable	2,453,263	54,480
Trade union fees, social and health insurance	13,564	10,540
Obligation to issue shares	-	60,561
Short-term deposits	7,433	6,716
Payable for equitisation of a subsidiary	-	81,605
Others	53,733	184,571
	2,527,993	398,473
Long-term		
Long-term deposits	28,470	22,804
Others	2,465	75,009
	30,935	97,813

20. BORROWINGS, BONDS AND FINANCE LEASE LIABILITIES

	31/12/2016 VND million	1/1/2016 VND million
Short-term borrowings (*)		
Short-term borrowings	7,947,513	5,302,490
Current portion of long-term borrowings	670,827	3,064,135
	8,618,340	8,366,625
Long-term borrowings, bonds and financial lease liabilities (**)		
Long-term borrowings, bonds and financial lease liabilities	33,143,225	30,317,247
Repayable within twelve months	(670,827)	(3,064,135)
Repayable after twelve months	32,472,398	27,253,112

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(*) Short-term borrowings

	1/1/2016	Movements during the year					31/12/2016
	Carrying amounts and amounts within repayment capacity VND million	Acquisition of a subsidiary (Note 5) VND million	Additions VND million	Repayments VND million	Reclassifications from long-term borrowings VND million	Unrealised foreign exchange losses VND million	Carrying amounts and amounts within repayment capacity VND million
Short-term borrowings	5,302,490	50,000	22,442,654	(19,871,217)	-	23,586	7,947,513
Current portion of long-term borrowings	3,064,135	-	-	(2,757,837)	364,529	-	670,827
	8,366,625	50,000	22,442,654	(22,629,054)	364,529	23,586	8,618,340

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

	Currency	Annual interest rate	31/12/2016 VND million	1/1/2016 VND million
Short-term borrowings				
Secured bank loans	VND	4.4% - 8.0%	1,258,930	681,916
Secured bank loans	USD	3.5% - 5.1%	831,418	1,732,671
Unsecured bank loans	VND	4.4% - 5.0%	5,121,089	2,322,068
Unsecured bank loans	USD	1.5% - 2.0%	165,395	-
Unsecured loans	USD	6.0%	570,681	565,835
			7,947,513	5,302,490

As at 31 December 2016 and 1 January 2016, the bank loans were secured by the following assets of the Group:

- (i) 120 million shares of MR.
- (ii) a part of inventories and short-term receivables of an indirect subsidiary.

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(**) Long-term borrowings, bonds and financial lease liabilities

	31/12/2016 VND million	1/1/2016 VND million
Long-term borrowings (a)	1,091,862	961,867
Convertible loans (b)	567,960	567,960
Straight bonds (c)	31,458,105	28,747,968
Finance lease liabilities (d)	25,298	39,452
	33,143,225	30,317,247

Term and conditions of outstanding long-term borrowings and liabilities were as follows:

	Currency	Interest rate per annum	Year of maturity	31/12/2016 VND million	1/1/2016 VND million
a. Long-term borrowings					
Secured bank loans	VND	8.0% - 9.3%	2016-2020	293,512	961,867
Unsecured loan	USD	0%	2018	798,350	-
				1,091,862	961,867
b. Convertible loans					
Credit Suisse Ag	USD	9.6% - 10.8%	2017	567,960	567,960
c. Straight bonds					
(including issuance costs)	VND	7.0% - 10.2%	2020-2024	31,458,105	28,747,968
d. Finance lease liabilities	VND	14.0%	2018	25,298	39,452

(a) Long-term borrowings

As at 31 December 2016, long-term borrowings of the Group comprised of:

- (i)

VND denominated loans amounting to VND293,512 million (1/1/2016: VND581,868 million), which were secured over certain fixed assets and certain construction in progress with carrying amount of VND836,939 million (1/1/2016: VND936,938 million) (Note 10) and VND3,809 million, respectively.
- (ii)

USD denominated loan of VND798,350 million (equivalent to USD35 million). See Note 7(d)(iii).

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(b) Convertible loan

The original loan from Goldman Sachs Group, Inc. through its company named Jade Dragon (Mauritius) Limited (“JD”) represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

- (i)

The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2.0% per annum and 6.0% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4.0% per annum and 4.0% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6.0% per annum and 2.0% per annum respectively. The loan matured on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually. The Group has accrued interest based on the nominal interest rates.
- (ii)

The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan’s maturity date.
- (iii)

The conversion price was determined at VND65,000 per share, subject to customary adjustments from dilutive events.
- (iv)

The Company also separately entered into an arrangement with Masan Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan, subject to customary adjustments from dilutive events, in the event that the lender does not exercise the conversion option.

On 1 December 2015, this loan was amended with the maturity date on 14 December 2016. On 29 November 2016, this loan was amended with the maturity date on 14 December 2017. Credit Suisse Ag, Singapore Branch (“CSA”) became the lender under the Credit Agreement between the Company and JD and CSA. All terms and conditions as described above that were agreed previously between the Company and JD are kept the same between the Company and CSA.

(c) Straight bonds

The carrying amount of the bonds comprised the following:

	31/12/2016 VND million	1/1/2016 VND million
Straight bonds	31,900,000	29,176,882
Unamortised bond issuance costs	(441,895)	(428,914)
	31,458,105	28,747,968

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- (i)

VND6,000 billion (1/1/2016: VND4,000 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 81.3 million shares (1/1/2016: 81.3 million shares) of MSC;

(ii)

VND2,100 billion (1/1/2016: VND2,100 billion) bonds with a maturity of 10 years at an interest rate of 8.0% per annum in 10 years. The bonds were guaranteed by Credit Guarantee and Investment Facility and secured over 80.3 million shares (1/1/2016: 80.3 million shares) of MSC;

(iii)

VND9,000 billion (1/1/2016: VND9,000 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company and secured over 129.6 million shares (1/1/2016: 129.6 million shares) of MSC;

(iv)

VND3,700 billion (1/1/2016: VND3,700 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over MNS’s equity interest in 70.0% of ANCO and 65.8% of Proconco (1/1/2016: MNS’s equity interest in 70.0% of ANCO and 65.8% of Proconco);

(v)

VND1,300 billion (1/1/2016: nil) bonds with a maturity of 5 years at an interest rate of 7.0% per annum in the first year and 1.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 3.5 million shares (1/1/2016: nil) of ANCO;
- (vi)

VND700 billion (1/1/2016: nil) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 12.7 million shares (1/1/2016: nil) of Proconco;

(vii)

VND8,100 billion (1/1/2016: VND8,100 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods; and

(viii)

VND1,000 billion (1/1/2016: nil) bonds with a maturity of 2 years at an interest rate of 8% per annum in the first year and 2.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 155.7 million (1/1/2016: nil) shares of MR.
- The secured bonds were also secured over certain fixed assets with carrying amount of VND15,223,301 million (1/1/2016: VND15,369,867 million) of indirect subsidiaries of the Company.

During the year, the Group complied with the loan covenants on the above borrowings.

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(d) Finance lease liabilities

The future minimum lease payments under non-cancellable finance leases are as follows:

	31/12/2016			1/1/2016		
	Payments VND million	Interest VND million	Principal VND million	Payments VND million	Interest VND million	Principal VND million
Within one year	21,931	2,720	19,211	21,930	5,219	16,711
Within two to five years	6,266	179	6,087	25,064	2,323	22,741
	28,197	2,899	25,298	46,994	7,542	39,452

21. PROVISIONS

	31/12/2016 VND million	1/1/2016 VND million
Provision for mining rights fee	561,742	561,241
Provision for mine rehabilitation	22,603	20,987
Provision for severance allowance	40,949	33,707
	625,294	615,935

Movements of provisions during the year were as follows:

	Mining rights VND million	Mine rehabilitation VND million	Severance allowance VND million	Total VND million
Opening balance	561,241	20,987	33,707	615,935
Provision made during the year	43,895	1,616	8,918	54,429
Provision used during the year	(30,000)	-	(1,676)	(31,676)
Netted-off with tax refund	(13,394)	-	-	(13,394)
Closing balance	561,742	22,603	40,949	625,294

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22. CHANGES IN OWNERS' EQUITY

	Share capital	Capital surplus	Other capital	Undistributed profits after tax	Equity attributable to equity holders of Company	Non-controlling interest	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1 January 2015	7,358,081	9,631,164	(9,045,049)	7,071,887	15,016,083	6,909,056	21,925,139
Issuance of new shares	109,098	(58)	-	-	109,040	-	109,040
Transactions with NCI	-	-	-	14,022	14,022	(1,082,987)	(1,068,965)
Business combination in MNS	-	-	-	-	-	4,288,035	4,288,035
Board of Directors' fees of subsidiaries	-	-	-	(1,679)	(1,679)	(1,477)	(3,156)
Net profit for the year	-	-	-	1,478,292	1,478,292	1,048,958	2,527,250
Dividends declared	-	-	-	-	-	(666,846)	(666,846)
Transfers to funds	-	-	-	(1,142)	(1,142)	(309)	(1,451)
Balance as at 31 December 2015	7,467,179	9,631,106	(9,045,049)	8,561,380	16,614,616	10,494,430	27,109,046

