





Keep
going...

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**We have to re-innovate, adapt
and dare to bet on future
consumer and industry trends.**



Chairman's Letter

Dear Masan Community,

What does “keep going” really mean?

“Keep Going” is not a marketing campaign to galvanize belief in Masan or distract attention away from our challenges. Rather, it is truly the Masan Way.

Masan was not created to be an opportunistic profit-driven multi-billion dollar corporate enterprise. It was created to pursue our passion – **to be Vietnam's pride by uplifting the material and spiritual lives of Vietnamese consumers.**

Over the past 23 years, our products and services have been rooted in this passion. Many of our products and services have changed the daily lives of consumers for the better. Some have failed to live up to their potential. We try to limit the non-game changers, and continually increase the success rate of big impact products and services. I know it sounds flowery, but it is our truth. Only with this mindset will we continue to deliver great value to consumers.

To be clear, I also understand we are a business. We need to sustainably grow revenue and profits, enhance shareholder

value and generate excess returns. But Masaners and I share a strong conviction that these benefits will follow naturally if we stay true to our passion – 2018's record financial results are a testament to this belief.

To “Keep Going” through failures and growing pains is a must. And it is just as critical to do so when things are going well. Consumers' needs are rapidly evolving and, trust me, they wait for no one.

We have to continually innovate to adapt and dare to bet on future consumer and industry trends. This requires big upfront investments to develop innovative solutions, products and services. Yes, “playing it safe” may be less risky and more predictable and make it easier to map out our future and performance. But it will also lead to mediocrity. Plateauing is not the Masan Way.

I say all this so that you can understand why we continue to push the envelope and always transform.

What will Masan look like 5 years from now?

2018 marked the beginning of this journey and our business momentum shows that we are right on track. However, what we are building

We pursue our passion – to be Vietnam's pride by uplifting the material and spiritual lives of Vietnamese consumers

sometimes gets lost in translation when purely analyzing the financials. This is why I am sharing our vision statements to put our 5-year strategy into context and the building blocks to achieve these visions.

- **Masan Consumer:** “Improving Vietnamese Consumers' Quality of Life in Every Living Space”
- **Masan Nutri-Science:** “Meat Partner of Choice for Every Vietnamese Family”
- **Techcombank:** “To Provide Every Vietnamese Consumer a Modern Financial Life”
- **Masan Resources:** “Vietnam Strategic Resources to High-Tech Global Materials”

These vision statements provide a clearer picture of the future's big unmet needs.

First, consumers are starting to purchase and demand premium items to enhance their quality of life. This will lead to consolidation in large key consumer categories, shifting to modern, aspirational branded products and services.

Second, the middle class population is expected to reach 50 million by 2022, bringing a mass push for safe and healthy staple

products, particularly within the food and beverage category.

Finally, Vietnam is undergoing rapid digitalization thanks to growing internet and smartphone penetration, combined with the rise and influence of Generation Z. As a result, Vietnam's retail landscape will transform from pure brick-and-mortar to an omni-channel distribution model. In a nutshell, Vietnam is reentering a consumer “startup” phase where the composition of the consumer wallet will be redefined.

We have positioned our platforms to emerge as winners and have set internal KPIs to ensure we create outsized shareholder value: **US\$5 billion in revenue, 2x Vietnam's consumer's expenditure growth of 10.2%, and net profit margin of 12-15% by 2022.**

I also want to reiterate every strategic and business decision we make will adhere to the principles of “Keep Going Long” as described in my 2017 letter to shareholders.

Masan Consumer

After resetting our consumer centric foundation and strategy in 2017, we started to unlock value in 2018: net revenue growth of ~30% and over 200% increase in profits. I am confident about the new brands, product

formats, superior innovations and enhanced go-to-market capabilities that will ensure 2018 results are sustainable.

Our premium, aspirational brands and innovations across our product portfolio are gaining momentum and will be key growth drivers going forward. Our beverage product portfolio is now approaching US\$200 million in net revenue due to fast-growing power brands and a distribution network that will soon rival our food network in depth and breadth.

There continues to be lessons learned as our incubating product portfolio lags against our internal expectations. We have not yet cracked the code, but are redeveloping the brands, innovation and go-to-market strategy for beer and processed meat products so they can move from incubation to growth categories.

The learnings from our incubating portfolio have been valuable, helping us streamline our framework to diversify into other product categories over the next 5 years.

We will, 1) focus on daily-use categories where there is an inefficiency, problem or lack of innovation, 2) enter categories only when we have sufficient capabilities to deliver breakthrough innovations and not make

Masan’s next big bet is to create a nationwide ecosystem for the daily needs of the consumer

“me-too” products, 3) enter categories where there is already deep consumer understanding and, 4) evolve synergies with our existing distribution network.

This will save us time and enhance our success rate to win over our consumers. This will be key to deliver on our 2022 goals:

- #1 consumer innovator in the market.
- 50% of consolidated revenue and growth comes from new brands and product categories.
- US\$2 billion in net revenue and US\$400 million in net profit.

To be recognized as Vietnam’s #1 consumer products and services company, we have to be the partner of choice in all living spaces not just the kitchen.

Masan Nutri-Science

Our animal nutrition business declined by around 25% in 2018, in lockstep with the overall market. Despite this, our business managers did a tremendous job navigating the crisis and grinding their teeth to protect profits. Keeping our head above water gave us adequate resources to invest and protect our future - meat.

I believe meat will have the biggest impact on consumers’ lives over the next 5 years. We have invested upfront to set the new consumer standard – state-of-the-art European chill technology to fulfill quality and safety demands.

The rate of consumer conversion to delicious and safe meat has the potential to accelerate rapidly – after Masan’s entry into the domestic fish sauce market, 90% of consumers switched to safe, branded fish sauce products within the span of 3 years. We believe we have a market-changing product and unique distribution model to bring consumers a similar breakthrough value with meat as we did in fish sauce.

Our 2022 goals:

- Own 10% nationwide market share of Vietnam’s US\$10.2 billion pork market.
- Build the #1 nationwide meat distribution network, combination of self-owned flagship retail stores, modern trade and wet market.
- US\$2 billion in revenue with 50% coming from branded meats and profitability of US\$200-250 million.

There will be many challenges ahead in our meat journey, but owning an integrated supply chain will minimize business risks and volatility. In addition, our feed segment will generate profitability growth in the range of 10-15% over the medium-term, providing us with a cushion during the ramp-up period.

We started with providing nutrition solution to farmers and pigs, but our end game is to solve the meat needs of our consumers. Masan Nutri-Science is a consumer company, and our business results will also reflect this accordingly by 2022.

Masan Resources

We are uniquely positioned to be a part of the technological industrial value chain, but to also influence it greatly. Tungsten is an irreplaceable element that powers semi-conductor, 3-D printing, robotics, electric cars and renewable energy sector. These industries are changing the face of the world and we want to become a strategic piece of this puzzle.

We have made great strides starting from a green-field mining project to the world's largest primary APT producer outside of China. Our transformation has only just begun - going from APT producer to tungsten solution provider for industrial leaders such

as Apple, Samsung, Tesla, their supply chain providers and peers.

We have realized we cannot do this on our own. As the largest ex-China primary APT producer globally, we are well positioned for strategic partnerships. We have a road map to enhance our competitiveness and market position by 2022:

- Consolidate APT tungsten market share from 36% to 50%+ by increasing our Tungsten Chemical Plant capacity to 12,000 metric tons by 2021.
- Consolidate the tungsten concentrate and tungsten recycling capabilities to ensure sustainable supply.
- Become a hi-tech global materials player by 2020.

If we can become what Intel became for the computer industry value chain in the high-tech materials space, we too will grow and generate strong cash flows throughout commodity cycles, and become a key component of industry 4.0.

Techcombank

The bank’s consumer-centric and ecosystem strategy has enabled it to become the

#1 Joint Stock Bank and deliver 13 consecutive quarters of revenue growth. This transformation has yielded strong results, but I believe this is just the inflection point.

Techcombank has the #1 affluent customer base (35% market share) but this only represents 0.26% of the population – “mass” represents 70% of Vietnam’s population, of which 90% are still unbanked.

The bank is developing the technological capabilities, product portfolio, and channel and customer engagement strategy to provide “mass” consumers a unique modern financial life solution. Only a bespoke and differentiated service model will work as consumers’ needs and considerations are entirely different. I believe we will start seeing strong penetration in the mass segment over the course of 2019 and 2020.

By focusing on every customer’s financial life and not just banking for the affluents and corporates, I believe the bank will continue to deliver sustainable revenue growth driven by fee income (21% of total operating income today to reach ~40-50%), industry leading return on average equity of 20%+, and a retail consumer base of at least 15 million. This is consistent with the bank’s business strategy - “Low Risk-High Return” and to manage the consumer wallet.

So what about Masan Group?

Masan’s next big bet is to create a nationwide ecosystem for the daily needs of the consumers: a one-stop shop for our consumers’ financial, meat and food, beverage and wellness life. So will it be digital or brick and mortar (“physical”)? To build a scalable and profitable consumer ecosystem in Vietnam, it has to be a combination of both.

We plan to partner with our 300,000 general trade shops to pilot this ecosystem concept. This will limit up-front spend on building retail stores nationwide. It is a unique win-win solution. The key will be selecting the right daily-use product portfolio, acquiring technological capabilities to connect with consumers, and most importantly providing consumers a monetary incentive to shop on our network.

This is a strategic foundation for the future. Manufacturing is the first stage of consumer spending. The next stage will be consumer services, and we want to be at the forefront of this transformation. This progression is what Apple and Amazon have done quite successfully. We are trying to learn from them and tailor it to Vietnam’s landscape.

Financial Scorecard

Why we believe?

Few companies are afforded the opportunity to impact the world. We are very lucky to be in a position to do so because we have all of the elements in place, in particular, our people. We have a unique, talented team of Masaners who share these traits:

No ego

We center our decision-making and energy on the needs of our consumers.

Leadership

We have the courage to lead and be led by our passion to be #1.

Solution-oriented

We strive to solve problems that improve the wellbeing of Vietnam's consumers.

Accountability

Driven by action and results, we have the freedom to own the decisions we make.

Integrity

We foster open and transparent dialog with our audiences.

Mastery

Enthusiastic and dedicated, we never stop learning so we can keep improving.

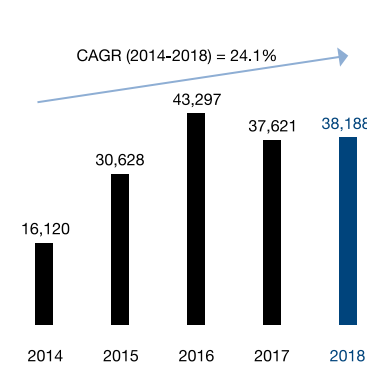
If we continue to build a cultural foundation based on these values and never lose our passion, we will make it happen.

Keep Going...

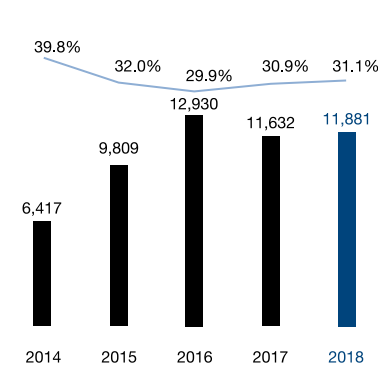


Nguyen Dang Quang
Chairman of the Board

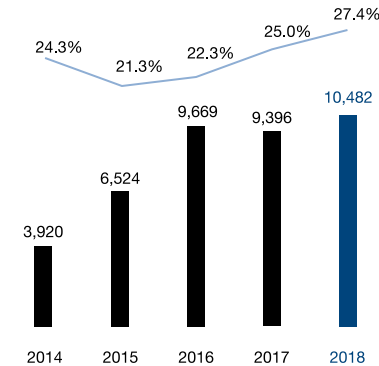
Consolidated net revenue
(VND billion)



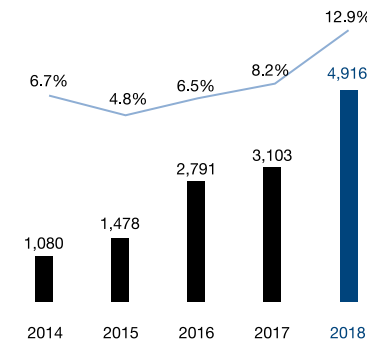
Gross profit (VND billion)
& Gross margin (%)



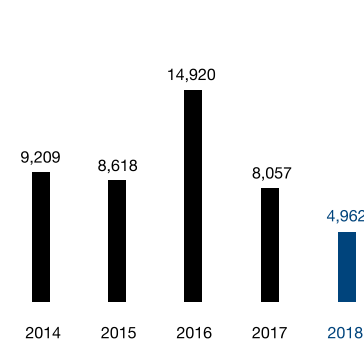
EBITDA¹ (VND billion)
& EBITDA margin (%)



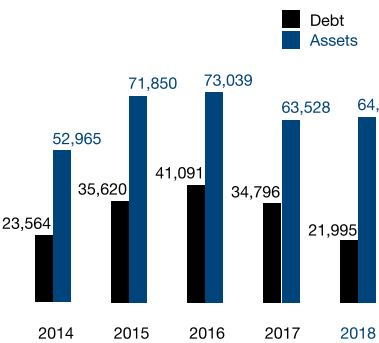
NPAT Post-Mi (VND billion)
& NPAT Post-Mi margin (%)



Cash balance²
(VND billion)



Total debt & Total assets
(VND billion)



1. EBITDA is MSN's consolidated net profit after tax, with net financial expense, tax, depreciation and amortization added back. MSN's consolidated EBITDA is lower than the total contributions from its business segments due to holding company level expenses. The earnings contribution of Techcombank, an associate, is included given its materiality to MSN's financial results.

2. Includes short-term investments.

Infrastructure for a modern Vietnam



The way consumers spend is
changing quickly



More Vietnamese are
moving to cities



Consumers are seeking inspirational brands
they can love & trust



Modern financial life
from a cash-based economy



Keeping the changing needs
and aspirations of the
modern family



Our Story

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



Who we are

A diversified consumer platform servicing the needs of 95 million Vietnamese consumers

Masan Group is one of Vietnam’s leading private sector business groups and we believe in “doing well by doing good.” Our mission is to provide quality products and services for Vietnam’s population of over 95 million people, enabling them to get more value for money on their daily basic needs. Today, our subsidiaries and associates operate in sectors that include packaged food and beverage, branded fresh meat, and financial services, which all together represent approximately 50% of consumer wallet share.

These businesses are 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, Vietnam’s largest fully-integrated (“Feed-Farm-Food” business model) branded meat platform, focused on driving productivity in animal protein industry and ultimately directly serving consumers with traceable, hygienic and branded meat products, a US\$10.2 billion market opportunity for pork products alone.

Our other businesses include Masan Resources, one of the world’s largest producers of tungsten chemicals and

other strategic industrial minerals, and our associate, Techcombank, a leading joint-stock commercial bank in Vietnam with a technology driven retail strategy to capture the growth of financial inclusion.

We believe in a **“consumer-centric”** approach and deliver 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 can 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 – Our Beliefs

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 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

We are leaders in sectors that together account for nearly 50% of consumers' wallet share



fulfill them with innovation or new insights. We do not simply want to do what others do or do what others do 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\$10.2 billion on pork products per year.

Together with our associate, Techcombank, Masan operates in packaged food and beverage, fresh food and protein, and financial services which represent approximately 13%,

14%, and 22% of Vietnamese consumers' wallet share, respectively.

An example of "unmet needs" 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. In 2018, with the launch of our chilled, fresh meat brand, MEATDeli, we have truly began our journey to fulfill consumers' big unmet need for delicious and safe meat.

Vietnamese consumers also pay more for financial services and products, as low financial inclusion means higher usage of informal financing channels. Our associate Techcombank is competing in a financial sector 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\$4-5 billion per annum, excluding copper. The unmet need in our resource business is evidenced by a desire from customers to buy large volumes of conflict-free minerals from a single supplier 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. With the acquisition of H.C. Starck's 49% stake in Masan Tungsten LLC, formerly known as Nui Phao - H.C. Starck Tungsten Chemicals Manufacturing, we have taken another step in becoming an integrated global tungsten player.

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 and small-scale 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 the leader in fish sauce, soya sauce and chili sauce). In convenience foods, 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 meat market in Vietnam by establishing a fully integrated 3F (Feed-Farm-Food) model. Today, we have successfully established a fully integrated value chain for animal protein with the commissioning of our state-of-the-art pig farm in Nghe An (capacity of 230,000 to 250,000 porkers per year) and our meat processing complex in Ha Nam (capacity to slaughter and process 1.4 million pigs per annum, equivalent to 140,000 tons per annum, using European chilled meat technology). With the launch of our MEATDeli brand in 2018, Masan Nutri-Science has transformed into consumer

business, helping us to de-commoditize the business and achieve sustainable margins.

Masan Resources is now a globally significant player across several key industrial minerals, namely tungsten, fluorspar and bismuth. Our current market share is 36% of global tungsten supply outside of China. Masan Resources is positioned as an integrated ex-China tungsten chemical champion and is building capacity to grow its mid-stream tungsten market share by 2x. In addition, we continue to explore strategic opportunities with down-stream tungsten players to deliver on their shareholder value creation plans.

Our associate Techcombank is one of the largest joint-stock commercial banks in Vietnam with leadership position in residential mortgages, bancassurance, Visa and debit card transactions and wealth management products. Techcombank continues to invest to further enhance its technology platform and has been experiencing significant traction with its mobile and digital channels. 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 an emerging market like Vietnam requires building cash flow generating businesses. We do not engage in asset trading, such as

2018 EBITDA of VND10,482 billion

Strong cash flows to invest across cycles

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.

For the financial year 2018, we reported EBITDA of VND10,482 billion and a consolidated cash balance of VND4,962 billion, which includes short-term investments in the form of term deposits and cash-like items. In 2019, we forecast EBITDA to grow by approximately 15 to 20%, improving our balance sheet ratios, which benefited from a VND12,500 billion reduction in financial debt during 2018.

Disciplined capital allocation and track record of operationally turning around aquired platforms

Since our listing on the HOSE, we have raised nearly US\$3.5 billion in long-term capital to fund our strategic growth ambitions. We have demonstrated stringent capital allocation by using most of the proceeds to increase our ownership and invest in our existing businesses. Less than 20% of the capital we have raised has been deployed to acquire new businesses – Vinacafé Bien Hoa, Vinh Hao, a brewery, Saigon Nutri Food, Masan Nutri-Science, Quang Ninh Mineral Water, and VISSAN.

From 2008 to 2018, Masan delivered a net revenue CAGR of 35% with approximately half of the growth coming from acquisitions and the balance coming from organic initiatives.

However, we do not acquire businesses in order to “buy revenue”. We invest in brands, people, technology, and distribution reach to accelerate our entry into new categories. After entry, we focus on driving the operational turnaround of the acquired business. We are proud that the brands and products we introduced and launched post acquisition today represent the majority of the revenue of our acquired businesses. In addition, we have been able to increase margins across the board post acquisition to deliver shareholder value.

The Masan Way – Our Approach to Transformation

Sustainable growth can only be achieved 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

With strong brand equity, we have transformed our branded food and beverage and consumer-agri platforms to become market leaders across the categories they operate in. Our approach to organically develop or acquire power brands which are trusted by consumers is in line with our belief of focusing on the consumers’ daily basic needs.

Our seasoning products are market leaders in their respective categories, while in convenience foods, we are number one in the premium segment. We are also market leader in the pig 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 power brands by leveraging our deep understanding of the Vietnamese consumers and implementing best practices, resulting in what we believe is an unrivaled portfolio of distinct brands. In a market where consumer behavior is sensitive to price, we are proud to have transformed products that were previously considered commodities into power 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, Lovemi, Ponnies and Heo Cao Boi for convenience foods (which includes instant noodles, congee, processed meat); and Vinacafé, Wake-Up, Phil, Wake-Up 247, Compact, Lemona, Kachi, Vinh Hao, Vivant, Quang Hanh, Faith and Su Tu Trang for beverages.

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.

In 2018, Masan Consumer was recognized as a “Top 10 trusted food company” by Vietnam Report. In addition, Masan Consumer was ranked in the top three most chosen brand in both urban and rural for six years in a row by Kantar Worldpanel 2018. Our coffee business, Vinacafé Bien Hoa, received the “Vietnam Top Quality Product” award for 22 consecutive years by Vietnam Top Quality Product Association. In the same year, Vinacafé Bien Hoa was recognized as “Vietnam’s Famous Brand” by the Ministry of Science and Technology and International Trademark Association (INTA). Vinh Hao, our bottled mineral water brand with a heritage beginning in 1928, also received the “Vietnam’s Top Quality Product” award for the 22nd consecutive time by Vietnam Top Quality Product Association.

We have also been able to apply our FMCG brand building model to our meat value chain business. Three years after its launch, Bio-zeem today comprises approximately 34% 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. Our innovation has been supported by television advertising campaigns and direct brand activation activities with farmers.

In 4Q2018, we have launched our branded chilled fresh meat -MEATDeli with affordable price and safe for consumers. We have applied



Leadership means sustainable margins to invest in brands and product innovation

FMCG brand building model to build brand for our MEATDeli. We are the first fresh meat product launching advertising on TV. Despite its early date status, MEATDeli has been well-received by consumers, including capturing 40% market share of VinMart fresh pork post 3 months of operation, 85% of the consumer surveyed prefers MEATDeli than other types/brand of meat, and 94% of the consumers surveyed returns to buy MEAT Deli more than

2 times. We aim to achieve a 5-10% market share of fresh meat market in Hanoi by the end of 2019.

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 2018, Moody's Investors Service (Moody's) raised

Techcombank's rating to "B1" with a "Stable" outlook, on par with Vietnam's sovereign rating. Techcombank was awarded the "Best Trade Bank Vietnam 2018" by Global Banking & Finance Review, and "Best Bank in Vietnam" by Euromoney.

Innovation for the future

Masan's track record of building market leading brands would not have been possible without real innovation that can deliver benefits to our consumers. Innovation not only underpins our efforts to enable consumers to pay less for their daily basic needs, but also drives the development of new solutions and benefits to drive the premiumization of our categories.

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 innovative products. Our R&D team develops on average 30 products annually which we directly test with consumers.

In 2018, we developed and launched Omachi cup noodle with a whole 45 gram sausage, helping to expand a mature instant noodles category into one that includes full meal solutions to help accelerate the premiumization trend. We have launched Omachi "Business class" with higher-end packaging, more premium noodles, processed meat in retort, and vegetables, providing a complete meal in a convenient format for consumers.

These innovations in our instant noodles category would not have been possible without our success and know-how within the nascent processed meat category in Vietnam which we entered with the acquisition of Saigon NutriFood in 2015. Since then, we have welcomed Jinju Ham Co., Ltd., Korea's leading processed meat company, as a joint venture partner in 2018 to leverage their 30 years of processed meat know-how and technical abilities. In 2019, we are planning to spend over VND400 billion in developing a state-of-the-art processed meat facility in Vietnam.

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. Today, we are proud that over 50 million Vietnamese consumers choose Nam Ngu as their preferred fish sauce brand. In 2017, we refreshed our seasonings portfolio with the introduction of Chin-su Vi Man Ma premium fish sauce and Nam Ngu Phu Quoc (fermented and bottled in the island of Phu Quoc), and Nam Ngu Golden Label fish sauce with 15 amino acids, suitable for both dipping and cooking. These innovations helped grow the sales of our premium brands within the seasonings category by 40% in 2018.

In the beverages category, Vinacafé Bien Hoa was an early mover in serving consumers instant coffee made from 100% coffee beans (as opposed to mixing with other fillers) while still

delivering authentic and rich taste of Vietnamese coffee. Our R&D team has also been innovating to develop more products to address the much larger roast and ground coffee segment. Wake-Up 247, our coffee-based energy drink, Vietnam's first, had a breakthrough performance in recent years and will drive our future growth in the energy drink segment. Masan Nutri-Science delivered innovation in the meat value chain 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 by up to 6% according to internal studies, enabling farmers to sell their pigs to market 12 days earlier.

We have marketed Bio-zeem as a value-added feature that can be found in our range of animal feed 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 switched to Bio-zeem after initial trial.

In 4Q2018, Masan Nutri-Science launched the first chilled meat in Vietnam under our MEATDeli brand, setting the new standard for safe and fresh pork products. We applied European technology to meet BRC standards, keeping our MEATDeli products within 0-4°C to safely

maintain natural freshness for longer periods while increasing deliciousness.

In financial services, 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 resource mining and value-added processing 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 annually.

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 300 distributors, covering approximately 180,000 points of sale for food and 170,000 points of sale for beverage. This network is one of the largest and deepest in Vietnam's FMCG sector. We have 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 a strong on and off-premise presence



A “consumer-centric” team of local and international talent

for both 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” shop 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. Further, 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-effective across Vietnam. Our policy to keep the inventory days at our distributors to less than a month ensures the freshness of our F&B products.

At Masan Nutri-Science, we have approximately 750 salesmen to serve over 2,500 dealers nationwide. A large portion of the dealers are exclusive. We believe that we have further strengthened our nationwide distribution network following our investment in VISSAN, which has a nationwide network that reaches 130,000 points of sale and more than 1,000 supermarkets and convenience stores. MEATDeli currently sold via 5 self-operated MEATDeli retail stores and via 40 Vinmart supermarket chains in Hanoi. Management expects to ramp-up distribution network to increase availability with an aim to

open additional 25 MEAT Deli stores by the end of 2019. We are planning to expand the operation in the South to introduce MEATDeli to consumers in Ho Chi Minh City and neighbouring regions by the end of 2019.

For financial services, Techcombank maintains a strong customer base and branch network. In 2018, the bank served approximately 5.4 million customers through its network of 315 branches and transaction offices and approximately 1,100 ATM's. Altogether, the bank has one of the largest networks for a private joint stock commercial bank in Vietnam. Techcombank has also been an early mover in building a digital and mobile platform where transaction volumes have been growing strongly each year.

Our mineral and chemical 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 markets 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, oil and gas exploration and production.

Driving productivity with best-in-class facilities

We have built and operate 29 state-of-the art production and processing facilities 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, Ho Chi Minh City, Hau Giang, 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 allows us to cut distribution costs, satisfy regional taste, increase productivity, and employ world-class production technologies. As a result, our products meet the highest standards for hygiene, safety, efficiency and quality. Notably, we were the first company in the world to engineer and build a fully automated fish sauce manufacturing line.

In early 2017, we inaugurated our US\$3 million Research and Development center in Binh Duong. With this investment, we are proud to have one of the largest Research and Development centers in Vietnam for food and beverage. The R&D center occupies a three-story building fully equipped with laboratories, cafeteria, trial rooms, and working areas.

As of December 2018, Masan operates 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.

We have recently built a large scale pig farm on 223.7 hectares of land in Nghe An province with total investment of VND1,400 billion, and have spent VND200 billion 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, and also conform with Global G.A.P standards.

In December 2018, we commissioned a chilled meat processing complex in Ha Nam with technology and equipment imported from Europe. By applying European technology which meets BRC standards, we are bringing fresh chilled meat to the market, a common product in developed countries but new and innovative for Vietnam. The complex's capacity is 1.4 million pigs per annum, equivalent to 140,000 tons per annum of meat products. The investment value is over VND1,000 billion and the complex is going to be built on 10 acres of land. The commissioning allowed us to launch our first chilled meat products under the MEATDeli brand.

In our resources 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.

In August 2018, we acquired the remaining 49% stake in MTC. MTC is now a 100% wholly owned subsidiary of Masan Resources and has been renamed Masan Tungsten LLC. This acquisition is a critical step to consolidate our ownership of advanced processing technologies to produce higher value tungsten chemicals, such as APT, BTO and YTO, and it delivers our vision of becoming a fully integrated downstream tungsten chemicals business of global scale and influence.

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 executives at Masan Group have experience working 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.

Our team is comprised of young, global, proven and flexible professionals who can execute on diverse projects to create maximum shareholder value. While our people come from various backgrounds and professional experiences, we have fostered common and unique “Masan Way” culture to promote the following traits and attributes: No ego; Leadership; Solution-oriented; Accountability; Integrity; and Mastery. 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 grew by 7.1% in 2018, the highest growth rate in the last 11 years according to the General Statistics Office (GSO). Growth is expected to be further supported by higher foreign direct investment and Vietnam's 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 95 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 spending. 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. According to Nielsen, Vietnam's Consumer Confidence Index grew significantly in 3Q2018, boosting Vietnam's ranking to the top 2 most optimistic countries in the world.

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. Masan believes a significant part of the growth will come from consumer up-trading to more premium and branded products and we want to be a driver of this trend.

Vietnamese consumers' diet will also increasingly shift from grains to more animal protein. With the launch of our branded chilled meat brand, MEATDeli, in 4Q2018, our consumer-agri platform, MNS, took its first

Vietnam's expanding workforce is expected to drive consumer spending

steps towards becoming a branded FMCG business with the aim of transforming a fragmented, unbranded, and non-standardized US\$10.2 billion pork market by introducing delicious and safe meat products.

Vietnam's constraints drive our business model

In 2018, Vietnam experienced greater economic stability, although many challenges remain. The private sector, while growing strongly, remains fragmented and small in scale 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 multinational companies. 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.



Masan has continuously delivered on transformational growth

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 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 soy sauce).

In 2007, Masan entered the domestic convenience foods category with the launch of Omachi, a premium instant noodles brand. We have expanded our convenience foods 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 overall category with a leadership position in the premium segment.

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 5 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 interest 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 UPCoM 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.

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 become a major 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 was the largest M&A transaction in Vietnam at the time and enabled 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, Masan launched Chin-su Yod Thong fish sauce in Thailand with their support.

In March 2016, in order to move towards a consumer-oriented business model and consolidate the meat value chain 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 establish a 3F model and drive the productivity of the meat value chain in Vietnam.

In April 2017, KKR, a leading global private equity firm, invested US\$150 million to purchase a 7.5% primary stake in Masan Nutri-Science, and US\$100 million to purchase of secondary shares of Masan Group. This is KKR’s second investment in Masan, the first being Masan Consumer with a US\$359 investment. KKR’s latest investment validated Masan Nutri-Science’ vision to build a leading branded meat business.

In August 2018, Masan Resources acquired H.C. Starck’s 49% stake in Nui Phao – H.C.Starck Tungsten Chemicals Manufacturing LLC and renamed it Masan Tungsten LLC. This acquisition is a critical step towards becoming a fully integrated downstream tungsten chemicals business of global scale and influence.

In October 2018, SK Group acquired all of Masan Group’s 109,899,932 treasury shares, for a total consideration of approximately US\$470 million. As a results, SK currently owns 9.45% of Masan Group. Through this partnership, Masan Group and SK will pursue transformational business opportunities in

Vietnam and to synergize existing businesses via M&A and strategic alliances.

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.

Sustainability Report

“Keep going” with our real purpose, not just business rewards

Masan Group Corporation is one of Vietnam’s largest private sector companies specializing in branded foods and beverages, meat value chain, 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 95 million Vietnamese people to pay less for their daily basic needs. However, serving consumers with superior products is not enough to become the “Pride of Vietnam”. We must “keep going with our real purpose, not just business rewards”. To do so, we must have a strategy in place for growing sustainably.

To build a sustainable business, we must act upon the four core values of **Win-win, Integrity, Leadership,** and most importantly, **Driving Change Sustainably.** We must 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.

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 societal 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 for the overall society.



Contributed over VND6,100 billion to the State budget in 2018

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 each and every day. Over our 23-year history, we have taken great strides in turning our passion into reality.

Each day, our team of more than 9,000 employees work relentlessly to bring about the best products and services to fulfill the daily basic needs of 95 million Vietnamese consumers at affordable prices. We are proud of what we have accomplished as briefly describe below.

- Revenue of VND38,188 billion in 2018
- Top 10 Food & Beverage Company in Vietnam (Vietnam Report)
- 98% of Vietnamese consumers use at least one Masan product (Kantar Worldpanel)
- Contributed VND6,100 billion to the State budget in 2018
- 29 facilities in 18 provinces across 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.



Innovation in Products and Processing

Innovation

Please refer to “Innovation for the future” in the section “Our Story”.

Responsible procurement

For our branded food and beverage business, main input materials are the ingredients of our food products and packing materials. The principal raw materials used in production are wheat four, palm oil, green coffee, sugar, anchovies, raw fish sauce, dehydrated vegetables, soya, chilies, mineral water, meat and various flavoring and spices. 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. We usually apply take-or-pay contracts with fixed prices up to a year from suppliers. Costs from our imported raw materials take up to 70% of our total material cost (including raw materials we import directly or through intermediaries). 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 meal, corn, rapeseed oil cake and meat powder from both domestic and foreign sources. Soybean meal and corn are imported from various countries in the world based on the quality and price offered by world’s leading suppliers. Rice bran is mostly procured from domestic suppliers. 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 fluctuations.

Raw materials required for Masan Resources’ 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.

We believe in a partnership model to support our suppliers and ensure the sustainability of our resources. For example, in order to ensure the sustainability of our coffee business, Vinacafé Bien Hoa worked with the Dak Lak provincial authorities to hold training courses on sustainable coffee cultivation practices. Representatives from Vinacafé Bien Hoa also gave away coffee trees to coffee farmers in Kotam commune, Ea Tu Township. Masan believes Vietnamese coffee will move up the value chain as farmers become more educated about cultivation methods, which in turn will improve efficiency and lead to increased income for the local economy.

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 leave less resources for future generations.

Quality assurance

Vietnamese consumers are paying more attention to the quality and safety of the products they are consuming. We have approximately 300 quality assurance professionals at Masan Consumer alone to ensure that we are procuring the best materials and producing high quality end products.

Our talents share the same ambition – serving our consumers

This quality assurance team has developed a 4-step program to ensure the consistency of product quality and conformity of our quality standards. This 4-step program includes input materials quality checks, production and packaging monitoring, product inspections at warehouse and quality checks at distributors.

In order to maintain the quality and consistency of materials from suppliers, we review our suppliers every year. Our quality assurance team, along with other related departments such as procurement, logistics (primarily warehousing), finance, and marketing work together to review each supplier’s quality criteria, namely price, production capability, delivery and fulfillment capability.

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 at the work place. We have also carried out extensive workshops in order to train employees about positive safety habits not only for work but also for their daily activities. In 2018, Masan Consumer organized more than 55,000 hours of training on workplace fire safety and emergency response for total of 4,700 employees. Beside training courses,

we also keep improving our equipment to minimize the risk to our employees.

Our facilities conform to HACCP processing standards and 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

At Masan, we believe our talents are our greatest competitive advantage that would set us apart in achieving long-term value creation. As such, we continue to explore all options to ensure long-term sustainable value for both the individuals and the Company. Today, as one of the industry leaders in branded food and beverages, meat value chain, value-add chemical processing, and financial services, we are committed to continuously improving the material and spiritual lives of Vietnamese consumers. We believe in creating a win-win partnership that would unlock potentials, as well as making great contributions, to the individuals and society (both on a local and national scale).

We proactively look for talent which support our shared values in serving the needs of consumers, putting their passion and drive to work to enhance the lives of consumers every day. We offer individuals not just a job

but a career, an opportunity to grow together with the business above and beyond their expectations for the greater good of the community.

We believe our wide range of opportunities and flexible approach would help us to attract diversified talents.

Diversity and inclusion

We are proud to be the home of a diverse workforce with many talents sharing the same ambition – serving our consumers. Our diversity brings together unique perspectives, backgrounds, beliefs, professional and life experiences to unleash potential ideas, solutions, creativity, innovation and strategies, which are critical to our business.

Masan’s competitiveness depends on understanding the local taste and preference; therefore, we are keen to hire talents in the local community. As we strive for excellence, we will also tap into the insights and talents of a diverse workforce, including exceptional talents from other parts of the world so we can best serve our consumers’ and stakeholders’ interests.

- To date, there are 29 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

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.