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	Share capital	Capital surplus	Other capital	Treasury shares	Foreign exchange difference	Undistributed profits after tax	Equity attributable to equity holders of Company	Non-controlling interest	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1 January 2016	7,467,179	9,631,106	(9,045,049)	-	-	8,561,380	16,614,616	10,494,430	27,109,046
Issuance of new shares (Note 23)	213,578	1,018,690	-	-	-	-	1,232,268	-	1,232,268
Repurchase of treasury shares	-	-	-	(641,110)	-	-	(641,110)	-	(641,110)
Equity transactions with NCI (Note 7)	-	-	(381,909)	-	-	-	(381,909)	-	(381,909)
Business combination in CDN (Note 5)	-	-	-	-	-	-	-	1,381	1,381
Net profit for the year	-	-	-	-	-	2,791,444	2,791,444	981,053	3,772,497
Dividends declared	-	-	-	-	-	(2,276,524)	(2,276,524)	-	(2,276,524)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(273,124)	(273,124)
Board of Directors' fees of subsidiaries	-	-	-	-	-	(427)	(427)	(1,154)	(1,581)
Currency translation differences	-	-	-	-	(1,874)	-	(1,874)	(380)	(2,254)
Balance as at 31 December 2016	7,680,757	10,649,796	(9,426,958)	(641,110)	(1,874)	7,015,545	15,276,156	5,036,469	20,312,625

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23. SHARE CAPITAL AND CAPITAL SURPLUS

The Company's authorised and issued share capital comprises of:

	31/12/2016		1/1/2016	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	768,075,674	7,680,757	746,717,861	7,467,179
Issued share capital				
Ordinary shares	768,075,674	7,680,757	746,717,861	7,467,179
Capital surplus	-	10,649,796	-	9,631,106
Treasury shares				
Ordinary shares	(9,234,210)	(641,110)	-	-

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.

The Company purchased 9,234,210 treasury shares for a cash consideration of VND641,110 million.

Movements of share capital during the year were as follows:

	2016		2015	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	746,717,861	7,467,179	735,808,140	7,358,081
Insurance of new shares at par for cash	21,357,813	213,578	10,909,721	109,098
Balance at end of the year	768,075,674	7,680,757	746,717,861	7,467,179

The Company issued 9,357,813 shares at par for cash (Note 36) and 12,000,000 shares at VND95,000 per share (see Note 7(d)(iii)). The proceeds from the issuance of 12,000,000 shares were used to repay the Company's loans.

In December 2016, the Company's shareholders also approved the issuance of bonus shares with the ratio of 50% of par value.

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24. OTHER CAPITAL

Movements of other capital during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	9,045,049	9,045,049
Equity transaction (*)	206,366	-
Equity transaction in a subsidiary (**)	175,543	-
Closing balance	9,426,958	9,045,049

(*) In 2012, the Company entered into convertible loan agreements for USD30 million (equivalent to VND624,840 million) with Mount Kellett Capital Management LP through its company named MRG Limited for a term of 4 years.

To enhance the creditworthiness of the Company and facilitate the financing transaction, the parent company also entered into arrangement with the Company and the lender in which the parent company undertakes the risks and obligations to subscribe to the Conversion Shares and directly pay the principals and deferred interests to the lender in the event that the lender does not exercise the conversion option. The parent company did not receive any consideration or other benefits in return for such undertakings on behalf of the Company.

Among others, the agreements provide the following:

- The convertible loan bears semi-annual coupons of 5.0% per annum in year one, 6.0% per annum in years two and three, and 7.0% per annum for the remaining term of the convertible loan. A deferred interest which would achieve an effective rate of return of 10.0% is payable if the conversion option is not exercised; and
- The shares to be issued on conversion ("Conversion Shares") shall be determined based on an initial conversion price of VND85,000 per share and subject to ratchet adjustments and other terms of the definitive agreement. However, the maximum number of Conversion Shares will be 9.6 million. The mandatorily issuable minimum number of Conversion Shares is 7.5 million, which is treated as an equity instrument.

In July 2013, the Company repurchased two third of the convertible loan of USD30 million subscribed by MRG Limited, resulting in the maximum number of Conversion Shares being reduced to 3.2 million and the mandatorily issuable minimum number of Conversion Shares was reduced to 2.5 million as at 1 January 2015.

In March 2016, the Company repurchased the remaining one third of the convertible loan of USD30 million subscribed by MRG Limited for a cash consideration of VND266,927 million.

(**) ANCO granted a call option to a member of Board of Directors of a subsidiary to buy 5% of ANCO's equity interest on a fully diluted basis at par value, which can be exercised within 10 years from January 2016. In February 2016, this option was acquired by MNS as part of MNS's overall restructuring and efforts to increase its equity interest in its subsidiaries, particularly ANCO and Proconco

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25. DIVIDENDS

In December 2016, the Company’s shareholders approved the allocation of cash dividends with the ratio of 30% of par value.

26. OFF BALANCE SHEET ITEMS

(a) Lease

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

	31/12/2016 VND million	1/1/2016 VND million
Within one year	159,411	86,801
Within two to five years	150,453	126,464
More than five years	152,914	164,498
	462,778	377,763

(b) Capital expenditure

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

	31/12/2016 VND million	1/1/2016 VND million
Approved and contracted	766,264	794,265
Approved but not contracted	1,236,996	1,048,718
	2,003,260	1,842,983

For the year ended 31 December 2016 (continued)

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(c) Foreign currencies

	31/12/2016		1/1/2016	
	Original currency	VND million equivalent	Original currency	VND million
USD	23,054,371	523,806	13,425,910	300,734
EUR	345	8	1,378	34
SGD	338	5	358	6
THB	97,959,692	60,637	-	-
		584,456		300,774

(d) Final sales pricing adjustment

As disclosed in Note 3(s), a subsidiary of the Group had the following commitments under sales contract to adjust the sales price of its product sold based on future quoted market price at the London Metal Bulletin (“LMB”) at the agreed final pricing date. The revenue on provisionally priced sales is initially recognised based on the estimated fair value of the total consideration receivable at the date of transaction. Revenue will be adjusted at the final pricing date subsequent to this year end. Such adjustments are treated as changes in estimates due to the absence of a mechanism to reliably estimate future LMB quoted prices at the date of transaction.

Total revenue for the year ended 31 December 2016 that have been recognised on a provisional basis is VND112 billion (2015: nil).

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

27. REVENUE FROM SALE OF GOODS

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

Net revenue comprised of:

	2016 VND million	2015 VND million
Total revenue		
■ Sale of finished goods and others	45,100,176	31,324,871
Less revenue deductions		
■ Sales discounts	1,748,440	606,034
■ Sales returns	54,672	90,427
	1,803,112	696,461
	43,297,064	30,628,410

28. COST OF SALES

	2016 VND million	2015 VND million
Total cost of sales		
■ Finished goods sold and other sales	30,308,187	20,725,976
■ Allowance for inventories	58,792	93,810
	30,366,979	20,819,786

For the year ended 31 December 2016 (continued)

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29. FINANCIAL INCOME

	2016 VND million	2015 VND million
Interest income from:		
■ Deposits	579,836	355,444
■ Other loan investing activities	131,194	481,084
Negative goodwill on acquisition of a subsidiary	-	147,641
Realised gains from derivative financial instruments	2,609	17,623
Foreign exchange gains	51,421	66,502
Others	4,134	314,009
	769,194	1,382,303

30. FINANCIAL EXPENSES

	2016 VND million	2015 VND million
Interest expense on loans/bonds from:		
■ Banks	336,307	271,425
■ Bondholders	2,666,989	2,106,907
■ Others	109,184	46,973
Foreign exchange losses	88,142	206,819
Realised losses from derivative financial instruments	30,142	12,014
Others	60,462	70,563
	3,291,226	2,714,701

31. SELLING EXPENSES

	2016 VND million	2015 VND million
Promotion and advertising expenses	2,882,343	2,349,885
Transportation expense	916,393	842,352
Staff cost	869,191	523,640
Exhibition expense	54,311	55,158
Marketing research expense	34,116	51,567
Other expenses	214,149	221,755
	4,970,503	4,044,357