- Our Masan Young Entrepreneurs (“MYE”) Program offers exceptional range of opportunities and aims to develop the next generation of leaders in all disciplines. We create opportunities for young talents to gain hands-on, real-world business experience through our senior leaders and industry experts, empower them to demonstrate their passion and purpose to create their own success stories, so that they can ultimately make a positive impact to the lives of 95 million Vietnamese consumers. Through cross-functional work assignments and learning projects, our MYEs will develop the skills and capabilities needed to launch their careers, while focusing on their personal development through leadership training, mentorship, networking opportunities, and so much more.
- 25% of Masan's senior leadership team is represented by female. We support the development of high-performing female leaders to advance their careers and take on more senior roles. The talent pipeline from our female leaders serves as an advantage for the business's long-term sustainability.
- Masan Group and our subsidiaries have a total of 9,135 employees as of 31 December

2018, of which 31% is female. Our people are well trained with high qualifications, as shown below:

Qualification ¹	Percentage
Post graduate	1%
University graduate	39%
College graduate	11%
Intermediate college graduate	14%
High school graduate	17%
Secondary school graduate	17%
Total	100%

Talent development and retention

At Masan, our goals are to maximize individual potential, to invest in our employees’ careers by providing ongoing opportunities for continuous training and development, to ensure their performance is focused on long-term sustainability and closely aligned with the Company’s culture and values, and help them contribute positively to society.

We strive to retain our best people with clear communication, innovative performance management tools and resources to support their ongoing development, and advanced leadership training, by understanding what our talent requirements are and what capabilities we are going to need for the future, particularly

for succession planning. Our talent review process across the organization is undertaken twice a year by the senior leadership team to identify factors such as learning ability, leadership potential and functional/ technical expertise. This process allows us to recognize those employees who can move into leadership roles.

We conduct collaborative and transparent annual employee performance reviews at all levels to guide our Company’s decisions relating to compensation and rewards. We reward our employees fairly and proportionally with their performance and contribution to our businesses. Our key employees are also shareholders, which promote an entrepreneurial culture to maximize shareholder value.

Employees’ welfare and training

We promote shared accountability between employees and their line managers to ensure that opportunities for training and development are identified and pursued, where the expected outcome maximizes the potential of the individual. Learning opportunities are always available to all employees and are designed to address specific learning and development needs. Our learning results, including the number of courses and hours of training completed, are properly tracked for ongoing employee training and development.

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

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.

As an illustration of our commitment to growing employees and developing talents, we would like to highlight Masan Resources, as it is one of our leading businesses in providing training, educational activities and development opportunities for employees. In 2018, Masan Resources arranged 4,917 training hours across 377 training courses. Total man hours used for training to enhance professional and soft skills for employees were 93,880 hours, equivalent to 87 man hours per employee. In addition, outstanding employees were elected by managers to attend short-term specialized training programs for further career advancement.

Environment

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 components 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.

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 the 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 planted an acre of trees south of the mining area. We aim to expand this green area to 10 acres within a year.

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.

In 2018, Masan Resources conducted 16 training workshops and campaigns for 600 participants on domestic waste classifications, usage of biological products to treat decomposable garbage and minimization of plastic bags usage in daily activities. We have also supported the establishment and operation of 7 clubs for “women with environment protection”, assisted the collection and treatment of harmful chemical waste; provided communication materials (sign boards, brochures, posters) and promoted monthly action programs to clean up public places in every village. In the end of 2018, there have been some positive environmental developments, with nearly 50% of the population using the waste collection service.

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 Holdings, we have invested in Dutch-designed waste water treatment plants at production facilities in Binh Duong, Hai Duong and Nghe An. All treated water results comply with Vietnam’s highest standard of Class “A” and our facilities have achieved ISO 14001 certification (environmental management). About 10% of

wasted water at our facilities is processed and reused to water the plants and wash the facility. In the spirit of transparency, Masan Consumer’s monitoring system reports online and on a real-time basis to the Department of Natural Resources and Environment of Binh Duong. In 2018, we used a total of approximately 2 million m³ of water for manufacturing and other related requirements.

Masan Nutri-Science has also taken the initiative to invest approximately 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.

In 2018, Masan Resources took more than 8,300 water samples, including internal samples and external samples taken by independent labs. The daily results of waste-water monitoring are automatically sent by email to the relevant personnel of appropriate departments in order to enhance the quality of water control.

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 our waste-water management capabilities.

Clean & 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 Holdings, 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 product lines as compared to 2013. Approximately 30% of our energy for production is generated from renewable sources. In 2018, Masan Consumer Holdings consumed 255 thousand tons of steam and 5,300 kilowatt of electricity.

In 2018, Masan Consumer Holdings upgraded the heat exchange and cooling systems at our production lines for seasonings as well as the compressed air machines at the plastic bottling lines. As a result, we reduced our gas and electricity consumption. The company also installed a new soy sauce hydrolysis system at our Binh Duong facility that is equipped with the latest high-tech pollution control system in Southeast Asia.

We built “Cau Ngang Kenh 8” bridge in Tien Giang

Our standards for air quality post-hydrolysis of soy sauce are much higher than the current standards in Vietnam.

At Masan Nutri-Science, we improved our boiler and grinder’s efficiency, and switched to using LED lamps to save energy. 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.

Corporate Social Responsibility

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

In 2018, we contributed over VND6,100 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. Simultaneously, we believe in giving back to the communities where we operate through sustainable initiatives that empower people who are experiencing a variety of challenges.

Healthcare

We pay special attention to the health of our community, especially to financially

disadvantaged patients who cannot afford their treatment fees.

In 2018, Masan Consumer provided financial support worth of VND 280 million to The Disabled People, Orphan and Poor Patient Association of Quang Nam to organize heart surgeries for poor kids in Quang Nam province.

Masan Resources has conducted various health awareness programs on disease prevention, our clinical staff carried out healthcare services for 185 people who were affected by the chemical agent known as agent Orange within the surrounding community. We have also launched the blood donation campaign in 2018 with approximately 150 blood donors participating.

Education

Education plays an important role in poverty reduction and Masan has been a consistent provider of scholarships and education programs. Towards this end, in 2018, we did the following activities:

- With support from MSR, an open library was built to provide nice and friendly outdoor library for almost 500 students of Phuc Linh secondary school.
- Overall, as an organization, we continue to contribute to the improvement of classrooms and educational infrastructure across Vietnam.

Community development

Masan believes in developmental projects and infrastructure that empower people who are experiencing a variety of challenges (ranging from disabilities, poverty, and homelessness) for the long-term. To that end, we have invested heavily on educational opportunities, construction of housing and infrastructure, vocational training, and mentoring. We would like to highlight the following achievements from the recent years:

- At Masan Resources, we have built three resettlement areas including Nam Song Cong, Hung Son 3 and Dong Bong with complete 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;
- Economic restoration – at Nui Phao, we have prioritized the 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.
- Local entrepreneurial support – since 2013, in cooperation with the Vietnam Bank for Social Policies, we have provided more



than 250 households affected by the Nui Phao project preferential micro-loans worth approximately VND9,5 billion to jumpstart their businesses, mostly to fund investment in agriculture, services and retail businesses;

- In 2018, we supported neighboring communities in constructing over 600 meters of rural concrete roads in Ha Thuong commune and Phuc Linh commune. We have also upgraded 150 meters of irrigation channel in Ha Thuong commune. These projects benefited 300 local people including students who use this road every day on their way to school.
- Masan Resources has supported the establishment of 13 VietGAP tea plantation groups comprising of 355 households,

making a total of 87,54 hectare of land available to these programs. As a result, Masan Resources contributed 21% of VietGAP tea area in Dai Tu district and 10% in Thai Nguyen province. (Source: Thai Nguyen Centre for Agriculture Commodity Quality Inspections).

- On Children’s Day 2018, Masan Consumer worked with The Disabled People, Orphan and Poor Patient Association of Quang Nam to give out gifts including bags, books and food to 300 children.
- In 2018, Masan Consumer collaborated with the Nam Phuong Foundation in the “Building Bridges” program, in which we donated VND500 million to build a brand new bridge “Cau Ngang Kenh 8” at Cai Be Commune,

Tien Giang province. This is the 4th bridges Masan Consumer has built for the people in Mekong Delta;

- Before Tet 2019, we worked closely with Department of Labor, War Invalids and Social Affairs in Ho Chi Minh City and other province authorities to bring up to 5,000 gifts to the poor people, orphanage kids as well as workers in Industrial Park with total budget of almost VND2 billion.

Corporate governance

Masan Group is committed to good governance, best-in-class policies and procedures 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 member of our Board of Directors, and also includes 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.

Success is not only measured by our financial results but also by the positive social impact we create

▪ **Strategy & Development Committee -**

This committee is chaired by the Company’s CEO and is comprised of the CEOs and other key executives of our subsidiaries, Group CFO, Group HR head, and Head of Strategy and Development. This committee develops and approves the short and long-term strategy and objectives of the various businesses and the overall Company, including setting key performance indicators and monitoring them. This committee enhances accountability within our company and ensures that the performance of our businesses and people are measured as objectively as possible. Currently the Internal Audit department reports to this committee.

▪ **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 addition to its role, the committee will provide support to the Company in its efforts to not only achieve its sustainability goals but 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 in 2018

Our commitment to build sustainable business practices over the years have led to third party recognition by both domestic and international agencies:

- Masan Group was ranked as “Top 10 Largest Private Companies in Vietnam” and “Top 10 Highest Profitable Private Companies in Vietnam” by Vietnam Report.
- Masan Group was recognized as “The Best Company with Strong Growth through Strategic M&A of the Decade (2009 – 2018)” by Vietnam Investment Review and AVM Vietnam.
- Masan Consumer was ranked 1st in “Top 10 Trusted Food Companies” by Vietnam Report.
- Vinacafé Bien Hoa was awarded “Vietnam’s Famous Brand in 2018 - 2020” by the Ministry of Science and Technology and International Trademark Association (INTA). Vinacafé Bien Hoa has received the “Vietnam Top Quality Product” award for 22 consecutive years from Vietnam Top Quality Product Association.
- Vinacafé Bien Hoa was awarded “Top 10 Trusted Beverage Companies” by Vietnam Report.
- Vinh Hao Mineral Water has been awarded “Vietnam Top Quality Product” for 22

consecutive years by Vietnam Top Quality Product Association.

- ANCO and Proconco were also recognized as “Vietnam Top Quality Product”.
- Masan Resources was awarded “Top 500 Largest Companies in Vietnam” and “Top 500 Fastest Growing in Vietnam” by Vietnam Report, “Top 100 Sustainability Development Enterprise” by VCCI.
- Masan Resources was awarded “Excellent Company in Thai Nguyen” by the People’s Committee of Thai Nguyen and was ranked in the “Top 50 of the Best Brand in Vietnam in 2018” by National Office of Intellectual Property.
- Techcombank was awarded “The Best Bank in Vietnam in 2018” by Euromoney and “The Best Trade Finance Bank Vietnam 2018” by Global Banking & Finance Review.

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 by the positive social impact we create. Our sustainable business practices are a natural extension of our mission to improving the lives of over 95 million Vietnamese consumers.

Keep going with our business strategy means keep going with and for our people, communities and Vietnam’s socio-economic development.



Management Report



Macro overview

Vietnam's economy recorded its strongest annual expansion in a decade in 2018 with a surge in growth during the final quarter. According to General Statistics Office (GSO), real GDP grew by 7.1% in 2018, the highest level in 11 years (nominal GDP was up 10.6%). Robust growth in the services sector and brisk industry and construction activity powered the 2018 growth, while agricultural output also picked up. The share of agricultural sector has declined from 22% in the last decade to 15% in 2018 – pointing to a structural shift of the economy towards industrialization.

However, Vietnam's true value lies in its domestic consumption potential, as consumption demand accounts for 2/3rd of GDP (GSO). In 2018, driven by the domestic market's growing purchasing power, the total revenue generated from retail sales and consumer services in Vietnam reached VND4,396 trillion (US\$191 billion), up 12% compared to 2017, according to Vietnam's Ministry of Industry and Trade. By 2025, retail sales and consumer services are expected to grow 14% annually with total revenue reaching VND11,000 trillion (US\$484 billion), as Vietnam's expanding workforce is expected to drive consumer spending. In addition, the combined effects of continuous economic growth, rapid urbanization, emergence of middle income earners, and an expanding modern retail network, is expected to fuel the growth of overall food consumption in the medium- to long-term.

Vietnam continues to attract strong foreign direct investment (FDI), with disbursed FDI rising 9% to US\$19 billion in 2018. FDI growth is driven by Vietnam's strategic location and lower manufacturing costs, offering a unique value-proposition to global supply chains. International trade and investment activities should flourish under trade deals such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the European Union-Vietnam Free Trade Agreement (EVFTA). Vietnam also stands to gain from any escalation in the China-US trade war over the longer term and remains a prime beneficiary of diversion of FDI flows from China to ASEAN.

GDP growth is expected to remain strong with the government targeting 6.6-6.8% growth in 2019 (highest in ASEAN). Fundamentals remain strong with a healthy current account surplus, stable inflation, robust FDI flows, and comfortable forex reserves. Consumption remains upbeat reflected by 12% retail sales growth in 2018. Some risks have, however, emerged in the form of tighter liquidity reflected by rising interest rates, and the central bank may look to tighten monetary policy if inflationary pressures rise.

Overall, Masan is well positioned to benefit from Vietnam's improving macroeconomic outlook, especially from growing consumer demand, as a market leader with a portfolio of basic consumer staple products including food, beverages, meat and consumption finance (through its interest in Techcombank).

Our ultimate 5 year objective is to own the largest share of the consumer wallet

Performance overview and outlook

According to Dr. Nguyen Dang Quang, Chairman and CEO of Masan Group, “We delivered on the first year of our 5 year growth plan and this is just the start. Our strategic bets are yielding strong results. Masan Consumer will continue to premiumize its portfolio via value-added innovations to deliver 20%+ long-term growth. With the launch of MEATDeli, Masan Nutri-Science will become a branded FMCG business by converting the US\$10.2 billion pork meat market via setting the new standard for safe fresh and processed meat products. This will eliminate growth cyclicalities and deliver FMCG profit margins. Masan Resources will continue its transformation from a miner to a global processor by acquiring technology to go downstream. Techcombank’s growth will be centered on serving the financial life of nearly 100 million consumers and geared toward services to drive fee income. Our ultimate 5 year objective is to own the largest share of the consumer wallet by accelerating these strategic pillars in the upcoming years.”

In 2018, Masan Group (“MSN”) delivered VND38,188 billion in net revenue, up 1.5% compared to 2017 net revenue of VND37,621 billion. Masan Consumer Holdings (“MCH”) delivered significant topline growth of 28.2%, while Masan Resources (“MSR”) achieved 27.0% growth during FY2018. Masan

Nutri-Science (“MNS”) net revenue declined by 25.2% as pig farmers reinvested at a slower pace than management forecasted. Excluding MNS, consolidated net revenue grew by 27.9%. During 2018, consolidated EBITDA improved by 11.6% to VND10,482 billion compared to VND9,396 billion in 2017 mainly driven by 20 basis points (“bps”) increase in consolidated gross margin and 257 bps reduction in consolidated SG&A as a percentage of net revenue. Consolidated EBITDA margin reached 27.4%, up 247 bps in 2018 vs 2017.

2018 core net profit (excluding net one-time gain) post minority interest reached VND3,478 billion, up 57.1% compared to 2017 profit of VND2,213 billion. Core profit margin increased to 9.1% in 2018 from 5.9% during the same period last year. MCH was the key growth driver as revenue grew by 28.2% and EBITDA margin expanded to 24.0%, a 365 bps increase compared to 2017. Further, 257 bps reduction in MSN consolidated SG&A as percentage of net revenue in 2018 compared to 2017 and a 16.4% reduction in consolidated interest expenses also spurred profitability growth. Reported 2018 net profit post minority interest increased by 58.5% to VND4,916 billion, primarily due to a net one-time gain of VND1,472 billion from the partial deemed

disposal of MSN’s shareholding in TCB during the second quarter of 2018 (net one-time gain of VND933 billion in 4Q2017 from selling convertible bonds of Techcombank).

MCH 2018 net revenue increased by 28% to VND17,346 billion, compared to VND13,526 billion in 2017, with a focus on innovation-based brand-building. Main drivers were successful premiumization in seasonings and convenience foods, coupled with scaling up of the beverages business, while maintaining disciplined distributor stock management at less than 1 month of net revenues. After building the consumer centric foundation in 2018 and by shifting from push to pull-model, MCH profits were up more than 200% in 2018. Seasonings portfolio net revenue grew by 35% for 2018, with premium product sales growing over 40% during the same period, while convenience foods net revenue grew by 29%, with premium portfolio delivering ~50% growth. In 2018, beverage segment net revenue was up 36% anchored by growth in energy drinks category. Energy drink segment grew by nearly 60% during 2018 due to Wake-up 247 increasing brand power and expanding distribution. Instant coffee segment delivered double-digit growth in net revenue during 2018, but would require significant R&D breakthroughs to maintain

this growth trajectory. Beer segment underperformed against management expectations with net revenue growing 23% to VND388 billion in 2018, though Masan has built a dedicated sales force to penetrate on-premise channel which would be key to scale-up this business in 2019. Processed meat category net revenue declined by 5% for 2018, mainly due to the delay in setting up our joint-venture with Jinju Ham of South Korea. First co-produced innovation “Ponnie” a premium sausage brand was launched in 4Q2018, and a strong innovation pipeline is expected in 2019.

On the back of a more sustainable model that allows for greater marketing to support its innovation pipeline, MCH net revenue is expected to grow more than 20% in 2019. Drivers will be accelerating premiumization in seasonings and convenience foods, and the beverage portfolio growing at similar pace as witnessed in 2018. Primary risks will be unsuccessful or slower consumer offtake of innovation pipeline and inability to scale-up beer business. However, over the next 5 years, MCH has much bigger goals, with the vision of being recognized as the No.1 consumer innovator in the market by delivering breakthrough innovations. By 2022, MCH aims to deliver ~US\$2 billion in net revenues,

with half of the revenue generated from new brands and product categories, by building power brands and exploring synergies with our existing distribution networks.

MNS’ feed business has been severely impacted by the 2 year long pig price cycle, where the commercial feed market declined from an estimated 6.3 million tons in 2016 to 1.5 million tons in 2018, a 72% drop. However, Masan’s pig feed volumes only declined by 58%, which is a testament to our brand power and product quality. 2018 was also a year when we were adversely impacted by higher raw material prices (soya and corn) and a product mix that saw lower premium feed sales as a percentage of total sales. As a result, MNS’ net revenue declined by 25.2% in 2018 to VND13,977 billion. However, with pig prices holding above VND45,000/kg during the last three quarters of 2018, MNS feed sales experienced an uptick in 4Q2018. However, with the outbreak of African Swine Flu (ASF) in Northern Vietnam during 1Q2019, we expect MNS’ feed sales to grow in single digits during 2019. During this period, MNS made strategic investments to build out our fresh meat platform by establishing high-tech industrial pig farm in Nghe An and a chilled meat processing plant Ha Nam in late 2018. The farm has a design capacity of 230,000 –



TCB will continue to invest in technology to provide modern financial solutions to consumers

250,000 porkers per annum, while the meat complex can process 1.4 million porkers per year when fully ramped up. The final step to become a branded meat company was completed with the launch of “MEATDeli”, our chilled fresh meat brand, in 4Q2018, to fulfill consumers’ big unmet need for delicious and safe meat products. MEATDeli is currently sold via self-operated retail stores and via Vinmart supermarket chains in Hanoi. Management expects to ramp-up distribution network to increase availability with an aim to achieve a 5-10% market share in Hanoi by year-end.

For 2019, MNS net revenue is expected to grow by 20% to 40%, with feed business net revenue expected to grow in single digits, with risks to the downside due to ASF outbreak. Fresh meat net revenue is expected to contribute ~10% of MNS’ consolidated net revenue. Key potential risks include widespread pig disease outbreak of ASF impacting feed sales growth and scaling-up of fresh meat business distribution network. Over the next 5 years, MNS aims to capture 5% of the nationwide market share of Vietnam’s US\$10.2 billion pork market and build the No.1 nationwide meat distribution network through a combination of self-owned flagship retail stores, complemented through partnerships with modern and general trade channels. Long-term vision for MNS has always

been to build a consumer company to solve the meat needs for Vietnamese consumers. By 2022, MNS’ business results will reflect this vision by delivering approximately US\$2 billion in net revenues with 50% coming from branded meats and profitability at par with Masan’s consumer businesses.

In 2018, our associated company, Techcombank, became the first joint stock bank to exceed profit before tax (“PBT”) of VND10 trillion, as it delivered 13 consecutive quarters of revenue growth. TCB delivered a substantial boost to our earnings, contributing VND1,895 billion to the Company’s consolidated earnings. Along with Vietnam’s economic growth, TCB achieved new records with PBT in 2018 of VND10,661 billion (31% growth vs 2017) and total operating income of VND16,927 billion (10% growth). These achievements were driven by growth across all business divisions, including bank-wide credit growth of 20% in 2018 while asset quality remained healthy with NPLs ending the year at 1.8%. Lower credit costs and disciplined expense management also contributed to record profits, while return on average equity (“ROAE”) of 21.5% and return on average assets (“ROAA”) of 2.9% reflect continued execution of the bank’s consumer centric and ecosystem business strategy. Over the

next 5 years, TCB will continue to develop the technological capabilities, product portfolio and customer engagement strategy to provide modern financial solutions to Vietnam’s ~95 million consumers.

MSR posted record net revenue of VND6,865 billion in 2018, growth of 27% compared to VND5,405 billion in 2017, supported by higher prices and increased operational efficiencies. Despite lower tungsten head grades resulting in 9.4% reduction in tungsten equivalent units production, EBITDA in 2018 grew by 20%

compared to last year. MSR also processed 958 tons of third party tungsten raw material in 2018, which is expected to further increase to 2,000 tons in 2019. Due to lower margins on processing third party material, MSR’s EBITDA margin dropped to 48.5% in 2018 from 51.5% in 2017. In 2018, MSR delivered a record attributable net profit of VND664 billion, representing a 222% increase compared to 2017. For 2019, MSR net revenue is expected to grow between 12 - 24% driven by higher sales volume, but low tungsten prices. MSR aims to become a global industrial materials player by 2020, by consolidating the ammonium para-tungstate (“APT”) market share from 36% currently to over 50%, and by increasing our tungsten chemical plant capacity to 12,000 tons. Over the next 5 years, MSR’s vision is to grow and generate strong cash flows throughout commodity cycles by building an integrated value chain in the high-tech materials space.

During 2018, our consolidated balance sheet was strengthened as our consolidated gross debt to EBITDA ratio improved from 3.7x as of year-end 2017 to 2.1x as of year-end 2018. Gross financial debt declined by 36.8% to VND21,995 billion as of year-end 2018, the lowest debt level in three years. Reducing debt is a strategic priority to deliver double-digit

profit margins for Masan and build a more sustainable balance sheet. Masan aims to deliver sustainable growth in EBITDA for 2019, and maintain gross debt levels around 2x EBITDA for the foreseeable future, with the aim to achieve a credit rating on par with Vietnam’s long-term sovereign credit rating.

In 2019, Masan aims to deliver ~20-30% growth in net revenues to reach between VND45 to VND50 trillion. Reported net profit post-minority interest is expected to reach between VND5 to VND5.5 trillion during the same period, a growth of ~40-60% compared to core profits in 2018. Over the medium term, profitability is expected to grow by 2x compared to revenue growth, with double digit profit margin, as Masan continues to ensure effective SG&A investments (~15-16% as percentage of net revenue) and fully realize interest savings of over VND1 trillion from 2018 deleveraging initiatives.

Over the next 5 years, Masan will continue to explore and invest in building a true “Consumer-Tech” platform, where consumer and technology can seamlessly interact. As Vietnam’s population becomes more sophisticated in terms of tastes and preferences, demanding safe and healthy products, growing proliferation of internet and

smart-devices will create multiple touch-points between consumers and marketers. Masan will build out an omni-channel presence over the next 5 years to capture an even higher share of consumer wallet by offering a bigger portfolio of products and better services to enhance the quality of life for Vietnamese consumers.

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. Hence, going forward, economic environment in Vietnam 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 2019, 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.

Any expected increase in soft commodity prices during 2019 may adversely impact margins for Masan's consumer focused businesses. Slower global GDP growth, especially in China, geo-political concerns, possibility of trade wars and further

protectionism may affect Vietnam's export growth leading to slower economic growth. Natural disasters may adversely impact Vietnam's agricultural sector, dampening consumers' spending power and affecting overall growth. Any unexpected volatility and 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

Vietnamese consumers eating habits are changing, as they eat much more meat and animal products today. This is hardly surprising, given that Vietnam, over the past three decades has transformed from one of Asia's poorest countries to an "emerging economy". The changes seen in Vietnam have been remarkable, as meat consumption has increased alongside economic growth, increasing affluence, and urbanization. Today, the total pork consumption alone in Vietnam is estimated at more than US\$10 billion per year, with fresh meat accounting for nearly 98%. As income levels rise, protein consumption in Vietnam is expected to further increase, with greater focus on safety, health and branding.

Pig farming plays an integral part in Vietnam's meat sector, as 70% of meat consumed in Vietnam is pork. Between 2013 and 2016, Vietnam's local hog population grew at an annual pace of 11%, creating a situation

of excess supply. Coupled with reduced demand from China in mid-2016, pig prices plummeted to approximately VND40,000 per kilogram in December 2016 and lower than VND22,000 during 2017. As a result, many small-scale farms decided to reduce their sow numbers or even stopped replenishing their sow inventory. Commercial feed market in Vietnam bore the brunt of decline in pig prices and contracted from 6.3 million tons in 2016 to 2.8 million tons in 2018.

Due to pig supply deficit in 2018, prices started recovering from 2Q2018 onwards and stayed above VND45,000 per kilogram for 2H2018. However, commercial feed market in 2018 did not grow, as it takes 6-9 months for full recovery. Sustained high prices give farmers the confidence to increase pig herds, following which it takes 6 months for sows to produce piglets. The next 3 months when piglets grow into porkers is the highest feed consumption phase of pig cycle. As a result, feed market is expected to grow in 2019, though outbreak of diseases such as African Swine Flu could further delay this growth.

Prolonged pig price crisis affected Masan Nutri-Science as well, with volumes falling from 2.5 million tons volumes in 2016 to 1.5 million tons in 2018. However, Masan's pig feed volumes declined at a slower pace compared to market, which is a testament to our brand power and product quality. 2018 was also a

The total pork consumption in Vietnam is estimated at more than US\$10 billion per year

year when we were adversely impacted by higher raw material prices (soya and corn) and a product mix featuring "value-for-money" products like Bio-zeem "Xanh", which helped to drive conversion of home-made feed users back into commercial feed.

During the last 2 years, Masan focused on building an integrated "3F" (feed-farm-food) meat value chain, as our aim has always been to deliver delicious and safe meat products to Vietnamese consumers. In late 2018, Masan commissioned its first pig farm in Nghe An province and started building the state-of-the-art Ha Nam meat processing complex. When fully ramped up, the farm would produce 230,000 to 250,000 porkers per year, while the meat complex can process nearly 1.4 million porkers per year. In December of 2018, Masan delivered on its targeted milestone of launching the "MEATDeli" brand in Hanoi, and have already established 5 self-owned stores, in addition to selling through 40 supermarket stores in the Vinmart system.

The launch of the "MEATDeli" brand will transform MNS into an FMCG business and deliver long term sustainable growth with significantly higher margins compared to the traditional feed business. More importantly, Masan aims to deliver safe, traceable, healthy and delicious meat products to Vietnamese consumers at affordable prices.

Vietnam's consumer sector

Vietnam's demographics present an excellent opportunity for the rise in domestic consumer demand and is expected to persist through the next several decades. 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 foods, (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.

The markets for most food and beverage products have been consolidating over the last few years, driven by: (i) higher disposable income in the hands of consumers and resultant focus on product quality, (ii) greater awareness of health and safety issues and (iii) greater investments in product development, marketing and distribution by large players.

Sauces, Condiments and Dressings

Among the diverse range of products available in sauces, dressings and condiments in Vietnam, fish sauce is regarded as one of the most important in local cuisine. According to a study by Kantar World panel, around 97 per cent of

Vietnamese families in urban areas use fish sauce in their meals on a daily basis. In terms of distribution, traditional channels such as small independent grocers and kiosks in wet markets are often the most effective way to reach consumers despite increasing urbanization. In 2018, Masan Consumer remained the leading player in sauces, dressings and condiments thanks to its dominance in fish sauces and soy sauces and chili sauces.

In 2018, growth in Masan’s seasonings category was driven by strong volume growth in core brands and premium innovations. Seasonings’ net revenue in 2018 increased by 35% to VND6,958 billion from VND5,159 billion in FY2017. Core brands, Chin-su and Nam Ngu continued to perform well, as volume growth of 26% was the main driver behind the seasonings category topline growth. Masan continued to launch premium variants, with contribution from premium portfolio comprising ~10% of net revenue in 2018. Premiumization strategy continued to work well, as successful launch of premium variants helped average selling price across the category to increase by ~7% in 2018 vs last year.

Convenience Foods

Packaged food in Vietnam is a very competitive category, with multiple players offering a diverse array of brands competing across the market. Aside from the country’s large population, strong economic growth and increasing openness to foreign investment

have helped to attract many new local and international companies into the market in recent years. Packaged food companies in Vietnam continue to develop new products in response to rising disposable incomes, better education about nutrition and increased concern about food safety among local consumers. In particular, manufacturers are expected to introduce products containing more added-value ingredients to meet the changing demands of consumers. Masan Consumer continued to be the second largest player in the instant noodles category as per Nielsen, during 2018.

During 2018, Masan’s convenience foods category delivered double-digit volume growth in core brands coupled with average selling price (ASP) growth and launched new innovations in meal solution. 2018 turned out be an inflection point for convenience foods category with 23% volume growth and 6% growth in average selling price across the segment, coupled with innovative new product launches like Omachi Cup - full meal solutions, and Omachi mashed potatoes. As a result, segment net revenue was up by 29% to VND4,636 billion in 2018, compared to 2017. “Omachi” range of premium products delivered 34% growth during 2018 vs last year, and now comprise ~40% of the category. During 4Q2018, Masan also entered into the super-premium category with Omachi – Business Class cup noodles, a full-meal solution with meatballs.

Beverages

The beverage industry is primarily divided into two categories; hot drinks and soft drinks. Hot drinks include coffee, tea and other hot drinks which consist of chocolate, malt-based drinks, among others. Soft drinks include bottled water, carbonates, concentrates, juices, ready-to-drink coffee, ready-to-drink tea, Asian specialty drinks, and sports and energy drinks.

Coffee

Vietnam is expected to register strong GDP growth and lower unemployment levels, which would support consumer confidence in spending. More consumers would also have to juggle hectic lifestyles, fueling the need for convenience products like instant hot drinks. Coffee is expected to be the biggest beneficiary of this trend. As instant coffee is the most important product in the off-trade channel, new product developments are important to maintain competitiveness among brands. Many Vietnamese like their coffee to be strong and robust, like the traditional Vietnamese filter coffee, which was the direction for new instant coffee products that were launched in 2018. On-trade channel recorded higher volume growth than off-trade in 2018, as people ate out more frequently. In urban areas, young people usually spend long hours at work and prefer to eat out rather than cooking at home.

Masan’s coffee category (excluding Wake-Up 247, which is covered under beverages) recorded VND1,708 billion in net revenue

for FY2018, up by 11% compared to VND1,532 billion in FY2017, with all of the growth attributable to increased volumes. Significant innovations will be required to maintain double-digit growth in this category going forward, as the market becomes increasingly competitive with both foreign and local players vying for the rising demand for convenience among consumers.

Soft Drinks

Vietnamese consumers are increasingly becoming health conscious and prefer healthy drinks which has continued to drive the growth of the soft drinks market. This saw increased preference towards healthier alternatives such as ready-to-drink tea, juice and bottled water. Another growth driver is demand for energy drinks from people working in blue-collar sectors such as manufacturing, agriculture and transportation. All soft drinks categories recorded positive performances in 2018, with some seeing strong double-digit growth in total volume terms.

During 2018, energy drinks continued to be major growth driver for the beverages category. “Wake Up 247” brand has been one of the most successful innovation products launched by Masan in recent years, with net revenue growing at a CAGR of ~50% since 2015. Focused brand communication, increase in distribution from 75,000 POS last year to 160,000 in 2018, has helped the energy drinks category deliver VND1,947 billion in net revenue for 2018, a growth of

nearly 60% compared to 2017. Overall, the beverages category (including bottled water and energy drinks) achieved net revenue of VND2,789 billion in 2018, up 36% compared to 2017. “Vivant” premium mineral water brand launched in October 2018 is expected to be an important growth driver for the water segment in the near future.

Processed Meat

Consumers’ demand for better-quality food in terms of taste, affordability and nutrition is also reflected in their evolving consumption of meat and seafood products, staples in Vietnamese cuisine. Vietnam consumers are also being exposed to a multitude of influences and types of cuisine available and are open to trying out new types of cuisine from the West and developed Asian countries such as Japan and South Korea, which also create an interest in newer form of meat consumption. However, in terms of the processed meat and seafood available through retail in Vietnam as of 2018, the product range had yet to keep pace with the types of food available through foodservice outlets. As a result, consumers are expected to continue looking for a wider variety of flavors and cooking styles in their processed meat and seafood packaged food, and manufacturers would need to innovate to cater to these increasingly diverse demands.

Masan’s processed meat category delivered VND210 billion in net revenue during 2018, decline of 5% compared to 2017, mainly due to the delay in setting up our joint-venture

with Jinju Ham, one of the leading players in the processed meat industry in South Korea. During 4Q2018, Masan launched Ponnies - premium sausage brand, the first co-produced innovation between Masan and Jinju Ham. In 2019, more premium and innovative product launches are expected. Masan is investing to build a new state-of-the production line for this category during 2019.

Beer

With a population of nearly 95 million consumers and a beer-drinking culture, Vietnam is attractive to both foreign and domestic manufacturers, due to the industry’s expected growth potential. In 2018, the young population continued to contribute largely to the strong development of beer in the country. Today, Vietnam’s beer category is a US\$6 billion market with approximately 3.9 billion liters consumed annually. These consumers generally believe that drinking beer together helps to strengthen their relationships and bonding.

Masan believes that the market is open for a local mainstream beer brand that can emerge as a “national” beer given the dominance of foreign owned beer brands. During 2018, beer category underperformed against management expectations, as full year net revenue was VND388 billion, up only 23.3% compared to last year. 2018 was a mixed bag for the segment, given the inability to meet budget expectations and with little traction achieved after the nation-wide launch. However, the business has developed greater

36% world’s tungsten market share outside of China¹

loyalty in and around Ho Chi Minh City, where we plan to increase penetration and offtake, and is starting to see traction in other provinces, especially where we have a strong manufacturing presence. Masan believes that the key to scaling up this business is to penetrate the on-premise channel. With a recently established dedicated sales force for beer, Masan aims to deliver growth for this category in 2019.

Vietnam’s banking sector

Vietnam continues to enjoy an economic resurgence that began in 2014, with 2018 growing at the fastest rate since the global economic crisis 10 years ago. GDP growth for the fourth quarter was 7.3% versus last year, pushing the full-year growth to 7.1%. Despite concerns over trade wars and rising interest rates, prudent monetary policy from the State Bank of Vietnam (“SBV”) helped Vietnam achieve high economic growth while maintaining low inflation (CPI up 3.5% in 2018).

Alongside Vietnam’s economic growth and banking system stabilization, Techcombank achieved new records with profit before tax of VND10.7 trillion in 2018, 31% higher vs 2017, and total operating income of VND16.9 trillion, 10% higher vs last year. These achievements were driven by growth across all business divisions, including bank-wide credit growth of 20% in 2018 while asset quality remained

healthy with non-performing loans ending the year at 1.8%. Lower credit costs and disciplined expense management also contributed to record profits.

In 2018, retail banking’s record performance built upon the foundations from previous years. Mortgage lending grew by 20%, leading to retail loans contributing 45% of the total lending portfolio. Additionally, retail deposits grew by 17%, with a record high CASA ratio of 28.7% of total bank deposits. Also in 2018, Techcombank became the #1 franchise for Visa credit and debit cards and maintained its #1 position in bancassurance.

During 2018, Techcombank raised primary capital to strengthen its balance sheet for future growth, but resulting in a dilution of Masan Group’s economic interest.