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

32. GENERAL AND ADMINISTRATION EXPENSES

	2016 VND million	2015 VND million
Staff cost	606,130	591,940
Amortisation of fair value uplift of fixed assets arising in business combination	586,973	383,671
Amortisation of goodwill	111,350	109,518
Depreciation and amortisation	98,266	78,327
Research and development expenses	33,225	21,225
System lease line and IT services	130,959	86,993
Office rental	52,522	47,326
Outside services	141,632	76,258
Other expenses	175,324	269,259
	1,936,381	1,664,517

33. INCOME TAX

(a) Recognised in the consolidated statement of income

	2016 VND million	2015 VND million
Current tax expense		
Current year	876,837	831,685
Under/(over) provision in prior years	15,484	(14,151)
	892,321	817,534
Deferred tax benefit		
Origination and reversal of temporary differences	(218,415)	(150,674)
Effect of change in tax rate	-	32,619
	(218,415)	(118,055)
Income tax expense	673,906	699,479

For the year ended 31 December 2016 (continued)

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(b) Reconciliation of effective tax rate

	2016		2015	
	%	VND million	%	VND million
Accounting profit before tax	100.0%	4,446,403	100.0%	3,226,729
Tax at the Company's income tax rate	20.0%	889,281	22.0%	709,880
Effect of different tax rates in subsidiaries	(12.5%)	(554,964)	(10.5%)	(341,610)
Effect of consolidation transactions	0.4%	17,931	0.1%	4,164
Non-deductible expenses	2.4%	108,066	4.0%	130,121
Tax exempt income	(0.6%)	(28,031)	-	-
Effect of share of profit in associates net of tax	(4.4%)	(195,988)	(3.4%)	(109,784)
Deferred tax assets not recognised	10.3%	455,256	11.5%	375,282
Under/(over) provision in prior years	0.3%	15,484	(0.4%)	(14,151)
Effect of change in tax rate	0.0%	-	1.0%	32,619
Tax losses utilised	(0.7%)	(33,129)	(2.6%)	(87,042)
	15.2%	673,906	21.7%	699,479

(c) Applicable tax rates

Under the prevailing corporate income tax law, the Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 20% from 2016 onwards (2015: 22%).

The usual income tax rate applicable to enterprises before any incentives is 20% for 2016 (2015: 22%).

The Company's subsidiaries enjoy various tax incentives which provide some subsidiaries with further tax exemptions and reductions.

(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 on transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

34. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In addition to related party balances disclosed in other notes to these consolidated financial statements, the Group had the following transactions with related parties in accordance with Vietnamese Accounting Standards during the year:

Related Party	Nature of transaction	2016 VND million	2015 VND million
Other related party			
Vietnam Technological	Loans received	1,955,590	2,596,819
and Commercial Joint	Loans re-paid	3,542,422	1,375,112
Stock Bank	Interest expense on loans received	160,555	131,393
("Techcombank")	Bond proceeds received (*)	1,000,000	-
Key management personnel	Remuneration to key management personnel (**)	105,497	72,049

As at 31 December 2016, the Company and its subsidiaries have current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

(*) The bonds will be listed and sold to a broader set of investors pursuant to an arrangement agreement. The application of bond registration has submitted to Vietnam Securities Depository in January 2017.

(**) No board fees were paid to the Company's Board of Directors' members for the years ended 31 December 2016 and 2015.

35. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the net profit attributable to ordinary shareholders of VND2,791,444 million (2015: VND1,478,292 million) of the Group and a weighted average number of ordinary shares outstanding of 1,133,768,236 shares during the year (2015: 1,122,829,258 shares).

For the year ended 31 December 2016 (continued)

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For the purpose of calculating basic earnings per shares, shares that are issuable solely after the passage of time are treated as outstanding shares from the date that the right to the shares comes into existence calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2016 VND million	2015 VND million
Net profit attributable to ordinary shareholders	2,791,444	1,478,292

(ii) Weighted average number of ordinary shares

	2016	2015 (as restated)
Issued ordinary shares at the beginning of the year	746,717,861	735,808,140
Effect of shares issued for cash	5,277,494	5,111,130
Effect of treasury shares held	(2,511,392)	-
Effect of shares to be issued solely after the passage of time	9,542,291	11,450,353
Weighted average number of ordinary shares at the end of the year	759,026,254	752,369,623
(as previously reported)	374,741,982	370,459,635
Effect of bonus shares to be issued		
Weighted average number of ordinary shares at the end of the year	1,133,768,236	1,122,829,258
(as restated)		

In February 2017, 379,420,700 of ordinary shares were issued as bonus shares to existing shareholders with the ratio of 50% of par value.

Issued ordinary shares at the beginning of 2015 and 2016 have been adjusted to reflect the bonus shares issued in 2017. Basic earnings per share for the year ended 31 December 2015 have also been restated accordingly to reflect these bonus share.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2016 and 2015 was based on net profit attributable to shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

For the year ended 31 December 2016 (continued)

Notes to the consolidated financial statements

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

	2016 VND million	2015 VND million
Net profit attributable to shareholders	2,791,444	1,478,292

Potential dilutive ordinary shares have no income effect on the net profit attributable to shareholders for the years ended 31 December 2016 and 2015.

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

	2016	2015 (as restated)
Weighted average number of ordinary shares (basic)	1,133,768,236	1,122,829,258
Effect of potential dilutive share ordinary shares	-	753,954
Weighted average number of ordinary shares (diluted)	1,133,768,236	1,123,583,212

36. SHARE-BASED PAYMENT

The Company has an employee share-based payment plan to award shares based on the assessment of the performance of employees. The future issuance of shares under the plan has to be approved by the shareholders at Annual General Meeting.

In 2016, the Company issued 9,357,813 shares to employees at par for cash.

37. NON-CASH INVESTING ACTIVITIES

	2016 VND million	2015 VND million
Cost of construction not yet paid	254,907	353,627
Interest expense capitalised into construction in progress	200,407	319,610
Depreciation and amortisation capitalised into construction in progress	4,731	3,876
Capitalisation of interest expense into borrowings	32,967	17,841

For the year ended 31 December 2016 (continued)

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38. POST BALANCE SHEET EVENTS

The payment of cash dividends with the ratio of 30% of par value for each share was made on 24 January 2017.

The shareholders' book closing date in respect of the issuance of bonus shares with the ratio of 50% of par value for each share was on 24 January 2017. The Company completed the required procedures for the distribution of bonus shares to shareholders in February 2017.

15 March 2017

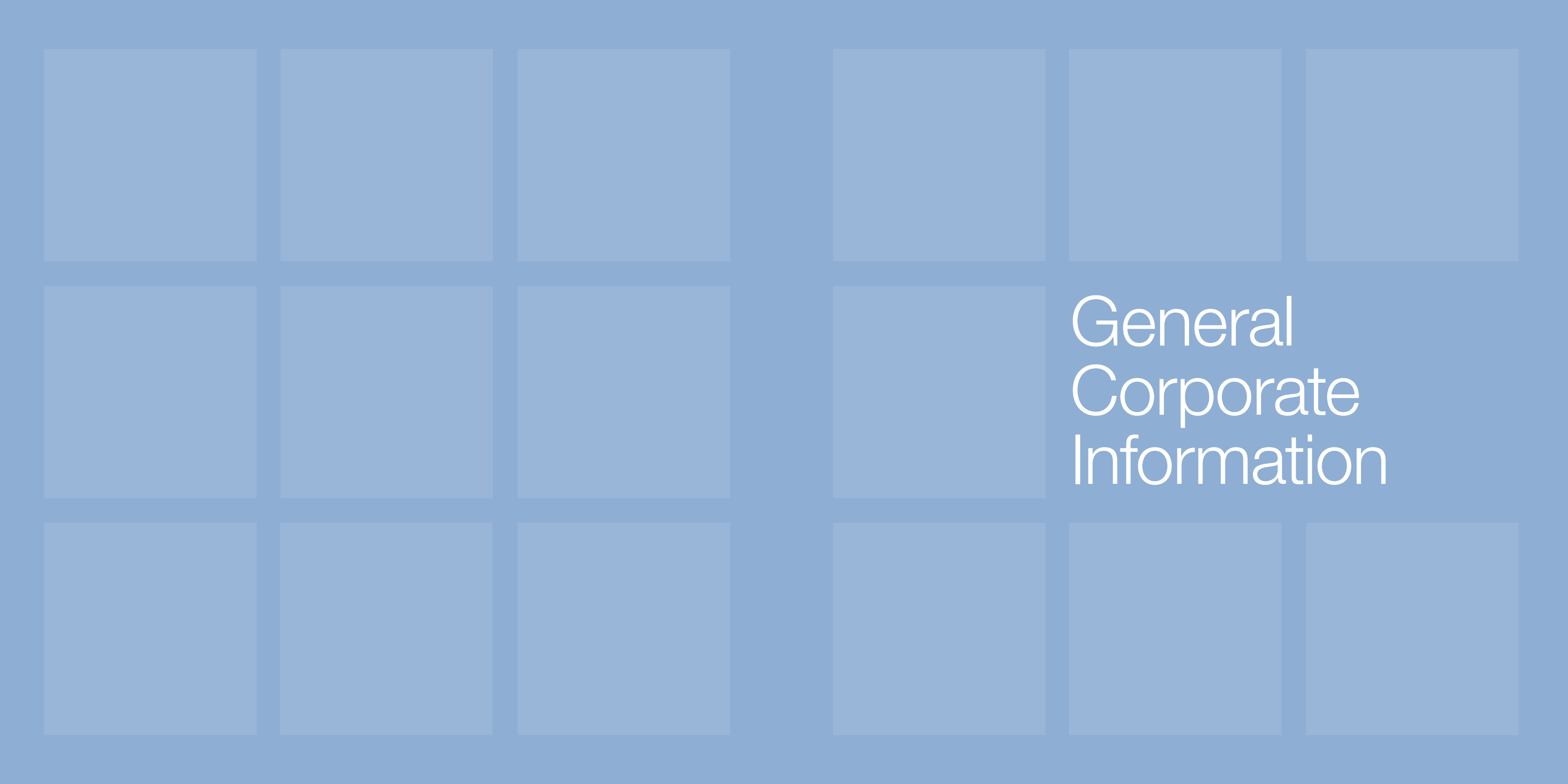
Prepared by:

Approved by:

Doan Thi My Duyen
Chief Accountant

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

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General Corporate Information

Masan Group's corporate history and structure

CORPORATE HISTORY

Masan Group Corporation was incorporated in November 2004 under the name Ma San Shipping Corporation. We officially changed our name to Ma San Group Corporation in August 2009 and were successfully listed on the Ho Chi Minh Stock Exchange on 5 November 2009. Our name was formally changed to Masan Group Corporation in July 2015 in order to be consistent with our corporate brand and practice. While the listed entity was formally incorporated in 2004, Masan, through our majority shareholder and our underlying operating businesses and their predecessor companies, has been in existence as a business group for 20 years.

We are a holding company, with controlling stakes in Masan Consumer Holdings ("MCH"), Masan Nutri-Science ("MNS"), and Masan Resources ("MSR"), representing an economic interest of 85.71%, 89.45% and 95.9%, respectively, as of 31 December 2016. We have an economic interest, through shares and mandatory convertible subordinated debt, in Techcombank of 30.4% as of 31 December 2016.

Key events in our company history include:

- Masan's first predecessor company, Viet Tien Industry–Technology–Trading Company, was established in 1996, as a manufacturer of seasonings in Ho Chi Minh City.
- Masan grew in the food trading space with the establishment of additional manufacturing entities such as Minh Viet Import – Export Company and Masan Industrial JSC, during the period of 2000 to 2002.

- In 2002, in order to tap into the potential local market, the Company shifted its focus from exports to the domestic market by introducing the sauce brand, "Chin-su." Chin-su's success was followed by the success of "Nam Ngu" and "Tam Thai Tu" in 2007.
- In November 2004, the corporate entity that was used to restructure the Group's businesses and holdings, formerly called Ma San Shipping Corporation, was originally established.
- In 2008, Masan Trading Corporation, the parent company that held Masan's interest in the packaged food sector, reached VND2,000 billion in sales.
- In 2008, with a vision to institutionalize our sectorial and execution strategy for the Group into a more scalable and professional platform, our shareholders recruited a professional management team comprising of executives of multinational backgrounds and track records of building businesses in emerging markets, including the appointment of Madhur Maini as Chief Executive Officer in August 2008.
- In August 2009, the Company was renamed Ma San Group Corporation and was restructured to hold a 19.9% stake in Techcombank and a 54.8% stake in Masan Consumer.
- In September and October 2009, TPG, through its growth capital investment arm, TPG Growth, invested VND630 billion in the Company in the form of convertible bonds, which were fully converted into shares of the Company in June 2012.
- In October 2009, BankInvest, through one of its Private Equity New Markets Funds, invested in the Company and became a major shareholder, joining our Board of Directors.

- In October 2009, the Company increased its ownership in Masan Consumer to 76.6%.
- On 5 November 2009, we were officially listed on the Ho Chi Minh Stock Exchange at a listing price of VND36,000 per share and began trading under the symbol "MSN". At a closing price of VND43,200 per share on the listing date, the Company became the sixth largest company in Vietnam based on market capitalization.
- In December 2009, we raised VND360 billion in equity capital from House Foods Corporation Inc. of Japan.
- In May 2010, the International Finance Corporation, a member of the World Bank, provided us with a six-year VND760 billion partially convertible loan.
- In September 2010, the Company acquired a controlling stake in the Nui Phao mine and established Masan Resources. Shortly thereafter, Mount Kellett invested a 20% stake in Masan Resources.
- In October 2010, the Company raised VND974 billion through a private placement of primary shares to Orchid Fund Private Limited, an investment fund of the Richard Chandler Corporation.
- In November 2010, Goldman Sachs provided the Company with a US\$30 million five-year convertible loan.
- In December 2010, the Company increased its effective ownership in Masan Consumer to 86.6%.
- In December 2010 and January 2011, the Company increased its stake in Techcombank to 30.6% following the purchase of Techcombank's convertible bonds.
- In April 2011, KKR invested US\$159 million in Masan Consumer for a 10% stake.
- In October 2011, Masan Consumer entered into the

beverage sector by acquiring a 50.3% stake in Vinacafé Bien Hoa, the largest instant coffee maker in Vietnam. In February 2012, Masan Consumer increased its stake to 53.2%.

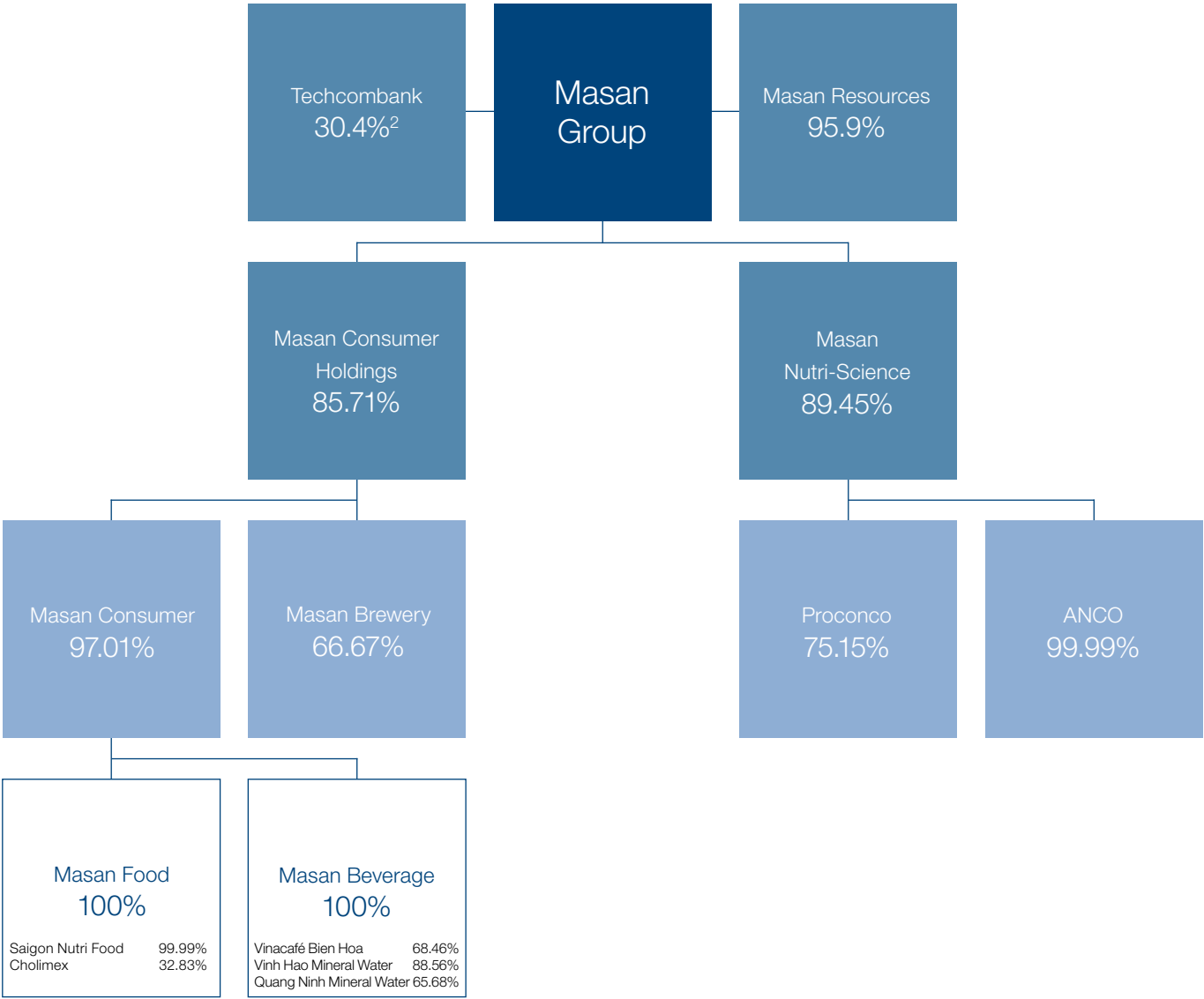
- In February 2012, the Company issued convertible instruments to Mount Kellett and the Richard Chandler Corporation.
- In May 2012, the Company raised US\$50 million through an issuance of a mandatory convertible loan, convertible into shares of the Company, to Kairos Capital Limited, an investment vehicle controlled by the Richard Chandler Corporation.
- In January 2013, the Company sold an additional 8.7% stake in Masan Consumer to KKR for US\$200 million, diluting the Group's stake in Masan Consumer to 77.7%.
- In February 2013, Masan Consumer acquired a 24.9% stake in Vinh Hao.
- In April 2013, Masan Consumer increased its ownership percentage in Vinh Hao to 63.5%.
- In July 2013, Nui Phao Mining and H.C. Starck established a Nui Phao - H.C.Starck Tungsten Chemicals Manufacturing joint venture for the production of value-added tungsten chemicals in Vietnam. The partnership with H. C. Starck was a key milestone, validating the mines' product and also de-risking the project with a globally-recognized customer for our tungsten.
- In December, 2013, Hoa Bang Lang Consultant Company Limited was renamed to Masan Consumer Holdings Company Limited, herein referred to as Masan Consumer Holdings, and also as MCH. MCH was restructured to be the primary holding company for Masan's branded food and beverage businesses.