Global tungsten sector

Global economic growth drivers remained robust during 2018, supporting tungsten demand while China continues to limit the availability of tungsten. This was due to ongoing enforcement of stringent environmental regulations, rising production and environmental compliance costs and continuing regulatory inspections. These pressures continue to aid a process of tungsten industry consolidation within China. This coupled with ongoing solid demand from

oil & gas, aviation, and aerospace industry sectors resulted result in strong demand for tungsten products during 2018. Tungsten prices, after hitting mid-year peak of ~US\$330/mtu, retraced some of the gains to settle around US\$270/mtu, due to US-China trade tensions which continued to influence the market sentiment. However, tungsten prices have remained stable for the last 2-3 months despite the unsettled macro-economic backdrop, as the underlying demand drivers for tungsten end use products remain strong.

Masan Resources delivered strong financial results, with net revenue of VND6,865 billion in 2018, 27% increase over 2017, supported by higher prices and improved operational efficiencies. Despite consciously mining lower grades of ore, EBITDA in 2018 grew 20% vs last year. MSR also increased third party tungsten raw material processing to 958 tons of WO3 in 2018. MSR generated record net profit of VND664 billion in 2018, representing a 222% increase over the same period last year, to deliver a net profit margin of 9.7% in 2018. During August 2018, MSR also acquired the remaining 49% stake in Nui Phao – H.C.Starck Tungsten Chemicals Manufacturing for US\$29 million, which was funded by MSR’s cash and equivalents. The acquisition was consistent with the 5 year strategy, which MSR has outlined, to develop an integrated business model to generate strong cash flows and profits through commodity cycles.

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”) and Agro Nutrition International JSC (“ANCO”), and through ANCO we hold interests in MNS Meat Co. (which includes MNS Farm and MNS Meat Processing) 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.

We own an 85.7% stake in MCH, with the balance being owned by Singha as of 31 December 2018. Events that affect MCH’s business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

MCH further owns a 66.7% economic interest in Masan Brewery as of 31 December 2018, with the balance 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 hold 80.8% stake in MNS as of 31 December 2018, while Kohlberg Kravis Roberts & Co. L.P. (“KKR”) through its company named VN Consumer Meat II Pte. Ltd. owns 7.5% stake. In January 2018, MNS sold 0.8% of MNS secondary shares to PENM Partners, a Danish fund. The entire stake is held through shares, and we consolidate this percentage of the company as a subsidiary on our financial statement. MNS through our fully-owned subsidiary MNS Feed holds a 75.2% stake in Proconco, while the rest of the stake in Proconco is owned by state owned enterprises in Vietnam. MNS further owns a 99.99% stake in ANCO, which subsequently owns a 24.9% equity stake in VISSAN, Vietnam’s largest branded meat player. ANCO further owns a 100% stake in our pig farm in Nghe An Province in Northern Vietnam, and 100% stake in recently commissioned meat processing complex in Ha Nam province. 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.

1. USGS

Masan has just launched MEATDeli – the first chilled meat in Vietnam

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. 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 has built a fully integrated 3F model (Feed – Farm – Food), and will continue to expand this platform going forward. Pig prices are a critical component of profitability for our feed business. Pig prices dropped significantly during 2017 and early 2018, due to import restrictions from China, leading to oversupply, and affecting MNS sales and earnings. Furthermore, since the industry is fragmented, there can be no assurance that we will be able to compete effectively against current or potential competitors. Masan Nutri-Science operates a large scale pig farm, meat processing center and continues to build-out a retail distribution network to sell fresh chilled meat. Hence, hog 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 and deep processing chemical products, 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 chemical products, 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. 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 the global economy.

Our business outlook is directly tied to the economic prospects of Vietnam and the larger global economy. Thus, trade wars, economic recessions particularly in China and other global supply and demand forces can 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 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. Any volatility in global prices for the minerals we sell would impact our resource business.



Financial statements

Consolidated income statement

	2018	2017
Figures in VND million	Audited	Audited
Total Revenue	39,378,747	38,980,236
Less Sales Deductions	(1,191,130)	(1,359,590)
Net Sales	38,187,617	37,620,646
Cost of Goods Sold	(26,306,208)	(25,988,836)
Gross Profit	11,881,409	11,631,810
Selling Expenses	(4,314,253)	(5,290,872)
General & Administrative Expenses	(2,015,388)	(1,912,357)
Financial Income	1,901,793	1,404,660
Financial Expenses	(3,090,914)	(3,695,584)
Share of Profit in an Associate	1,914,340	2,044,230
Net Operating Profit	6,276,987	4,181,887
Results of Other Activities	(33,163)	(43,250)
Profit Before Tax	6,243,824	4,138,637
Tax	(622,319)	(530,947)
Net Profit	5,621,505	3,607,690
Attributable to		
Minority Interests	705,008	505,026
Equity Holders of the Company	4,916,497	3,102,664

Consolidated balance sheet

	December 31, 2018	December 31, 2017
Figures in VND million	Audited	Audited
CURRENT ASSETS	12,499,618	15,144,937
Cash and Cash Equivalents	4,585,889	7,417,111
Short-term Investments	375,848	640,069
Net Operating Receivables	1,417,250	1,105,174
Other Receivables	995,305	1,141,926
Inventories	4,333,191	4,333,097
Other Current Assets	792,135	507,560
LONG TERM ASSETS	52,078,995	48,383,585
Long-term Receivables	1,377,124	1,453,961
Fixed Assets	29,203,764	29,829,534
Tangible Fixed Assets	23,798,207	23,768,050
Finance Lease Tangible Fixed Assets	-	4,487
Intangible Fixed Assets	5,405,557	6,056,997
Construction in Progress	2,171,342	1,838,001
Long-term Investments	15,347,915	11,338,355
Other Long-term Assets	3,978,850	3,923,734
TOTAL ASSETS	64,578,613	63,528,522

	December 31, 2018	December 31, 2017
Figures in VND million	Audited	Audited
CURRENT LIABILITIES	15,795,515	15,532,987
Short-term Debt	9,243,779	9,166,273
Current Account Payable	2,668,610	2,105,255
Advance from Customers	334,553	240,945
Tax Payable	429,861	384,958
Payroll Payable	300	25
Accrued Expense	2,791,050	2,801,126
Other Payable	327,362	834,405
LONG TERM LIABILITIES	14,703,420	27,770,340
Long-term Debt	12,751,649	25,630,003
Other Long-term Liabilities	1,951,771	2,140,337
TOTAL LIABILITIES	30,498,935	43,303,327
EQUITY	34,079,678	20,225,195
Chartered Capital	11,631,495	11,573,740
Capital Surplus	11,084,417	6,855,539
Other Capital	(9,426,958)	(9,426,958)
Treasury Shares	-	(6,518,087)
Differences in Forex Revaluation	4,402	2,431
Retained Earnings	16,193,388	12,350,048
Minority Interest	4,592,934	5,388,482
TOTAL RESOURCES	64,578,613	63,528,522

Performance highlights

	31 December 2018	31 December 2017
Current Ratio	0.8x	1.0x
Quick Ratio	0.5x	0.7x
Total Debt/EBITDA	2.1x	3.7x
Total Debt/Total Assets	0.3x	0.5x
Inventory Turnover	6.1x	5.3x
Days Inventory (days)	60	61
ROAE	22.2%	20.6%
ROAA	8.8%	5.3%
Net Sales/Total Assets	59.1%	59.2%
EBIT Margin	19.6%	17.2%
EBITDA Margin	27.4%	25.0%
Reported Net Margin (Post-MI)	12.9%	8.2%
Core Net Margin (Post-MI)	9.1%	5.9%

Management discussion and analysis of financial results

This section details management’s insights regarding full year financial performance of the Group. While key line items are based on audited numbers, certain segmental and category numbers are based on management accounts.

Revenue

	2018	2017
Figures in VND million	Audited	Audited
Revenue by categories		
Masan Consumer Holdings (“MCH”)	17,345,752	13,526,516
Masan Nutri-Science (“MNS”)	13,976,854	18,690,485
Masan Resources (“MSR”)	6,865,011	5,404,645
Total	38,187,617	37,620,646

Net revenue increased by 1.5% to VND38,188 billion in 2018 from VND37,621 billion in 2017. The decrease in consolidated net revenue was primary driven by a 25% drop in MNS’ net revenue to VND13,977 billion in 2018 from VND18,690 billion in 2017. Due to the prolonged pig price crisis which started in 2017 and continued to till 2Q2018, commercial pig feed market contracted significantly, affecting MNS’ net revenue. During the same time, MNS’ delivered on its target of transformation into a branded meat company with the launch of “MEATDeli” brand in

4Q2018 to fulfill consumers’ big unmet need of traceable, delicious and safe-for-health meat.

In 2018, MCH successfully delivered on its growth objectives as net revenue increased by 28.2% to VND17,346 billion in 2018 from VND13,526 billion in 2017, and up 17.0% compared to VND14,826 billion in 2016. MCH successfully transformed its distribution model from “push” to “pull” model, by reducing distributor level inventory, reducing trade promotion expenses and investing more in marketing activities. Premiumization strategy

continued to perform well led by innovations in the seasoning and convenience foods categories, further supported by strong growth in the beverage category anchored by our highly successful energy brand “Wake-up 247”.

MSR reached a record revenue of VND6,865 billion due to higher selling prices for its products and higher processing productivity. As a result, MSR delivered a 27.0% growth in net revenue in 2018 from VND5,405 billion in 2017.

Gross Profit

	2018	2017
Figures in VND million	Audited	Audited
Segment Gross Profit		
Masan Consumer Holdings	7,571,676	5,897,461
Masan Nutri-Science	2,096,950	3,991,222
Masan Resources	2,161,462	1,690,882
Total	11,881,409	11,631,810

Gross profit increased by 2.1% from VND11,632 billion in 2017 to VND11,881 billion in 2018. As a result, Masan Group’s gross profit margin increased to 31.1% in 2018 from 30.9% in 2017.

MCH net revenue grew 28.2% in 2018, and with nearly flat gross margin at 43.7%, contributing 64% of Masan Group’s gross profit compared to 51% gross profit contribution in 2017. This was offset by MNS, where net revenue was down 25% and its gross margin was also down from 21.4% in 2017 to 15.0% in 2018, due to lower revenue, higher raw material costs and higher contribution from lower margin feed products. Hence, MNS’ contribution to MSN’s gross profit declined from 34% in 2017 to 18% in 2018. MSR’s gross margin grew from 31.3% in 2017 to 31.5% in 2018, due to higher selling prices, offset by higher processing of third-party tungsten concentrate which generates lower

margins compared to in-house processing of tungsten products.

Selling Expenses

Selling expenses decreased by 18.5% to VND4,314 billion in 2018 from VND5,291 billion in 2017. As a result, selling expenses as a percentage of net revenue decreased to 11.3% in 2018 from 14.1% in 2017. This was mainly driven by lower selling expenses at MCH and MNS. MCH’s implementation of de-stocking initiative in 2017 resulted in lower trade promotion expenses and was the main driver behind lower selling expenses. As a percentage of net revenue, selling expenses at MCH decreased from 23.9% in 2017 to 19.8% in 2018. For MNS, the standardization of its sales policy and optimization of sales force helped lower sales expenses, resulting in selling expenses as a percentage of net revenue

dropping from 10.3% in 2017 to 5.5% in 2018.

General and Administration Expenses

General and administration expenses increased by 5.4% to VND2,015 billion in 2018 from VND1,912 billion in 2017. General and administration expenses as a percentage of net revenue increased from 5.1% in 2017 to 5.3% in 2018. The increase in general and administration expenses was mainly driven by a 1.5% increase in overhead expenses during 2018.

Financial Income

Financial income increased by 35.4% to VND1,902 billion in 2018 from VND1,405 billion in 2017. Financial income during 2018 includes net one-time gains (non-core) of VND1,472 billion primarily from the “deemed disposal” of

the MSN's interest in Techcombank as a result of the bank's equity issuances at a price higher than MSN's carrying value. Financial income in 2017 includes net one-time gains of VND933 billion in 4Q2017 from selling convertible bonds of Techcombank.

Financial Expenses

Financial expenses decreased by 16.4% to VND3,091 billion in 2018 from VND3,696 billion in 2017, driven mainly by the decrease in interest payments for outstanding bonds, with approximately VND200 billion interest expense saved in 4Q2018 alone.

In 2018, MSN repaid bonds worth VND6 trillion and settled the US\$35 million facility with Mount Kellett. Also, during 2018, MCH repaid bonds worth VND4.5 trillion, and repaid working capital lines worth VND200 billion. Lastly, MNS repaid VND1 trillion in working capital lines, offset by its long-term debt increasing by VND540 billion.

Share of Profit in Associates

Share of profit in associates largely comprises of Masan Group's share of the profits of Techcombank, proportionate to our equity interest. Share of profit in associates reduced by 6.4% to VND1,914 billion in 2018 compared VND2,044 billion in 2017. The reduction was due to Masan's reduced economic interest

in 2018 compared to 2017. This reduction was partially offset by higher earnings at Techcombank, up 31% compared to 2017.

Net Profit After Tax

In 2018, core net profit (excluding net one-time gains) post minority interest reached VND3,478 billion, up 57.1% compared to 2017 core profit of VND2,213 billion. Core profit margin increased to 9.1% in 2018 from 5.9% in 2017. MCH was the key growth driver as revenue grew by 28.2% and EBITDA margin expanded to 24.0%, a 365 bps increase compared to 2017. Further, 257 bps reduction in MSN consolidated SG&A as percentage of net revenue in 2018 compared to 2017 and a 16.4% reduction in consolidated interest expenses also helped profitability growth.

Reported 2018 net profit post minority interest increased by 58.5% to VND4,916 billion, primarily due to net one-time gains of VND1,472 billion primarily from the partial deemed disposal of MSN's shareholding in TCB during the second quarter of 2018 (Net one-time gain in 2017 was VND933 billion from selling convertible bonds of Techcombank).

Cash and Cash Equivalents

Cash and cash equivalents of the Group, including short-term investments, decreased to VND4,962 billion as of 31 December

2018 compared to VND8,057 billion as of 31 December 2017. Cash outflows were mainly due to debt repayment worth VND12.5 trillion, net interest payments of VND2.6 trillion, capital expenditures of VND2.6 trillion, cash dividends of VND1.3 trillion which went to minority investors of our subsidiaries, payments to increase our ownership of Vinacafé and MSR's tungsten value-added chemicals processing plant. Cash inflows primarily stemmed from VND7.3 trillion generated by operating activities and VND10.9 trillion from sale of treasury shares.

Inventories

Inventories were unchanged at VND4,333 billion as of 31 December 2017 and 31 December 2018. For MSR, inventory days increased by 10 days, as the mine purchased more 3rd party tungsten concentrate for value-added processing. For MNS, inventory days were unchanged as the business held less inventory due to lower sales in 2018.

Fixed Assets

As of 31 December 2018, fixed assets amounted to VND29,203 billion compared to VND29,830 billion as of 31 December 2017. Capital expenditures in 2018 were mainly related to the construction of our meat value chain in Nghe An and Ha Nam, offset by an amount of accumulated depreciation.



Investments in Associates

Investments in associates represent our effective economic interest in Techcombank, VISSAN and Cholimex Food Joint Stock Company as of 31 December 2018. Investments in associates also include various associate investments by Proconco, a subsidiary.

Total Assets

Total assets increased by 1.7% to VND64,579 billion as of 31 December 2018, compared to VND63,529 billion as of 31 December 2017. This was primarily due to increase in carrying value for Techcombank's shares, due to the recent equity issuance for the bank at a price higher than Masan's carrying value, even after Masan owning a smaller equity stake in the bank as of 31 December 2018. This was partially offset by a slight decrease in cash as explained previously.

Borrowings

As of 31 December 2018, short-term and long-term borrowings decreased by 36.8% to VND21,995 billion as compared to VND34,796 billion as of 31 December 2017. The decrease in borrowings was mainly due to ongoing efforts to pay down higher cost bonds in 2018.

In 2018, MSN repaid bonds worth VND6 trillion and settled the US\$35 million facility with Mount Kellett. Also, during 2018 MCH repaid bonds worth VND4.5 trillion, and repaid working capital lines worth VND200 billion. Finally, MNS repaid working capital lines worth VND1 trillion, offset by its long term debt increasing by VND540 billion. During 2018, MSR re-financed bonds worth VND4,500 billion to increase tenure.

Financial interest savings from lower gross debt is expected to reach VND1 trillion annually starting in 2019. Balance sheet optimization has helped improve the consolidated gross debt to EBITDA ratio from 3.7x as of the end of 2017 to 2.1x as of end of 2018.

Owners' Equity

Owners' equity as of 31 December 2018 was VND34,080 billion compared to VND20,225 billion as of 31 December 2017. This was mainly driven by the net effects of the additional net profit contribution of VND4.9 trillion, the increase in capital due to the sale of treasury shares and lower non-controlling interest as a result of our increased shareholding in Vinacafé and MSR's tungsten value-added chemicals plant.

2019 Financial outlook

The following forward-looking statements reflect MSN’s expectations as of today and are subject to substantial uncertainty given the risk factors that have been shared in this report. Our results are inherently unpredictable and may be materially affected by many factors, such as fluctuations in foreign exchange rates, changes in global and domestic economic conditions, world events and the rate of growth of consumer spending.

Overall, we expect Masan Group FY2019 net revenue in the range of VND45,000 billion to VND50,000 billion, growth of 18%-31%.

MCH net revenue is expected to grow by ~20% to 30%. Drivers will be accelerating premiumization in seasonings and

convenience foods, coupled with beverage portfolio growing at similar pace as witnessed in 2018. Primary risks will be unsuccessful or slower consumer offtake of innovation pipeline and inability to scale-up beer business.

MNS net revenue is expected to grow by ~20% to 40%. MNS’ feed business is expected in single digits, while fresh meat net revenue expected to contribute ~10% to MNS’ consolidated net revenue. Key potential risks include pig disease outbreak impacting feed sales growth and scaling-up meat business distribution network.

MSR net revenue is expected to grow from 12 to 24% driven by higher sales volume. Key downside risks include continued low tungsten

price environment and potential lower price realization for our products.

Management expects consolidated FY2019 core net profit post minority interest from VND5,000 billion to VND5,500 billion, a growth of 44% to 58%, resulting in a core profit margin of above 10%. Interest savings of VND1,000 billion are expected in FY2019, as MSN repaid over VND12.5 trillion of debt in 4Q2018.