- In March 2014, Nui Phao Mining successfully finished its commissioning.
- In April 2014, Mr. Seokhee Won joined Masan as CEO of Masan Consumer and Deputy CEO of Masan Group to spearhead the Company's next phase of consumer-related growth.
- In May 2014, Masan Consumer established Masan Beverage as a wholly owned subsidiary, into which the company's interest in Vinacafé Bien Hoa and Vinh Hao was subsequently transferred.
- In September 2014, we acquired Phu Yen Beer and Beverage JSC, producer of the "Su Tu Trang" beer brand. Masan Brewery Company Limited (formerly another investment holding subsidiary) was restructured to hold our beer interest and has been transferred to MCH. Under our management, the beer facility reached full production capacity with a trial launch in the Mekong Delta region. Phu Yen Beer and Beverage JSC were then converted into a single member company in 2015 under the new name Masan Brewery PY One Member Company Limited.
- During the end of 2014, Masan Consumer established several subsidiaries to expand its manufacturing footprint to increase capacity and to be closer to its customers. Work started on a new Nghe An manufacturing hub by Masan MB and the licensing and application process began for a site in Hau Giang.
- In December 2014, Masan Consumer Holdings completed a landmark 10-year bond issuance, which raised VND2,100 billion at an 8% fixed coupon rate. The bond was guaranteed by the Credit Guarantee and Investment Facility ("CGIF"), a trust fund of the Asian Development Bank, and was CGIF's first ever deal in Vietnam.
- In December 2014, Masan Consumer acquired a 32.8% stake in Cholimex Food. Masan Group also divested non-core businesses such as food packaging by the disposal of Minh Viet Packaging One Member Company Limited and other units where the Company did not have a controlling interest.
- In January 2015, Masan Consumer acquired a 99.99% stake in Saigon Nutri Food, a processed meat manufacturer, to go further into the animal-based protein sector.
- In April 2015, Masan acquired Sam Kim Limited Liability Company, the controlling shareholder of Proconco and ANCO. The acquired company was subsequently renamed Masan Nutri-Science. The acquisition of Masan Nutri-Science immediately made Masan Vietnam's largest local animal feed player with a leadership position in the pig feed segment. Masan Nutri-Science is the Company's first step to transform Vietnam's animal protein industry and ultimately reach consumers with branded meat products.
- In June 2015, MCH issued a five-year VND9,000 billion bond arranged by Vietcombank and mostly subscribed mostly by local banks. The transaction was part of our efforts to simplify our balance sheet, pay down more expensive debts, extend our debt maturity profile, reduce U.S. Dollar liabilities, and increase our cash balance for further investments in the consumer sector. The issuance was the largest bond deal ever in Vietnam.
- In September 2015, Masan Resources was listed on the Hanoi Stock Exchange's UPCoM exchange, validating the success of the company's commissioning and ramp up, and becoming one of the largest companies to be listed on the northern bourse.

- In November 2015, Masan MB commissioned a manufacturing hub to produce fish sauce and instant noodles in Nghe An Province to increase capacity for growth and to get closer to our consumers.
- In December 2015, Masan Beverage acquired control of Quang Ninh Natural Mineral Water Limited, owner of the Quang Hanh brand which, together with Vinh Hao, made Masan Vietnam's largest local mineral water company and strengthened our bottled beverage platform
- In December 2015, MCH and Singha signed a partnership agreement to better serve the 250 million consumers of In-land ASEAN. Overnight, Masan's addressable market for its food and beverage platform more than doubled across all categories. As part of the partnership, Singha will has the right to invest up to US\$1.1 billion into MCH and our beer business, making the deal the largest corporate M&A deal in Vietnam's history. The first closing occurred the following month with the funding of US\$650 million.
- In December 2015, a day after the signing of the Singha deal, Masan Brewery quadrupled its brewery capacity with a new facility in Hau Giang.
- In January 2016, MCH increased its direct ownership in Masan Consumer to 96.7%, Masan Beverage increase its direct ownership in Vinh Hao to 84.2% and MNS increased its ownership in Proconco to 75.2%.
- In February 2016, Masan Beverage increased its direct ownership in Vinacafé Bien Hoa to 60.16%, which further increased to 68.5% in December 2016.
- In March 2016, ANCO acquired a 14% stake in VISSAN to become its strategic partner.
- In May 2016, Masan Nutri-Science increased its direct ownership in ANCO from 70% to 99.99%.
- In June 2016, ANCO increased its stake in VISSAN to 24.94%.
- In June 2016, Masan Nutri-Farm (N.A) was established.
- In July 2016, Masan Consumer Thailand was established,
- In September 2016, Masan Consumer Thailand and its strategic partner Singha introduced our first seasoning brand in Thailand, Chin-su Yod Thong fish sauce. This is the first step in our In-land ASEAN journey to better serve the region's 250 million consumers.
- In November 2016, Masan Nutri-Farm (NA) broke ground on high-tech pig farm in Nghe An, completing our 3F (Feed - Farm -Food) business model.
- In December 2016, Masan Group through its wholly owned subsidiary, successfully completed the tender offer for shares of Masan Resources, increasing its indirect ownership in MSR from 74.39% to 95.9%, paving the way for the next round of strategic capital and growth.
- In January 2017, Masan Group paid a cash dividend to its shareholders with a dividend rate of 30% (VND3,000 per share).
- In January 2017, Masan Group completed the issuance of bonus shares for all shareholders (shareholders who hold 2 shares shall receive 1 bonus share).

As of 31 December 2016

Corporate structure¹



1. Does not include our intermediary holding companies.
2. Held directly and through wholly-owned subsidiaries, and includes convertible instruments..

MASAN CONSUMER HOLDINGS

Masan Consumer Holdings was established to be the Group's primary platform to further invest in branded food and beverage opportunities and related sectors. Its core holdings include Masan Consumer and Masan Brewery.

We are one of Vietnam's largest local diversified FMCG companies. We manufacture and distribute a range of food and beverage products, including soya sauce, fish sauce, chili sauce, instant noodles, instant congee, instant coffee, instant cereals, bottled beverages, and beer. We have grown our product portfolio, domestic sales and distribution channels to establish a leading position in Vietnam's branded consumer food and beverage product market. Our key brands include Chin-su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Komi, Cao Boi, Woa! Ngon, Vinacafé, Wake-Up, Café de Nam, Phinn, Kachi, Vinh Hao, Quang Hanh and Su Tu Trang.

MASAN NUTRI-SCIENCE

Masan Nutri-Science is one of Vietnam's leading consumer-agri producers as the largest pig feed producer (external market) and second largest overall feed producer in Vietnam. Our objective is to be & be recognized as the leader in providing branded animal protein solutions across the value chain for everyone, every family, every day in Vietnam by driving productivity to global standards.. Masan Nutri-Science currently has three key brands, ANCO, Proconco and Bio-zeem as an umbrella brand for products with a proprietary enzyme which improves feed conversion ratios. 2016 combined sale volume reached over 2.5 million tons, covering all kinds of feed products (pig feed, poultry feed, cow feed and aqua feed). Masan Nutri-Science has one of the most extensive distribution networks with 4,500 dealers across Vietnam. The total number of animal feed production facilities is 13 facilities in 2016.