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 financial performance for 2019:

2019 Balance sheet outlook

Management estimates capital expenditures in 2019 will be higher than 2018 but is expected to wind down afterwards. For 2019, capital expenditures would include ramping up of the Nghe An pig farm and the Ha Nam meat processing complex, in addition to building out the “MEATDeli” retail distribution platform. MCH is also expected to increase raw fish

sauce production capacity to secure our supply chain, build a new processed meat facility, install additional lines to increase energy drinks capacity, and upgrade instant noodles manufacturing plant. MSR mainly requires capex for continued compensation and resettlement, initial feasibility and ground work for smelter to extract gold and copper, tungsten chemicals plant expansion, tailings dam and other maintenance capex.

With an expected increase in operating cash flows going forward, the Group will prioritize paying down debt and reducing minority interest to build a more sustainable balance sheet and deliver double-digit net margins. Management targets to maintain a gross debt to EBITDA ratio of approximately 2x over the long term.

VND billion	Plan 2019		Actual 2018	Growth Rate	
	Low End	High End		Low End	High End
Net Sales	45,000	50,000	38,188	18%	31%
Net Profit after Tax and Minorities (VAS)	5,000	5,500	4,916	2%	12%
Core Net Profit after Tax and Minorities ¹	5,000	5,500	3,478	44%	58%

1. Includes net one-time gains (non-core) of VND1,472 billion in 2Q2018 primarily from the “deemed disposal” of the Company’s interest in Techcombank as a result of the bank’s recent equity issuances at a price higher than the Company’s carrying value. Core NPAT in 2017 includes net one-time gains of VND933 billion in 4Q2017 from selling convertible bonds of Techcombank.

FINANCIAL
Report

This Financial Report is 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/034/0345610d811e82e7b566b6d47c7fa206/ade64b26ac069b8ff25eef34815fa917.pdf>

Masan Group Corporation

Corporate Information

Business Registration		
	Certificate No.	030357660325 June 2018
	The Company’s Business Registration Certificate has been amended several times, the most recent of which is dated 25 June 2018. 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
		(until 12 April 2018)
	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 Nguyen Anh Nguyen	Deputy Chief Executive Officer
	Mr Seokhee Won	Deputy Chief Executive Officer
Legal representative		(until 27 February 2018)
	Dr Nguyen Dang Quang	Chairman
Registered Office		Chief Executive Officer
	Suite 802, 8 th Floor, Central Plaza	
	17 Le Duan Street	
	Ben Nghe Ward, District 1	
	Ho Chi Minh City	
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 referred to as “the Group”) for the year ended 31 December 2018.

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 2018 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 2018, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.



Dr Nguyen Dang Quang
Chairman
Chief Executive Officer
Ho Chi Minh City, Vietnam
7 March 2019

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 referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2018, 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 7 March 2019, as set out on pages 80 to 137.

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.

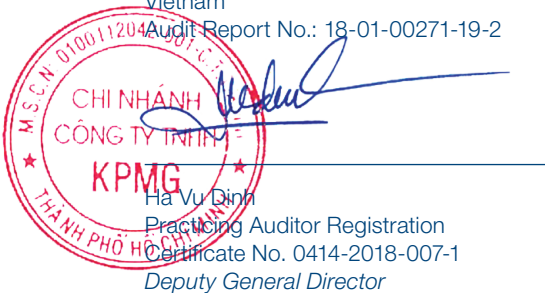
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2018 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam
Audit Report No.: 18-01-00271-19-2



Ha Vu Dinh
Practising Auditor Registration
Certificate No. 0414-2018-007-1
Deputy General Director

Ho Chi Minh City, 7 March 2019



Chong Kwang Puay
Practising Auditor Registration
Certificate No. 0864-2018-007-1

Consolidated balance sheet

As at 31 December 2018

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		12,499,618	15,144,937
Cash and cash equivalents	110	5	4,585,889	7,417,111
Cash	111		513,597	320,723
Cash equivalents	112		4,072,292	7,096,388
Short-term financial investments	120	6	375,848	640,069
Held-to-maturity investments	123		375,848	640,069
Accounts receivable – short-term	130	7	2,412,555	2,247,100
Accounts receivable from customers	131		1,523,385	1,221,821
Prepayments to suppliers	132		707,242	277,698
Other short-term receivables	136		288,063	864,228
Allowance for doubtful debts	137		(106,135)	(116,647)
Inventories	140	8	4,333,191	4,333,097
Inventories	141		4,389,589	4,347,552
Allowance for inventories	149		(56,398)	(14,455)
Other current assets	150		792,135	507,560
Short-term prepaid expenses	151		94,291	87,233
Deductible value added tax	152		674,894	389,953
Taxes receivable from State Treasury	153	16(a)	22,950	30,374

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260)	200		52,078,995	48,383,585
Accounts receivable – long-term	210	7	1,377,124	1,453,961
Receivable on long-term lending loans	215		-	96,400
Other long-term receivables	216		1,377,124	1,357,561
Fixed assets	220		29,203,764	29,829,534
Tangible fixed assets	221	9	23,798,207	23,768,050
Cost	222		31,906,656	29,897,094
Accumulated depreciation	223		(8,108,449)	(6,129,044)
Finance lease tangible fixed assets	224	10	-	4,487
Cost	225		67,300	67,300
Accumulated depreciation	226		(67,300)	(62,813)
Intangible fixed assets	227	11	5,405,557	6,056,997
Cost	228		8,015,798	8,112,958
Accumulated amortisation	229		(2,610,241)	(2,055,961)
Long-term work in progress	240		2,171,342	1,838,001
Construction in progress	242	12	2,171,342	1,838,001
Long-term financial investments	250	6	15,347,915	11,338,355
Investments in associates	252		15,328,811	11,321,627
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(8,442)	(4,918)
Held-to-maturity investments	255		5,900	-
Other long-term assets	260		3,978,850	3,923,734
Long-term prepaid expenses	261	13	3,164,050	2,990,882
Deferred tax assets	262	14	295,261	300,831
Goodwill	269	15	519,539	632,021
TOTAL ASSETS (270 = 100 + 200)	270		64,578,613	63,528,522

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

Consolidated balance sheet

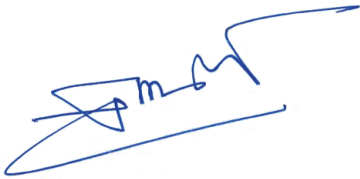
As at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		30,498,935	43,303,327
Current liabilities	310		15,795,515	15,532,987
Accounts payable to suppliers	311		2,668,610	2,105,255
Advances from customers	312		334,553	240,945
Taxes payable to State Treasury	313	16(b)	429,861	384,958
Payables to employees	314		300	25
Accrued expenses	315	17	2,791,050	2,801,126
Other short-term payables	319	18	296,413	803,374
Short-term borrowings and liabilities	320	19	9,243,779	9,166,273
Bonus and welfare funds	322		30,949	31,031
Long-term liabilities	330		14,703,420	27,770,340
Accounts payable to suppliers	331		36,330	78,525
Other long-term payables	337	18	23,804	26,728
Long-term borrowings, bonds and liabilities	338	19	12,751,649	25,630,003
Deferred tax liabilities	341	14	1,351,446	1,461,389
Provisions	342	20	540,191	573,695

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
EQUITY (400 = 410)	400		34,079,678	20,225,195
Owners' equity	410	21	34,079,678	20,225,195
Share capital	411	22	11,631,495	11,573,740
Capital surplus	412	22	11,084,417	6,855,539
Other capital	414		(9,426,958)	(9,426,958)
Treasury shares	415	22	-	(6,518,087)
Foreign exchange differences	417		4,402	2,431
Undistributed profits after tax	421		16,193,388	12,350,048
■ Undistributed profits after tax brought forward	421a		12,350,048	7,015,545
■ Net profit for the current year	421b		3,843,340	5,334,503
Non-controlling interests	429		4,592,934	5,388,482
TOTAL RESOURCES (440 = 300 + 400)	440		64,578,613	63,528,522

Prepared by:



Doan Thi My Duyen
Chief Accountant

7 March 2019



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Approved by:



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

Consolidated statement of income

for the year ended 31 December 2018

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

	Code	Note	2018 VND million	2017 VND million
Revenue from sale of goods	01	25	39,378,747	38,980,236
Revenue deductions	02	25	1,191,130	1,359,590
Net revenue (10 = 01 - 02)	10	25	38,187,617	37,620,646
Cost of sales	11	26	26,306,208	25,988,836
Gross profit (20 = 10 - 11)	20		11,881,409	11,631,810
Financial income	21	27	1,901,793	1,404,660
Financial expenses	22	28	3,090,914	3,695,584
In which: Interest expense	23		2,667,531	3,185,361
Share of profit in associates	24		1,914,340	2,044,230
Selling expenses	25	29	4,314,253	5,290,872
General and administration expenses	26	30	2,015,388	1,912,357
Net operating profit				
{30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		6,276,987	4,181,887
Other income	31		14,708	17,557
Other expenses	32		47,871	60,807
Results of other activities (40 = 31 - 32)	40		(33,163)	(43,250)
Accounting profit before tax				
(50 = 30 + 40) (carried forward)	50		6,243,824	4,138,637

	Code	Note	2018 VND million	2017 VND million
Accounting profit before tax				
(50 = 30 + 40) (brought forward)	50		6,243,824	4,138,637
Income tax expense – current	51	31	726,692	630,961
Income tax benefit – deferred	52	31	(104,373)	(100,014)
Net profit after tax (60 = 50 - 51 - 52)	60		5,621,505	3,607,690
Attributable to:				
Equity holders of the Company	61		4,916,497	3,102,664
Non-controlling interests	62		705,008	505,026
Earnings per share				
Basic earnings per share (VND)	70	33	4,561	2,727

7 March 2019

Prepared by:

Doan Thi My Duyen
Chief Accountant

Approved by:

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

Consolidated statement of cash flows

for the year ended 31 December 2018
(Indirect method)

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

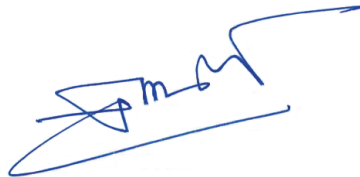
	Code	Note	2018 VND million	2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		6,243,824	4,138,637
Adjustments for				
Depreciation and amortisation	02		2,705,218	2,610,646
Allowances and provisions	03		123,092	169,358
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		8,859	(9,246)
Profits from investing activities	05		(3,738,917)	(3,386,427)
Interest expense and other financial expenses	06		2,888,368	3,548,932
Operating profit before changes in working capital	08		8,230,444	7,071,900
Increase in receivables and other assets	09		(734,186)	(311,192)
(Increase)/decrease in inventories	10		(76,765)	1,031,669
Increase/(decrease) in payables and other liabilities	11		610,042	(1,032,082)
Increase in prepaid expenses	12		(86,037)	(27,996)
			7,943,498	6,732,299
Interest paid	14		(2,869,402)	(3,261,365)
Corporate income tax paid	15		(675,981)	(704,278)
Other payments for operating activities	17		(6,986)	(197)
Net cash flows from operating activities	20		4,391,129	2,766,459
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,638,466)	(2,111,023)
Proceeds from disposals of fixed assets and other long-term assets	22		10,232	10,763
Payments for granting loans and term deposits	23		(1,659,260)	(5,348,244)
Receipts from collecting loans and term deposits	24		2,013,981	6,752,487
Payments for investments	25		(2,308,579)	(522,403)
Proceeds from disposals of investments	26		379,736	3,874,973
Receipts of interest, dividends and others	27		335,756	477,399
Net cash flows from investing activities	30		(3,866,600)	3,133,952

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

	Code	Note	2018 VND million	2017 VND million
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new shares, reissue of treasury shares and equity issued to non-controlling interests	31		10,927,861	3,512,651
Payments for repurchase of treasury shares	32		-	(5,877,224)
Proceeds from borrowings	33		23,643,380	24,017,010
Payments to settle borrowings and bonds	34		(36,614,844)	(30,558,296)
Payments to settle finance lease liabilities	35		(9,026)	(16,272)
Payments of dividends to shareholders and to non-controlling interests of subsidiaries	36		(1,304,374)	(2,712,948)
Net cash flows from financing activities	40		(3,357,003)	(11,635,079)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(2,832,474)	(5,734,668)
Cash and cash equivalents at the beginning of the year	60		7,417,111	13,148,938
Effect of exchange rate fluctuations	61		1,252	2,841
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	4,585,889	7,417,111

7 March 2019

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



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

Notes to the consolidated financial statements

for the year ended 31 December 2018

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

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

1. REPORTING ENTITY

(a) Ownership structure

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

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “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	
					31/12/2018	1/1/2018
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, Vietnam	85.7%	85.7%
2	Masan Horizon Company Limited (“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 (“MNS”)		Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	80.8%	82.4%
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, Vietnam	57.1%	57.1%
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%	57.1%
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%	57.1%

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
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%	57.1%
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%	57.1%
6	Masan Brewery MB Company Limited (“MBMB”) (*)	(i) Beer and beverage manufacturing	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	57.1%	-
7	Masan Consumer Corporation (“MSC”)	(i) Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	82.4%
8	Masan Consumer (Thailand) Limited (“MTH”)	(i) Trading and distribution	No. 83, 4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	81.5%	82.4%
9	Masan Food Company Limited (“MSF”)	(i) Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	82.4%
10	Masan Industrial One Member Company Limited (“MSI”)	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong Province, Vietnam	81.5%	82.4%
11	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	81.5%	82.4%
12	Masan HD One Member Company Limited (“MHD”)	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Vietnam	81.5%	82.4%
13	Masan PQ Corporation (formerly known as Ma San PQ Corporation) (“MPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	81.5%	82.4%
14	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	81.5%	82.4%
15	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i) Beverage manufacturing and trading	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	80.3%	56.4%

Notes to the consolidated
financial statements

for the year ended 31 December 2018 (continued)

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
16	Café De Nam Joint Stock Company (formerly known as “CDN Production Trading Corporation”)	(i) Beverage trading and manufacturing	Lot C I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	68.3%	47.9%
17	Vinh Hao Mineral Water Corporation (“VHC”)	(i) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	72.2%	72.9%
18	Kronfa., JSC (“KRP”)	(i) Beverage manufacturing	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	72.2%	72.9%
19	Masan Beverage Company Limited (“MSB”)	(i) Beverage trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	82.4%
20	Masan MB One Member Company Limited (“MMB”)	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park, Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	81.5%	82.4%
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	81.5%	82.4%
22	Masan Jinju Joint Stock Company (formerly known as “Saigon Nutri Food Joint Stock Company”) (“MSJ”)	(i) Convenience food manufacturing and trading	Factory F5, Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong Province, Vietnam	61.2%	82.4%
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	53.7%	54.2%
24	Mapleleaf Company Limited (“MPL”)	(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 (“MSR”)	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
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	96.0%	96.0%

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
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	96.0%	96.0%
28	Nui Phao Mining Company Limited (“NPM”)	(ii) Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
29	Masan Tungsten Limited Liability Company (formerly known as “Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC”) (“MTC”)	(ii) Deep processing of nonferrous metals and precious metals (tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	49.0%
30	MNS Feed Company Limited (“MNS Feed”)	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	80.8%	82.4%
31	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	80.8%	82.4%
32	MNS Feed Vinh Long Company Limited (formerly known as “Aqua Nutrition International Joint Venture Co., Ltd”) (“MNS Feed Vinh Long”)	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	80.8%	82.4%
33	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	80.8%	82.4%
34	MNS Feed Thai Nguyen Company Limited (formerly known as “Agro Nutrition International Thai Nguyen Limited Company”) (“MNS Feed Thai Nguyen”)	(iii) Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	80.8%	82.4%
35	MNS Feed Tien Giang Company Limited (formerly known as “Agro Nutrition International Tien Giang One Member Limited Company”) (“MNS Feed Tien Giang”)	(iii) Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	80.8%	82.4%

Notes to the consolidated
financial statements

for the year ended 31 December 2018 (continued)

No.	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
36	MNS Feed Nghe An Company Limited (formerly known as “Agro Nutrition International Nghe An One Member Limited Liability Company”) (“MNS Feed Nghe An”)	(iii) Animal protein	C Area, Nam Cam Industrial Park, Dong Nam Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	80.8%	82.4%
37	MNS Feed Hau Giang Company Limited (formerly known as “Agro Nutrition International Hau Giang One Member Limited Liability Company”) (“MNS Feed Hau Giang”)	(iii) Animal protein	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	80.8%	82.4%
38	MNS Meat Company Limited (“MNS Meat”)	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	80.8%	82.4%
39	MNS Farm Nghe An Company Limited (formerly known as “Masan Nutri-Farm (N.A) Limited Liability Company”) (“MNF (NA)”)	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	80.8%	82.4%
40	MNS Farm Company Limited (“MNS Farm”)	(iii) Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	80.8%	82.4%
41	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(iii) Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	80.8%	82.4%
42	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	(iii) Meat processing	Lot CN-02, Dong Van IV Industrial Park, Dai Cuong Village, Kim Bang District, Ha Nam Province, Vietnam	80.8%	82.4%
43	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	60.7%	61.9%
44	Proconco Can Tho Company Limited (“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	60.7%	61.9%
45	Con Co Binh Dinh Company Limited (“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	60.7%	61.9%
46	Proconco Hung Yen Manufacturing and Trading Company Limited (“Proconco Hung Yen”)	(iii) Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	60.7%	61.9%

Associates

No.	Name	Principal activity	Percentage of economic interests at	
			31/12/2018	1/1/2018
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	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(v) Animal protein	25.0%	25.0%
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	(v) Animal protein	21.3%	21.3%
5	Vissan Joint Stock Company (“Vissan”)	(v) Food manufacturing and retailing	24.9%	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.

(*) Masan Brewery MB Company Limited (“MBMB”) was established on 16 March 2018 under the Business Registration Certificate No. 2901930406 issued by the Department of Planning and Investment of Nghe An Province. As at the date of issuance of these consolidated financial statements, MBMB has not yet started its operations.

(**) For Techcombank, see Note 6(b).

As at 31 December 2018, the Group had 9,135 employees (1/1/2018: 9,601 employees).

(c) Normal operating cycle

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

Notes to the consolidated financial statements

for the year ended 31 December 2018 (continued)

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").

(e) Corresponding figures

The corresponding figures as at 1 January 2018 were brought forward from the audited figures as at 31 December 2017.

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 No. 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 *Framework* and Vietnamese Accounting Standard No. 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 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 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.