MASAN RESOURCES

Masan Resources is one of the largest private sector mineral resource and chemical processing companies in Vietnam, currently operating the world-class Nui Phao polymetallic project in Northern Vietnam. Nui Phao is the largest tungsten mine in the world and the industry's first new tungsten project to be commissioned in over a decade. Masan Resources is also a globally significant producer of fluorspar and bismuth. Masan Resources' objective is to show the world that a Vietnamese company can lead the transformation of the global tungsten market.

TECHCOMBANK

Techcombank is currently one of the largest joint stock commercial banks in Vietnam in terms of total assets, loans, deposits, customers and distribution network. It has built industry-leading franchises in retail deposits, SME and retail lending. In the 24 years since its establishment, it has developed a diversified range of financial products and services to cater to the financial needs of Vietnam's emerging consumer class and budding private enterprises. Poised to emerge as one of the first local banks in Vietnam to complete its provisioning cycle after the country's banking crisis, Techcombank has both the platform and balance sheet in place to become a private sector champion.

Capital structure

2016 EBITDA pro forma (VND billion)	: 9,670
Cash and Cash Equivalents (VND billion)	: 14,920 as of 31 December 2016 ⁽¹⁾
Total Straight Debt (VND billion)	: 41,091
Net Straight Debt (VND billion)	: 26,170
Number of issued shares	: 768,075,674 as of 31 December 2016
Equity (VND billion)Equity (VND billion)	: 20,313

1. Including short-term investments.

Corporate governance

GOVERNANCE STRUCTURE

Approval	General Meeting of Shareholders	
Validation	Board of Directors	Supervisory Board
Strategic Management	Management Board	
	■ Chief Executive Officer	
	■ Deputy Chief Executive Officers	
	■ Chief Accountant	
Implementation	Business Development, Finance and Accounting, Legal and Administration	

Board of Directors

The Board of Directors (the “Board”) is elected by shareholders to oversee the activities of the Company. Members of the Board of Directors meet regularly to discuss the strategic decisions raised by the Management Board. Details on the responsibilities of the Board are presented in the Board of Directors section.

Supervisory Board

The Supervisory Board oversees the activities of the Board of Directors and the Management Board.

Management Board

The Management Board’s prime responsibilities include strategic management, resource allocation at the senior management level, financial accounting and controls, capital management, governance, and internal control.

Business Development

The Business Development team is responsible for transaction execution, business analytics and strategic initiatives.

Finance & Accounting, Legal and Administration

Finance & Accounting, Legal and Administration are departments responsible for financial reporting, legal and regulatory compliance, and managing the administrative functions of the Company. Senior professionals from the Finance & Accounting and Legal departments play pivotal roles in transaction execution and post-deal follow up.

BOARD OF DIRECTORS

Board responsibility and delegation of authority

The Board of Directors has two executive members and four non-executive members. The Board of Directors is chaired by the Chairman, who is also the Chief Executive Officer. The roles of the Chairman and Chief Executive Officer are separate.

Members of the Board of Directors include:

■ Dr. Nguyen Dang Quang, Chairman

Dr. Nguyen Dang Quang is the Chairman and CEO of Masan Group. In addition, he is the Chairman of Masan Corporation, Masan Consumer, a board member of Masan Resources, Chairman of the Members’ Council of Nui Phao Mining Company and First Vice Chairman of the Board at Techcombank.

Dr. Quang has been highly instrumental in the establishment and development of many of our businesses and subsidiary companies. He is a visionary who has professionalized Masan Group at an early stage of development while still keeping our Vietnamese culture and values intact.

Dr. Quang has a Doctorate in Technical Sciences from the National Academy of Sciences of Belarus and a Master’s degree in Administration and Business Management from the Plekhanov Russian Economic University.

■ Mr. Ho Hung Anh, member

Mr. Ho Hung Anh is Vice Chairman of Masan Group’s Board of Directors. He also serves as the Chairman of Techcombank and Techcom Capital’s Members’ Council, board member of Masan Corporation, Masan Consumer Corporation and is a member of the Members’ Council of Techcom Securities. Hung Anh has contributed to the early stages of Masan Group’s development and provides strategic guidance. He devotes his time to leading Techcombank, an associate of Masan Group, to become Vietnam’s leading private sector bank.

Mr. Ho Hung Anh holds a Bachelor’s degree in Electronics from the Kiev Polytechnic Institute.

■ Mr. Nguyen Thieu Nam, member

Mr. Nguyen Thieu Nam is Deputy CEO and member of the Board of Directors. He has previously held senior executive roles at our subsidiary and affiliated companies such as Masan Consumer and Techcombank.

At Masan Group, Nam manages the relationships with key partners and leads local execution. He was instrumental in accelerating the compensation and resettlement efforts of the Nui Phao project, advancing the land acquisition process to 91% of the land required immediately for the project by June 2011, as opposed to only 2% before acquisition. More recently, he has been critical in our entry into the beer category.

Mr. Nguyen Thieu Nam graduated from Vietnam University of Commerce, Hanoi, Vietnam, with a BA in Economics.

■ Ms. Nguyen Hoang Yen, member

Ms. Nguyen Hoang Yen is Deputy CEO of Masan Consumer, where she was a key executive in the company’s formative years when it was primarily a foodstuff trading company. She has contributed to its transformation into a domestic and branded food and beverage business.

She also serves as Chairwoman of Masan PQ Corporation, a member of the Board of Directors of Masan Corporation, Masan Consumer, Vinh Hao Mineral Water Corporation, and Vinacafé Bien Hoa Joint Stock Company.

Ms. Nguyen Hoang Yen has a Bachelor’s degree in Russian from Ha Noi University of Foreign Languages.

■ Mr. Lars Kjaer, member

Mr. Lars Kjaer is a Deputy Managing Partner at PENM Partners. Lars was previously Managing Director at NOPEF (a developer of Nordic SME companies for establishment in emerging markets with a portfolio of more than 200 companies), Managing Director at InWear & IC Company (a fully integrated branded consumer good apparel company with sales of US\$450 million) and Managing Director of Carlsberg Denmark. He was also a member of the Board of Directors at Coca-Cola Nordic Beverages and Vice President of Corporate Strategy and M&A at Carlsberg Breweries A/S. Through holding various positions in executive management, Lars has extensive experience in emerging markets, strategy formulation, corporate growth, operations development, restructuring and M&A.

■ Mr. Dominic Edward Salter Price, member

Mr. Dominic Price has been a Senior Advisor to J.P. Morgan for Asian Frontier markets since leaving JPMorgan’s full-time employment at the end of 2012.

Dominic first joined J.P. Morgan in London in 1988 and during his time with the firm he worked in the United Kingdom, Singapore, India and Vietnam in a variety of trading and investment banking roles as well as serving as country head for J.P. Morgan in both India and Vietnam.

Dominic began his banking career with Standard Chartered in London working in technical services, strategic research and development and in their merchant banking arm. He worked as a fixed income trader at Credit Suisse First Boston in London and Tokyo and was also responsible for Asian debt origination and local currency trading in Singapore for Paribas Capital Markets.

The Chairman plays an important leadership role and is involved in:

- Chairing meetings of the Board and providing its effective leadership;
- Maintaining dialogue with the Management Board and providing appropriate strategic input;
- Monitoring the performance of the Board; and
- Being a respected ambassador for the Group, including chairing meetings of shareholders, managing community issues and interacting with key stakeholders.

The Board is responsible for charting the direction, strategies and financial objectives of the Group and monitoring the progress in relation to such matters. It has not formed committees under itself.

Non-executive members regularly communicate with the management of the Group to understand the progress and performance of the operations.

As of 31 December 2016, Dr. Nguyen Dang Quang, Mr. Ho Hung Anh, Mr. Nguyen Thieu Nam, Ms. Nguyen Hoang Yen and Mr. Lars Kjaer held directorship members in four, three, five, five and four other companies, respectively.

Board Meetings

The Board regularly meets to discuss the direction, strategy and progress of the business. Typically, the topics at the Board meetings include:

- Reports on major projects and current business issues;
- Reports on financial performance and corporate governance;
- Specific business proposals; and
- Minutes from the previous meeting and outstanding issues.

Activities of the Board

In 2016, members of the Board mainly were involved with the discussion and approval of the following items:

- Simplifying the Company’s capital structure and corporate structure to provide greater focus on consumption-related businesses;
- Enhancing corporate governance and transparency;
- Deciding business development plans and annual budgets for each of our businesses and subsidiaries;
- Raising capital;
- Restructuring the Company’s debts;
- Implementing the issuance of new shares under the ESOP;
- Implement the plan of repurchase of the Company’s shares;
- Implement the issuance plan of new shares;
- Payment of cash dividend and issuance of shares from the Company’s owners’ equity; and
- Implementing other transactions of Masan Group and subsidiaries.

There were no separate meetings of non-executive Board members. Approvals from the Board involved all members.

MANAGEMENT BOARD

The Management Board is responsible for implementation the Company’s business development plan and business performance reporting. The Chief Executive Officer chairs the Management Board.

Currently, the Management Board is comprised of the seven most senior executives at Masan Group, the Chief Executive Officer, five Deputy Chief Executive Officers, and the Chief Accountant. Members of the Management Board include:

- [Dr. Nguyen Dang Quang - Chief Executive Officer](#)
For profile, please see Board of Directors section
- [Mr. Nguyen Thieu Nam - Deputy Chief Executive Officer](#)
For profile, please see Board of Directors section
- [Mr. Michael Hung Nguyen - Deputy Chief Executive Officer and Chief Financial Officer](#)
Mr. Michael H. Nguyen is responsible for finance, tax, investor relations and corporate affairs (which includes corporate communications) at Masan Group. He has built the Company’s transaction and business execution platform to support the Company’s subsidiaries and the

Company’s growth in new sectors. Michael has been involved since the beginning of Masan’s transformation from a food company into a leading private sector group by raising over US\$2 billion in capital for the Company and leading several key acquisitions.

Mr. Michael Hung Nguyen helped build out J.P. Morgan’s Vietnam investment bank execution team and worked on M&A, capital markets and privatization transactions with financial, real estate and consumer clients. Prior to Vietnam, Michael advised and provided structured solutions to multinational clients at J.P. Morgan in New York.

Mr. Michael H. Nguyen graduated from Harvard University, U.S.

- [Mr. Seokhee Won - Deputy Chief Executive Officer](#)
Mr. Seokhee Won is the Deputy CEO of Masan Group, CEO and a board member of Masan Consumer. Seokhee is a seasoned executive with 22 years at global consumer goods company Unilever. In his most recent role, he was Senior Vice President, responsible for Unilever’s skincare business in Asia and the Ponds brand globally. Seokhee’s experience includes senior management roles in Unilever’s businesses in China, South Africa, Thailand, Korea and Vietnam. He spent eight years with Unilever Vietnam (from 1997 to 2005) as Marketing Director and then as Vice President, during which he was responsible for Unilever’s entire personal care portfolio.

Mr. Seokhee Won graduated from the University of Notre Dame.

- [Mr. Nguyen Anh Nguyen - Deputy Chief Executive Officer and Chief Information Officer](#)
Mr. Nguyen Anh Nguyen is primarily responsible for the development, implementation and management of all Masan’s business application systems, business intelligence and infrastructure systems, including all IT related systems and information security manners across all subsidiaries. He is building break through strategy and excellent execution in Digital Transformation that drive company competitiveness. Prior to joining Masan Group, Nguyen was CIO and Vice President - Supply Chain of Unilever Vietnam for 16 years and was awarded as Top Indochina CIO 2005 by IDG and Ministry of Telecommunication.

Mr. Nguyen Anh Nguyen graduated from Poly-Technique University of Ho Chi Minh City.

- [Mr. Le Trung Thanh - Deputy Chief Executive Officer¹](#)
Mr. Le Trung Thanh has been with Masan Consumer since 2013 in various senior positions, including Managing Director of Masan Beverage and Deputy CEO of Masan Consumer. He currently responsible for strategic initiatives to further develop Masan’s con-sumer focus. Prior to joining Masan, he held various senior positions Unilever, PepsiCo, and Nutifood.

Mr. Le Trung Thanh has a Master degree in Business Management from the University of Melbourne, Australia.

- [Ms. Doan Thi My Duyen - Chief Accountant](#)
Ms. Doan Thi My Duyen has over 10 years’ experience in finance at various industries, including manufacturing, trading, services and construction. She was formerly with KPMG Ltd, Vietnam.

Ms. Doan Thi My Duyen has a Master’s degree in Corporate Finance and Accounting from the Ho Chi Minh City’s University of Economics. She is also a member of Association of Chartered Certified Accountants (ACCA).

1. On 15 February 2017, Mr. Le Trung Thanh was appointed as Deputy Chief Executive Officer – Head of Strategic Initiatives by the Board of Directors.

As of 31 December 2016, the ownership of the Company shares of the Management Board members is as follows:

Management Board	Position	Number of shares	Percent
Dr. Nguyen Dang Quang	CEO	10	0.00%
Mr. Nguyen Thieu Nam	Deputy CEO	5,725,094	0.74%
Mr. Michael Hung Nguyen	Deputy CEO	1,209,621	0.16%
Mr. Seokhee Won	Deputy CEO	0	0%
Mr, Nguyen Anh Nguyen	Deputy CEO	0	0%
Ms. Doan Thi My Duyen	Chief Accountant	45,776	0.01%
Total issued shares		768,075,674	100%

SUPERVISORY BOARD

Members of the Supervisory Board were appointed at the Annual General Meeting of Shareholders.

The Supervisory Board is composed of the following members:

- Mr. Nguyen Quynh Lam – Head of the Supervisory Board

Mr. Nguyen Quynh Lam has more than 20 years of experience in managerial and accounting positions. He was formerly with Da My JSC. and La Giang Commerce JSC.

Mr. Nguyen Quynh Lam graduated from the University of Mining and Geology, Hanoi, Vietnam.
- Mr. Pham Dinh Toai – Member

Mr. Pham Dinh Toai joined Masan Consumer in 2009 and is currently its Deputy CEO. Prior to joining Masan Consumer, he was Financial Analysis Director at Unilever Vietnam from 2002 to 2005, and Finance and Accounting Director at Unilever Vietnam from 2005 to 2009.

Mr. Pham Dinh Toai has a Bachelor's degree in Corporate Finance and Accounting from the University of Finance and Accounting in Vietnam. He also has a Bachelor’s degree in Information Technologies from Vietnam’s University of Technical Education.
- Ms. Phan Thi Thuy Hoa – Member

Ms. Phan Thi Thuy Hoa joined Masan since 2001 as Chief Accountant of Viet Tien Food Technology SMC. She is currently Deputy Director of Finance and Accounting of Masan Consumer and Chief Accountant of Vinacafé, Masan Food and Beverage.

Ms. Phan Thi Thuy Hoa has a Bachelor’s degree in Accounting and Auditing at Ho Chi Minh City’s University of Economy.

As of 31 December 2016, the ownership of the Company shares of the Supervisory Board members is as follows:

Supervisory Board members	Number of shares	Percent
Mr. Nguyen Quynh Lam	850,000	0.11%
Mr. Pham Dinh Toai	33,000	0.00%
Ms. Phan Thi Thuy Hoa	1,400	0.00%
Total issued shares	768,075,674	100%

Activities of the Supervisory Board

The Supervisory Board oversees activities of the Board and the Management Board in compliance with the Company’s Charter, the Internal Corporate Governance Regulations of the Company and relevant laws. Particularly, the Supervisory Board participates in regular and extraordinary meetings of the Board and shareholders’ meetings.

Internal corporate governance rules

- Our Internal Corporate Governance Rules were approved during a Shareholder Meeting held on 9 October 2009. Objectives of the Internal Corporate Governance Rules are to:
- Ensure an effective corporate governance plan;
 - Ensure shareholders’ rights;
 - Ensure equal rights among shareholders;
 - Ensure related party transactions are transacted at arm’s length;
 - Enhance transparency; and
 - Facilitate the performance of management of the Board of Directors and supervision of the Supervisory Board.

The Internal Corporate Governance Rules define the responsibilities and delegation of authority of the Board of Directors, members of the Board of Directors, the Supervisory Board and members of the Supervisory Board.

As of September 2016, members of the Board, the Supervisory Board, Chief Executive Officer, other management functions and Company Secretary have completed the corporate goverancetraining program for public companies which was held and certified by the Securities Research and Training Center under the State Security Commission of Vietnam.

REMUNERATION OF THE BOARD, THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The Group is developing policies on remuneration for members of the Board and the Supervisory Board. Remuneration of the Management Board comprises a fixed component as well as a variable component.

Shareholder information

As of 31 December 2016, Masan Group's charter capital is VND7,680,756,740,000.

SHAREHOLDINGS STRUCTURE AS OF 31 DECEMBER 2016

Shares

Total number of issued shares and type of shares of Masan Group: 768,075,674 ordinary shares.