Gain or loss on disposal of interest in an associate without losing significant influence, including through dilution of interest (deemed disposal) in the associate, is recognised in the consolidated statement of income.

(v) Non-controlling interests ("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 transactions, 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 the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

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

(ii) Foreign operations

All assets and liabilities of foreign operations are translated to VND at the rates at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions. Capital is translated to VND at historical exchange rate. Accumulated losses are derived from the translated net loss from which they were appropriated. Revenues, income and expenses,

Notes to the consolidated financial statements

for the year ended 31 December 2018 (continued)

and cash flows during the year of foreign operations are translated to VND at the exchange rates which approximate actual exchange rates ruling on the date of transactions.

Foreign currency differences arising from the translation of foreign operations’ financial statements to VND are recognised in the consolidated 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 have 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 direct 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 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. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis are as follows:

As at 31/12/2018 and 1/1/2018	
ST plant	125,140 tonnes of tungsten
APT plant	120,265 tonnes of tungsten

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 – 15 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 3(g).

(i) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments have been made;
- 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 with indefinite term are stated at cost and are not amortised. Land use rights with definite term 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 fixed asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 10 years.

(iii) Brand name

Cost of acquiring a brand name is capitalised and treated as an intangible fixed 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 fixed asset and is amortised on a straight-line basis over a period ranging from 10 to 20 years.

Notes to the consolidated financial statements

for the year ended 31 December 2018 (continued)

(iv) **Customer relationships**

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed 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 fixed 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 is 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 was stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible fixed 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 is acquired by the Group in the acquisition of subsidiary is capitalised and presented as an intangible fixed 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 fixed 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.

(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:

a) It is probable that the future economic benefits will flow to the Group;

b) The component of the ore body for which access has been improved can be identified; and

c) The costs incurred can be measured reliably.

Production stripping costs are allocated between inventories 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.

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 leases from 35 to 50 years.

(iv) **Land compensation costs**

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.

(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 over 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. Cost of tools and supplies is 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

Notes to the consolidated financial statements

for the year ended 31 December 2018 (continued)

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).

(vii) **Other long-term prepaid expenses**

Other long-term prepaid expenses include swine breeder and other prepaid expenses which are stated at their costs and are amortised on a straight-line basis not more than 3 years.

(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 and the price to calculate the charge for granting mining rights in accordance with Decree 203/2013 and Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”).

In accordance with Decree 158/2016 which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the charge for granting mining rights as defined under the law on resource royalty. The Ministry of Natural Resources and Environment (“MONRE”) shall provide guidelines for the conversion method to determine the charge for granting mining rights in accordance with Decree 158/2016. Up to date, MONRE has provided neither guidelines for the new calculation method for prospective changes in estimates to be made nor a basis for reliable estimates to be made.

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.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset if the related obligations for closure and rehabilitation are unavoidable to the construction of the asset. 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 average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(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 terms of the bonds.

(p) **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 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 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.

(q) **Equity**

(i) **Share capital and capital surplus**

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

(r) **Revenue**

Goods sold

Revenue from sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. 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

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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 sale 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 possible return of goods. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(s) Financial income and financial expenses

- (i) Financial income

Financial income comprises interest income from deposits and loans, gains on disposals of investments and foreign exchange gains. Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.
- (ii) Financial expenses

Financial expenses comprise interest expense on borrowings and bonds, interest costs and foreign exchange losses. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.
- (t) 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.

(u) 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 accounting period) of the Company 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.

(v) 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 and secondary formats for segment reporting are based on business segments and geographical segments, respectively.

(w) 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.

(x) Share-based payments

Shares issued to employees at par value subscription price are recorded at their par value.

4. SEGMENT REPORTING

The Group has four 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
- Meat value chain: breeding swine, animal protein and food manufacturing; and retailing
- Mining and processing
- Others: financial services and others

(a) Business segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Food and beverage		Meat value chain		Mining and Processing		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	17,345,752	13,525,516	13,976,854	18,690,485	6,865,011	5,404,645	-	-	38,187,617	37,620,646
Segment gross margin	7,571,676	5,897,461	2,096,950	3,991,222	2,212,783	1,743,127	-	-	11,881,409	11,631,810
Segment results	2,720,425	1,606,541	182,733	688,558	879,607	355,658	1,895,025	2,037,015	5,677,790	4,687,772
Net unallocated expenses									(56,285)	(1,080,082)
Net profit									5,621,505	3,607,690

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	Food and beverage		Meat value chain		Mining and Processing		Others		Total	
	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	10,673,223	13,520,910	13,121,985	13,997,847	26,804,958	25,954,685	12,918,583	8,910,399	63,518,749	62,383,841
Unallocated assets									1,059,864	1,144,681
Total assets									64,578,613	63,528,522
Segment liabilities	6,343,517	6,537,706	5,629,300	6,093,569	13,174,819	14,005,091	-	-	25,147,636	26,636,366
Unallocated liabilities									5,351,299	16,666,961
Total liabilities									30,498,935	43,303,327

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditure	477,605	516,239	1,075,988	653,732	1,076,471	940,731	-	-	2,630,064	2,110,702
Unallocated capital expenditure							8,402	321	8,402	321
Depreciation	598,560	584,985	292,107	269,027	1,144,280	1,089,403	-	-	2,034,947	1,943,415
Unallocated depreciation							1,749	1,717	1,749	1,717
Amortisation	298,444	301,943	430,458	421,313	204,947	209,082	-	-	933,849	932,338
Unallocated amortisation							45,047	46,395	45,047	46,395

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam (“Domestic”) or countries other than Vietnam (“Overseas”). Segment assets and capital expenditure are not presented since the location of assets and production is mostly in Vietnam.

	Domestic		Overseas		Total	
	2018	2017	2018	2017	2018	2017
	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	31,872,793	32,574,734	6,314,824	5,045,912	38,187,617	37,620,646

5. CASH AND CASH EQUIVALENTS

	31/12/2018	1/1/2018
	VND million	VND million
Cash on hand	9,135	2,406
Cash at banks	502,722	313,283
Cash in transit	1,740	5,034
Cash equivalents	4,072,292	7,096,388
	4,585,889	7,417,111

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

6. INVESTMENTS

	31/12/2018	1/1/2018
	VND million	VND million
Short-term financial investments		
Held-to-maturity investments (a)	375,848	640,069
Long-term financial investments		
Held-to-maturity investments (a)	5,900	-
Investments in associates (b)	15,328,811	11,321,627
Equity investments in other entities (c)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(8,442)	(4,918)
	15,347,915	11,338,355

(a) Held-to-maturity investments

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

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

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for the year ended 31 December 2018 (continued)

(b) Investments in associates

	31/12/2018				1/1/2018			
	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (**)	20.0%	20.0%	12,918,583	19,426,445	20.0%	20.0%	8,910,399	(*)
Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	(*)	32.8%	32.8%	249,392	(*)
Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	7,893	(*)	25.0%	25.0%	9,719	(*)
Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,752	(*)	25.0%	25.0%	7,252	(*)
Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	10,701	(*)	21.3%	21.3%	9,375	(*)
Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	(*)	24.9%	24.9%	2,135,490	(*)
			15,328,811	(*)			11,321,627	(*)

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

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Total VND million
Opening balance	8,910,399	249,392	9,719	7,252	9,375	2,135,490	11,321,627
Share in post-acquisition profit of associates during the year and gain from deemed disposal on dilution in an associate (**)	4,008,184	5,318	(1,826)	100	1,597	14,126	4,027,499
Dividends declared	-	(5,318)	-	(600)	(271)	(14,126)	(20,315)
Closing balance	12,918,583	249,392	7,893	6,752	10,701	2,135,490	15,328,811

- (*) The Group has not determined the fair values of the equity investments for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the equity investments may differ from their carrying amounts.
- The fair value of investment in Techcombank as at 31 December 2018 was determined by reference to the market price on Ho Chi Minh City Stock Exchange.
- (**) During the year, Techcombank reissued 172,353,345 treasury shares to shareholders other than the Company and its subsidiaries. Subsequently, the Group has 20% direct equity holding and 1.5% economic interest that is subject to a forward sale agreement (1/1/2018: 25.2%). The forward transaction has not been completed and is subject to the terms of the agreement.

(c) Equity investments in other entities

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

	31/12/2018					1/1/2018				
	% 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	5.4%	5.4%	21,646	(8,442)	(*)	5.4%	5.4%	21,646	(4,918)	(*)

- (*) The Group has not determined the fair value of the equity investment for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of the equity investment may differ from its carrying amount.

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for the year ended 31 December 2018 (continued)

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

	2018	2017
	VND million	VND million
Opening balance	4,918	-
Increase in allowance during the year	3,524	4,918
Closing balance	8,442	4,918

(d) Transactions in subsidiaries for the year ended 31 December 2018 – transactions with non-controlling interests

- (i) Transactions with non-controlling interests in MCH
- In February 2018, MSB, a subsidiary of the Company, successfully acquired additional 7,982,361 shares of VCF for a total consideration of VND1,612,925 million. As a result of this transaction, the Company’s equity interest in VCF has increased from 56.4% to 80.3%, resulting in the following effects:

	VND million
Consideration paid	(1,612,925)
Net assets acquired	540,974
Differences recorded in undistributed profits after tax	(1,071,951)

In June 2018, Masan JinJu Joint Stock Company (formerly known as “Saigon Nutri Joint Stock Company” (“SNF”)), a subsidiary of the Company and JinJu Ham Limited Company (“JinJu”) entered into an agreement in which JinJu agrees to contribute capital with the amount of VND76,343 million in exchange of 25% equity interest in SNF. As at the reporting date, the capital amount was fully received and SNF amended its Business Registration Certificate accordingly. As a result of this transaction, the Company’s equity interest in SNF has decreased from 82.4% to 61.2%, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	76,343
Net assets diluted	(48,281)
Differences recorded in undistributed profits after tax	28,062

In July 2018, 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	52,408
Net assets diluted	(81,775)
Differences recorded in undistributed profits after tax	(29,367)

- (ii) Transactions with non-controlling interests in MNS
- During the year, the Company sold 1.57% of its equity interest in MNS for a total consideration of VND379,736 million. As a result of this transaction, the Company’s equity interest in MNS has decreased from 82.4% to 80.8%, resulting in the following effects:

	VND million
Consideration received	379,736
Net assets diluted	(112,391)
Differences recorded in undistributed profits after tax	267,345

- (iii) Transaction with non-controlling interests in MH
- In August 2018, NPM, a subsidiary of the Company, successfully acquired the remaining 49% equity interest in MTC for a total consideration of VND695,654 million. As a result of this transaction, the Company’s equity interest in MTC has increased from 49.0% to 96.0%, resulting in the following effects:

	VND million
Consideration paid	(695,654)
Net assets acquired	562,571
Differences recorded in undistributed profits after tax	(133,083)

(e) Significant transactions in subsidiaries in prior years

Transaction with non-controlling interests in MCH

Pursuant to agreement between Singha Asia Holdings Pte. Ltd. (“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.

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

As at 31 December 2018, a part of short-term receivables of an indirect subsidiary was pledged with banks as security for loans granted to that subsidiary (Note 19).

As at 31 December 2018, prepayments to suppliers of the Group amounting to VND402,785 million (1/1/2018: VND80,898 million) were related to construction in progress.

Other receivables comprised of:

	31/12/2018	1/1/2018
	VND million	VND million
Other short-term receivables		
Short-term deposits	16,090	31,927
Accrued interest receivable from deposits and other loan investing activities	34,874	17,112
Services receivable (*)	142,244	142,244
Advances	2,548	3,803
Others	92,307	669,142
	288,063	864,228
Other long-term receivables		
Long-term deposits	73,370	37,694
Others (**)	1,303,754	1,319,867
	1,377,124	1,357,561

(*) Services receivable was VND142,244 million (1/1/2018: VND142,244 million) due from Masan Corporation, a related party, which was unsecured and is receivable on demand. Subsequent to the reporting date, this amount was fully received.

(**) 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:

	2018	2017
	VND million	VND million
Opening balance	116,647	41,208
Increase in allowance during the year	8,586	87,225
Allowance utilised during the year	(6,863)	(11,477)
Written back	(12,235)	(309)
Closing balance	106,135	116,647

8. INVENTORIES

	31/12/2018		1/1/2018	
	Cost	Allowance	Cost	Allowance
	VND million	VND million	VND million	VND million
Goods in transit	402,381	-	489,062	-
Raw materials	1,528,618	(20,788)	1,975,130	(8,665)
Tools and supplies	719,031	(25,919)	716,875	-
Work in progress	286,469	-	153,612	-
Finished goods	1,419,285	(9,691)	876,484	(5,784)
Merchandise inventories	22,566	-	11,802	(6)
Goods on consignment	11,239	-	124,587	-
	4,389,589	(56,398)	4,347,552	(14,455)

As at 31 December 2018, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (Note 19).

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

	2018	2017
	VND million	VND million
Opening balance	14,455	27,165
Increase in allowance during the year	79,777	36,903
Allowance utilised during the year	(34,600)	(37,475)
Written back	(3,234)	(12,138)
Closing balance	56,398	14,455

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9. TANGIBLE FIXED ASSETS

	Mining properties	Buildings and structures	Leasehold improvements	Office equipment	Machinery and equipment	Motor vehicles	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Cost							
Opening balance	5,026,292	7,099,623	84,191	140,658	17,429,923	116,407	29,897,094
Additions	-	14,413	-	3,648	34,483	2,744	55,288
Transfers from construction in progress	-	1,296,368	6,302	5,342	716,550	6,569	2,031,131
Transfers to short-term prepaid expenses	-	-	-	-	(49)	-	(49)
Transfers to long-term prepaid expenses	-	(3,077)	-	-	(284)	-	(3,361)
Disposals	-	(38)	-	(413)	(39,657)	(19,049)	(59,157)
Written off	-	(3,224)	-	(902)	(2,201)	(7,963)	(14,290)
Reclassifications	-	(1,347)	-	-	1,347	-	-
Closing balance	5,026,292	8,402,718	90,493	148,333	18,140,112	98,708	31,906,656

	Mining properties	Buildings and structures	Leasehold improvements	Office equipment	Machinery and equipment	Motor vehicles	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Accumulated depreciation							
Opening balance	717,188	1,078,138	46,953	79,406	4,154,155	53,204	6,129,044
Charge for the year	204,274	450,118	12,019	15,425	1,332,459	19,303	2,033,598
Transfers to long-term prepaid expenses	-	(329)	-	-	(49)	-	(378)
Disposals	-	(4)	-	(413)	(23,366)	(17,097)	(40,880)
Written off	-	(2,579)	-	(901)	(2,175)	(7,280)	(12,935)
Reclassifications	-	(162)	-	-	162	-	-
Closing balance	921,462	1,525,182	58,972	93,517	5,461,186	48,130	8,108,449
Net book value							
Opening balance	4,309,104	6,021,485	37,238	61,252	13,275,768	63,203	23,768,050
Closing balance	4,104,830	6,877,536	31,521	54,816	12,678,926	50,578	23,798,207

Included in tangible fixed assets were assets costing VND1,071,631 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND914,253 million), but are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND1,765 million as of 31 December 2018 (1/1/2018: VND11,532 million).

As at 31 December 2018, tangible fixed assets with carrying value of VND1,597,215 million (1/1/2018: VND615,689 million) were pledged with banks as security for loans granted to the subsidiaries and VND12,361,085 million (1/1/2018: VND13,425,997 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 19).

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10. FINANCE LEASE TANGIBLE FIXED ASSETS

	Machinery and equipment VND million
Cost	
Opening and closing balance	67,300
Accumulated depreciation	
Opening balance	62,813
Charge for the year	4,487
Closing balance	67,300
Net book value	
Opening balance	4,487
Closing balance	-

A subsidiary of the Company leased laboratory equipment for metallurgical assay testing under a finance lease arrangement (Note 19).

Included in finance lease tangible fixed assets were assets costing VND67,300 million which were fully depreciated as of 31 December 2018 (1/1/2018: nil), but are still in active use.

11. INTANGIBLE FIXED ASSETS

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral water resources VND million	Mining rights VND million	Technology VND million	Mineral water resources exploitation rights VND million	Total VND million
Cost									
Opening balance	387,234	449,602	2,413,459	3,074,214	412,698	588,373	669,433	117,945	8,112,958
Additions	-	80	-	-	-	-	-	2,765	2,845
Transfers from construction in progress	-	2,456	-	-	-	-	-	-	2,456
Transfers to long-term prepaid expenses	(54,465)	(1,070)	-	-	-	-	-	-	(55,535)
Written off	-	(490)	-	-	-	-	-	-	(490)
Others	-	-	-	-	-	-	-	(46,436)	(46,436)
Closing balance	332,769	450,578	2,413,459	3,074,214	412,698	588,373	669,433	74,274	8,015,798
Accumulated amortisation									
Opening balance	46,113	153,008	611,289	714,788	51,463	97,019	368,382	13,899	2,055,961
Charge for the year	10,989	55,266	151,401	143,838	21,935	30,550	138,144	3,917	556,040
Transfers to long-term prepaid expenses	(1,028)	(242)	-	-	-	-	-	-	(1,270)
Written off	-	(490)	-	-	-	-	-	-	(490)
Closing balance	56,074	207,542	762,690	858,626	73,398	127,569	506,526	17,816	2,610,241
Net book value									
Opening balance	341,121	296,594	1,802,170	2,359,426	361,235	491,354	301,051	104,046	6,056,997
Closing balance	276,695	243,036	1,650,769	2,215,588	339,300	460,804	162,907	56,458	5,405,557

Included in intangible fixed assets were assets costing VND34,893 million which were fully amortised as of 31 December 2018 (1/1/2018: VND28,033 million), but are still in active use.

As at 31 December 2018, intangible fixed assets with carrying value of VND498,533 million (1/1/2018: VND540,047 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 19).

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12. CONSTRUCTION IN PROGRESS

	2018 VND million	2017 VND million
Opening balance	1,838,001	2,356,227
Additions during the year	2,396,998	2,006,997
Transfers to tangible fixed assets	(2,031,131)	(2,333,864)
Transfers to intangible fixed assets	(2,456)	(121,156)
Transfers to long-term prepaid expenses	(29,279)	(68,100)
Transfers to short-term prepaid expenses	-	(1,363)
Written off	(791)	(740)
Closing balance	2,171,342	1,838,001

As at 31 December 2018, construction in progress with carrying value of VND1,799,047 million (1/1/2018: VND1,293,915 million) were pledged with banks as security for long-term loans and bonds of the Company's subsidiaries (Note 19).