Number of treasury shares: 9,234,210 shares

Number of outstanding voting shares: 758,841,464 shares.

Number of locked-up shares: 12,000,000 share¹.

Shareholders structure

On the basis of percent ownership:

- Major shareholders include:

No.	Shareholders	No. of shares	Percent ²
1	Masan Corporation	247,921,247	32.67%
2	Sunflower Construction Company Limited	99,817,804	13.15%
3	Private Equity New Markets II K/S	40,011,218	5.27%
Total		387,750,269	51.10%

On the basis of institutional and individual shareholders: As of 31 December 2016, Masan Group has 3,373 shareholders, of which 3,220 individual shareholders holding 142,495,355 shares representing 18,78%; and 153 are institutional shareholders holding 616,346,109 shares, representing 81.22%.

On the basis of domestic and foreign shareholders: As of 31 December 2016, Masan Group has 2,955 domestic shareholders holding 525,711,507 shares representing 69,28%; and 418 foreign shareholders holding 233,129,957 shares, representing 30.72%.

1. The number of shares was issued by Masan Group to MRC Ltd. under a private placement on 27 December 2016. These shares are restricted for transferring for a period of 1 year starting from 27 December 2016.
2. Based on Masan Group's number of outstanding shares as of 31 December 2016 (758,841,464 shares).

CHANGE OF THE CHARTER CAPITAL

In 2016, the Company increased its charter capital from VND7,467,178,610,000 to VND7,680,756,740,000. The charter capital was increased in two installments as follows:

- By the issuance of new shares under the ESOP: the charter capital increased from VND7,467,178,610,000 to VND7,560,756,740,000; and
- By the issuance of new shares under a private placement: the charter capital increased from VND7,560,756,740,000 to VND7,680,756,740,000.

In October 2016, Masan Group completed its repurchase of 9,234,210 outstanding shares to make them treasury shares with average trading price of VND69,324/share.

Masan corporation

Masan Corporation was incorporated on 13 September 2000. Its main registered activities cover market research, technology transfer, commercial promotion, investment consulting, management consulting, construction and management of investment projects, office leasing, and real estate business.

Sunflower construction company limited

Sunflower Construction Company Limited was incorporated on 10 August 2009. Its registered activities cover civil construction work, construction and mining materials, equipment and machinery trading, goods consignee agent, market research, commercial promotion, management and investment consulting (excluding financial and accounting consulting).

Significant foreign shareholders

Masan Group's significant foreign institutional shareholder is Private Equity New Markets II K/S (PENM Partners).

Private Equity New Markets II K/S (PENM Partners, formerly managed by BankInvest)

PENM Partners is an independent fund management company which, until 2012, was a part of BankInvest Group, one of the largest asset management firms in Scandinavia. PENM Partners was established in 2006 and manages the Private Equity New Markets (PENM) funds in Vietnam. PENM Partners provides capital and business know-how to its investee companies. Currently PENM Partners manages three PENM funds with assets under management of approximately US\$400 million.

SHAREHOLDINGS AND CHANGES IN SHAREHOLDINGS OF THE BOARD OF DIRECTORS DURING 2016

	31 December 2015	31 December 2016	Increase/ Decrease
Dr. Nguyen Dang Quang, Chairman	0%	0%	0%
Mr. Ho Hung Anh, Member	0%	0%	0%
Mr. Nguyen Thieu Nam, Member	0.69%	0.74%	0.05%
Ms. Nguyen Hoang Yen, Member	3.51%	3.68%	0.17%
Mr. Lars Kjaer, Member	0%	0%	0%
Mr. Dominic Edward Salter Price, Member	0%	0%	0%

INFORMATION RELATED TO TRADING AND TRANSFER OF SHARES OF INTERNAL SHAREHOLDERS

In 2016, there were transactions in Masan Group shares conducted by internal shareholders. The table below sets out such transactions:

No.	Internal shareholders and their related persons	Number of shares owned as of 1 January 2016		Number of shares owned as of 31 December 2016		Reason for the increase, decrease (transfer, purchase, conversion, ...)
		Number of shares	Percent	Number of shares	Percent	
1	Private Equity New Markets II K/S	43,011,218	5.76%	40,011,218	5.21%	Transfer
2	Ms. Nguyen Hoang Yen	26,228,483	3.51%	28,276,823	3.68%	Purchase
3	Masan Corporation	242,921,247	32.53%	247,921,247	32.28%	Purchase

Equity information

	As of 31 December 2016
Charter capital (VND billion)	7,680
Share price (VND)	64,800
52-week high share price (VND)	77,500
52-week low share price (VND)	59,500
Number of shares issued (share)	768,075,674
Number of ordinary shares (share)	768,075,674
Number of preference shares (share)	0
Number of treasury shares (share)	9,234,210
Market Capital (VND billion)	49,173
Dividend yield (%)	4.6%

In January 2017, Masan completed a 50% bonus share dividend (shareholders who own 2 shares shall receive 1 bonus share). As such, the share information including price, is to be adjusted propotionally going forward.

Cautionary note regarding forward-looking statements

All statements contained in this report that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “believe”, “can”, “could”, “estimate”, “anticipate”, “project”, “expect”, “intend”, “may”, “plan”, “aim”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this document regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this report involve known and unknown risks, uncertainties and other factors that may cause our actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Forward-looking statements are based on our beliefs and assumptions, which in turn are based on currently available information. We are in the business of acquiring, actively building, managing and investing in market-leading businesses in several of the fastest growing areas of the Vietnamese economy. Our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business, the Vietnamese economy and the sectors we operate in. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements in this report. These statements speak only as of the date of this report or the respective dates indicated in this report, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Glossary of terms

3F	Feed – Farm - Food
ANCO	Agro Nutrition Company JSC
APT	Ammonium Paratungstate
ATM	Automatic Teller Machine
BTO	Blue Tungsten Oxide
CAGR	Compound Annual Growth Rate
CDN	CDN Production Trading Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
Dr.	Doctor
ESOP	Employee Share Ownership Plan
FMCG	Fast-moving Consumer Goods
GDP	Gross Domestic Product
GSO	Government Statistics Office (Vietnam)
HACCP	Hazard Analysis and Critical Control Points
H.C. Starck	H.C. Starck Group
IMF	International Monetary Fund
In-land ASEAN	A geographical region comprising Vietnam, Thailand, Myanmar, Cambodia, and Laos
JSC	Joint Stock Company
KKR	Kohlberg Kravis Roberts & Co. L.P., affiliates and/or investment funds it manages
M&A	Mergers and Acquisitions
Masan	A term referring to Masan Group, inclusive of subsidiaries and affiliates, as a whole
Masan Beverage or MSB	Masan Beverage Company Limited
Masan Brewery or MB	Masan Brewery Company Limited
Masan Consumer or MSC	Masan Consumer Corporation
Masan Consumer Holdings or MCH	MasanConsumerHoldings Company Limited
Masan Consumer Thailand	Masan Consumer (Thailand) Limited.

Masan Group or the Group	Masan Group Corporation
Masan Horizon or MH	Masan Horizon Corporation
Masan Nutri-Farm NA	Masan Nutri-Farm (N.A) LLC.
Masan Nutri-Science or MNS	Masan Nutri-Science JSC
Masan Resources or MSR	Ma San Resources Corporation
Masan Thai Nguyen Resources	Ma San Thai Nguyen Resources Company Limited
MNC	Multinational Company
NIM	Net Interest Margin
Nui Phao	Nui Phao Mining Limited Company, restructured from Nui Phao Mining Join Venture Company Ltd as the result of the Nui Phao acquisition
NPL	Non-performing Loan
Phu Yen Beer or Pybeco	Phu Yen Beer and Beverage JSC or Masan Brewery PY One Member Company Limited
Proconco	Vietnamese-French Cattle Feed JSC.
Quang Hanh	Quang Ninh Natural Mineral Water Limited Company (to refer to both the company and its main brand)
Saigon NutriFood or SNF	Saigon NutriFood Corporation
SBV	State Bank of Vietnam
SG&A	Selling, General and Administration expenses
Singha	Singha Asia Holding Pte Ltd.
SME	Small and Medium Sized Enterprises
SOE	State-owned Enterprise
Techcombank, the Bank, or TCB	Vietnamese Technological and Commercial Joint Stock Bank
The Board	The Board of Directors
UPCoM	Unlisted Public Company Market, part of the Hanoi Stock Exchange
US\$	U.S. Dollar
Vinacafé Bien Hoa	Vinacafé Bien Hoa Joint Stock Company
Vinacafé	Coffee brand owned by Vinacafé Bien Hoa Joint Stock Company
Vinh Hao	Vinh Hao Mineral Water Corporation
VISSAN	Vissan Joint Stock Company
VND	Vietnamese Dong
YTO	Yellow Tungsten Oxide