During the year, borrowing costs capitalised into construction in progress amounted to VND48,358 million (2017: VND91,874 million) (Note 34).

13. 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	1,238,694	4,094	413,718	1,081,306	112,274	25,076	115,720	2,990,882
Additions	270,211	-	103	-	21,229	-	90,627	382,170
Transfers from long-term receivables	-	-	-	14,419	-	-	-	14,419
Transfers from tangible fixed assets	-	-	-	-	234	-	2,749	2,983
Transfers from intangible fixed assets	-	-	53,437	-	828	-	-	54,265
Transfers from/(to) construction in progress	-	-	(841)	4,693	24,650	-	777	29,279
Transfers from short-term prepaid expenses	-	-	-	-	410	-	-	410
Amortisation for the year	(80,579)	(4,094)	(8,365)	(68,795)	(69,302)	(3,135)	(76,104)	(310,374)
Written off	-	-	-	-	(18)	-	-	(18)
Reclassifications	-	-	23	-	(25,244)	-	25,221	-
Currency translation differences	-	-	-	-	34	-	-	34
Closing balance	1,428,326	-	458,075	1,031,623	65,095	21,941	158,990	3,164,050

As at 31 December 2018, prepaid land costs and tools and supplies with carrying value of VND90,129 million (1/1/2018: VND16,812 million) were pledged with banks as security for loans granted to the Company's subsidiaries (Note 19).

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14. DEFERRED TAX ASSETS AND LIABILITIES

(i) Recognised deferred tax assets and liabilities

	31/12/2018	1/1/2018
	VND million	VND million
Deferred tax assets:		
Accrued expenses and provisions	234,274	268,901
Unrealised profits on intra-group transactions	20,933	21,639
Tax losses carried forward	38,380	8,299
Tangible fixed assets	1,674	1,992
Total deferred tax assets	295,261	300,831
Deferred tax liabilities:		
Tangible fixed assets	(639,785)	(678,204)
Intangible fixed assets	(711,661)	(783,185)
Total deferred tax liabilities	(1,351,446)	(1,461,389)
Net deferred tax liabilities	(1,056,185)	(1,160,558)

(ii) Movements of temporary differences during the year

	1/1/2018	Recognised in consolidated statement of income	31/12/2018
	VND million	VND million	VND million
Accrued expenses and provisions	268,901	(34,627)	234,274
Unrealised profits on intra-group transactions	21,639	(706)	20,933
Tax losses carried forward	8,299	30,081	38,380
Tangible fixed assets	(676,212)	38,101	(638,111)
Intangible fixed assets	(783,185)	71,524	(711,661)
	(1,160,558)	104,373	(1,056,185)

15. GOODWILL

	VND million
Cost	
Opening and closing balance	1,115,851
Accumulated amortisation	
Opening balance	483,830
Amortisation during the year	112,482
Closing balance	596,312
Net book value	
Opening balance	632,021
Closing balance	519,539

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16. TAXES

(a) Taxes receivable from State Treasury

	31/12/2018 VND million	1/1/2018 VND million
Corporate income tax	11,496	11,266
Other taxes	11,454	19,108
	22,950	30,374

(b) Taxes payable to State Treasury

	31/12/2018 VND million	1/1/2018 VND million
Value added tax	92,151	74,263
Special consumption tax	12,206	28,963
Corporate income tax	272,640	223,576
Personal income tax	49,273	51,214
Import-export tax	623	-
Other taxes	2,968	6,942
	429,861	384,958

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

	1/1/2018 VND million	Incurred VND million	Paid VND million	Net-off/ Reclassified VND million	31/12/2018 VND million
Value added tax	74,263	3,894,806	(655,870)	(3,221,048)	92,151
Special consumption tax	28,963	235,051	(247,272)	(4,536)	12,206
Corporate income tax	223,576	726,692	(675,981)	(1,647)	272,640
Personal income tax	51,214	287,503	(289,444)	-	49,273
Import-export tax	-	291,535	(290,912)	-	623
Other taxes	6,942	720,860	(724,834)	-	2,968
	384,958	6,156,447	(2,884,313)	(3,227,231)	429,861

17. ACCRUED EXPENSES

	31/12/2018 VND million	1/1/2018 VND million
Advertising and promotion expenses	699,938	832,210
Interest expense	423,557	575,153
Sales discounts and customer support fee	400,892	445,458
Bonus and 13 th month salary	420,873	254,661
Logistic expense	121,386	83,625
Accrual for construction work	110,873	73,915
Purchases not yet received invoices	87,051	19,961
Exhibition and market expenses	57,612	40,237
Information and technology expenses	24,223	14,910
Natural resource taxes and fees	10,034	145,840
Consultant fee	10,754	5,356
Others	423,857	309,800
	2,791,050	2,801,126

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for the year ended 31 December 2018 (continued)

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18. OTHER PAYABLES

	31/12/2018 VND million	1/1/2018 VND million
Short-term		
Trade union fees, social, health and unemployment insurance	11,927	16,485
Short-term deposits received	4,897	5,352
Dividends payable	29,123	559,400
Others	250,466	222,137
	296,413	803,374
Long-term		
Long-term deposits received	21,802	24,726
Others	2,002	2,002
	23,804	26,728

19. BORROWINGS, BONDS AND FINANCE LEASE LIABILITIES

	31/12/2018 VND million	1/1/2018 VND million
Short-term borrowings (*)		
Short-term borrowings	6,132,408	7,273,764
Current portion of long-term borrowings and liabilities	3,111,371	1,892,509
	9,243,779	9,166,273
Long-term borrowings, bonds and financial lease liabilities (**)		
Long-term borrowings, bonds and financial lease liabilities	15,863,020	27,522,512
Repayable within twelve months	(3,111,371)	(1,892,509)
Repayable after twelve months	12,751,649	25,630,003

(*) Short-term borrowings

	1/1/2018 Carrying amounts and amounts within repayment capacity VND million	Movements during the year				31/12/2018 Carrying amounts and amounts within repayment capacity VND million
		Additions VND million	Repayments VND million	Reclassifications from long-term borrowings and liabilities VND million	Unrealised foreign exchange losses VND million	
Short-term borrowings	7,273,764	20,520,885	(21,671,077)	-	8,836	6,132,408
Current portion of long-term borrowings and liabilities	1,892,509	-	(1,908,307)	3,127,169	-	3,111,371
	9,166,273	20,520,885	(23,579,384)	3,127,169	8,836	9,243,779

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

	Currency	Annual interest rate	31/12/2018 VND million	1/1/2018 VND million
Secured bank loans	VND	5.3% - 7.3%	999,614	999,595
Secured bank loans	USD	4.0% - 5.2%	1,658,760	1,225,254
Unsecured bank loans	VND	4.8% - 6.7%	3,474,034	4,358,636
Unsecured bank loans	USD	3.0%	-	86,340
Unsecured loans	USD	6.0%	-	603,939
			6,132,408	7,273,764

As at 31 December 2018 and 1 January 2018, the bank loans were secured by the following assets of the Group:

- (i) 200 million shares of MSR (1/1/2018: 100 million shares);
- (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

	31/12/2018 VND million	1/1/2018 VND million
Long-term borrowings (a)	841,621	1,119,903
Straight bonds (b)	15,021,399	26,393,583
Finance lease liabilities (c)	-	9,026
	15,863,020	27,522,512

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

	Currency	Annual interest rate	Year of maturity	31/12/2018 VND million	1/1/2018 VND million
a. Long-term borrowings					
Secured bank loans (i)	VND	7.5% - 9.3%	2020 - 2024	841,621	323,478
Unsecured loan (ii)	USD	0%	2018	-	796,425
				841,621	1,119,903
b. Straight bonds					
(including issuance costs)	VND	8.0% - 10.0%	2020 - 2024	15,021,399	26,393,583
c. Finance lease liabilities					
	VND	14.0%	2018	-	9,026

(a) Long-term borrowings

As at 31 December 2018, long-term borrowings of the Group comprised of:

- (i) VND denominated loans amounting to VND841,621 million (1/1/2018: VND323,478 million), which were secured over certain fixed assets, certain construction in progress and long-term prepaid expenses with carrying value of VND1,597,215 million (1/1/2018: VND615,689 million) (Note 9), VND401,870 million (1/1/2018: VND320,764 million) (Note 12) and VND90,129 million (1/1/2018: VND16,812 million) (Note 13), respectively.
- (ii) In 2016, the Company entered into an agreement with MRC Ltd for MRC Ltd, which was a previous minority investor in a subsidiary – Masan Resources Corporation (“MSR”), to subscribe for 12,000,000 shares of the Company at VND95,000 per share 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. In the event MRC Ltd sells any of the 12,000,000 shares of the Company acquired 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, subject to customary adjustments from dilutive events. This option is only exercisable within 10 business days in the event that MRC Ltd serves a payment notice for the loan above. 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. The payment notice was served on 8 January 2018 and the call option had lapsed. The Company fully repaid this loan on 24 December 2018.

(b) Straight bonds

The carrying amount of the bonds comprised the following:

	31/12/2018 VND million	1/1/2018 VND million
Straight bonds	15,200,010	26,700,000
Unamortised bond issuance costs	(178,611)	(306,417)
	15,021,399	26,393,583

- (i) VND2,100 billion (1/1/2018: 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 59.3 million shares (1/1/2018: 80.3 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2018: VND1,300 billion) 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 4.1 million shares (1/1/2018: 3.5 million shares) of ANCO;
- (iii) VND700 billion (1/1/2018: VND700 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 14.4 million shares (1/1/2018: 12.7 million shares) of Proconco;
- (iv) VND5,600 billion (1/1/2018: 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;
- (v) VND3,000 billion (1/1/2018: VND3,000 billion) bonds with a maturity of 2 years at an interest rate of 9.0% per annum. These bonds were unsecured;
- (vi) VND1,000 billion (1/1/2018: nil) bonds with a maturity of 2 years at an interest rate of 9.5% per annum. The bonds were secured over 93.8 million shares (1/1/2018: nil) of MSR;
- (vii) VND500 billion (1/1/2018: nil) bonds with a maturity of 5 years at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 47 million shares (1/1/2018: nil) of MSR; and
- (viii) VND1,000 billion (1/1/2018: nil) bonds with a maturity of 3 years at an interest rate of 9.8% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 95.2 million shares (1/1/2018: nil) of MSR.
- (ix) VND1,500 billion (1/1/2018: nil) bonds with a maturity of 5 years at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 140.8 million shares (1/1/2018: nil) of MSR. As at 31 December 2018, VND1,499,990 million bonds were owned by the Company and eliminated in the consolidated financial statements.

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Notes to the consolidated financial statements

As at 31 December 2018, the associates of the Group held VND1,006,117 million of the issued bonds.

The secured bonds were also secured over certain fixed assets and construction in progress with total carrying value of VND14,256,795 million (1/1/2018: VND14,939,195 million) of indirect subsidiaries of the Company.

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

(c) Finance lease liabilities

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

	31/12/2018			1/1/2018		
	Payments VND million	Interest VND million	Principal VND million	Payments VND million	Interest VND million	Principal VND million
Within 1 year	-	-	-	9,399	373	9,026

20. PROVISIONS

	31/12/2018 VND million	1/1/2018 VND million
Provision for mining rights fee	466,446	500,451
Provision for mine rehabilitation	26,218	24,344
Provision for severance allowance	47,527	48,900
	540,191	573,695

Movements of provisions during the year were as follows:

	Mining rights fee VND million	Mine rehabilitation VND million	Severance allowance VND million	Total VND million
Opening balance	500,451	24,344	48,900	573,695
Provision made during the year	39,141	1,874	6,943	47,958
Provision used during the year	(73,146)	-	(6,904)	(80,050)
Provision written back during the year	-	-	(1,412)	(1,412)
Closing balance	466,446	26,218	47,527	540,191

21. CHANGES IN OWNERS' EQUITY

	Share capital VND million	Capital surplus VND million	Other capital VND million	Treasury shares VND million	Foreign exchange differences VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2017	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
Issuance of bonus shares	3,794,207	(3,794,207)	-	-	-	-	-	-	-
Issuance of new shares	98,776	(50)	-	-	-	-	98,726	-	98,726
Repurchase of treasury shares	-	-	-	(5,876,977)	-	-	(5,876,977)	-	(5,876,977)
Transactions with NCI	-	-	-	-	-	2,231,839	2,231,839	666,338	2,898,177
Capital contribution by NCI in a subsidiary	-	-	-	-	-	-	-	10	10
Net profit for the year	-	-	-	-	-	3,102,664	3,102,664	505,026	3,607,690
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(820,263)	(820,263)
Currency translation differences	-	-	-	-	4,305	-	4,305	902	5,207
Balance as at 31 December 2017	11,573,740	6,855,539	(9,426,958)	(6,518,087)	2,431	12,350,048	14,836,713	5,388,482	20,225,195

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	Share capital	Capital surplus	Other capital	Treasury shares	Foreign exchange differences	Undistributed profits after tax	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1 January 2018	11,573,740	6,855,539	(9,426,958)	(6,518,087)	2,431	12,350,048	14,836,713	5,388,482	20,225,195
Issuance of new shares	57,755	(50)	-	-	-	-	57,705	-	57,705
Reissue of treasury shares	-	4,228,928	-	6,518,087	-	-	10,747,015	-	10,747,015
Transactions with NCI (Note 6)	-	-	-	-	-	(938,994)	(938,994)	(861,098)	(1,800,092)
Net profit for the year	-	-	-	-	-	4,916,497	4,916,497	705,008	5,621,505
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(774,097)	(774,097)
Currency translation differences	-	-	-	-	1,971	-	1,971	476	2,447
Others (*)	-	-	-	-	-	(134,163)	(134,163)	134,163	-
Balance as at 31 December 2018	11,631,495	11,084,417	(9,426,958)	-	4,402	16,193,388	29,486,744	4,592,934	34,079,678

(*) This relates to waiver of distribution from a subsidiary to the Company, for the subsidiary's usage.

22. SHARE CAPITAL, CAPITAL SURPLUS AND TREASURY SHARES

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

	31/12/2018		1/1/2018	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Issued share capital				
Ordinary shares	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Capital surplus	-	11,084,417	-	6,855,539
Treasury shares				
Ordinary shares	-	-	(109,899,932)	(6,518,087)

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.

On 2 October 2018 ("the Closing Date"), the Company reissued 109,899,932 treasury shares at VND100,000 per share to SK Investment Vina I Pte. Ltd. ("SK"). The Company has also signed an agreement to grant SK a put option. In the event that the Company and SK fail to materialise the value creation and synergies from this partnership or disagree on the strategic directions of the Company, SK will have an irrevocable option to request the Company or its nominee to purchase all the Company's shares acquired above at the amount equal to VND100,000 per share less the aggregate dividends and distributions paid by the Company, subject to customary adjustments from dilutive events. This option shall be exercisable after the 5th year from the Closing Date and remain exercisable until the 6th year from the Closing Date. It can only be exercised once with respect to all above shares and will lapse if SK sells any of them.

Movements of share capital during the year were as follows:

	2018		2017	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	1,157,373,974	11,573,740	768,075,674	7,680,757
Issuance of bonus shares	-	-	379,420,700	3,794,207
Issuance of new shares at par for cash	5,775,574	57,755	9,877,600	98,776
Balance at end of the year	1,163,149,548	11,631,495	1,157,373,974	11,573,740

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23. SHARE-BASED PAYMENT

The Group has an employee share-based payment plans 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 June 2018, the Company issued 5,775,574 shares to employees at par for cash.

24. OFF BALANCE SHEET ITEMS

(a) Lease commitments

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

	31/12/2018 VND million	1/1/2018 VND million
Within 1 year	158,303	98,137
Within 2 to 5 years	136,125	91,649
More than 5 years	179,760	237,285
	474,188	427,071

(b) Capital expenditure

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

	31/12/2018 VND million	1/1/2018 VND million
Approved and contracted	1,797,246	634,291
Approved but not contracted	1,299,287	1,819,571
	3,096,533	2,453,862

(c) Foreign currencies

	31/12/2018		1/1/2018	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	11,209,880	260,861	2,871,933	65,062
EUR	314	9	334	9
SGD	334	5	314	5
THB	83,683,037	58,076	84,093,681	56,931
		318,951		122,007

(d) Final sales pricing adjustment

As disclosed in Note 3(r), 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 2018 that have been recognised on a provisional basis is VND384 billion (2017: VND65 billion).

25. REVENUE FROM SALE OF GOODS

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

Net revenue comprised of:

	2018 VND million	2017 VND million
Total revenue		
■ Sales of finished goods and others	39,378,747	38,980,236
Less revenue deductions		
■ Sale discounts	1,144,682	1,134,211
■ Sale returns	46,448	225,379
	1,191,130	1,359,590
	38,187,617	37,620,646

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26. COST OF SALES

	2018 VND million	2017 VND million
Total cost of sales		
■ Finished goods sold and other sales	26,229,665	25,964,071
■ Allowance for inventories	76,543	24,765
	26,306,208	25,988,836

27. FINANCIAL INCOME

	2018 VND million	2017 VND million
Interest income from:		
■ Deposits	313,391	345,442
■ Other loan investing activities	11,173	70,196
Foreign exchange gains	65,835	50,898
Gain from deemed disposal on dilution in an associate and others	1,511,394	938,124
	1,901,793	1,404,660

28. FINANCIAL EXPENSES

	2018 VND million	2017 VND million
Interest expense on loans/bonds from:		
■ Banks	383,009	318,524
■ Bondholders and others	2,284,522	2,866,837
Bond issuance costs	220,837	249,961
Foreign exchange losses	91,752	153,294
Others	110,794	106,968
	3,090,914	3,695,584

29. SELLING EXPENSES

	2018 VND million	2017 VND million
Promotion and advertising expenses	2,414,846	3,344,380
Logistic expense	803,314	770,457
Staff costs	607,162	689,868
Exhibition expense	162,304	105,844
Outside services	39,234	51,632
Others	287,393	328,691
	4,314,253	5,290,872

30. GENERAL AND ADMINISTRATION EXPENSES

	2018 VND million	2017 VND million
Staff costs	765,809	515,241
Amortisation of fair value uplift of fixed assets arising in business combination	513,827	530,248
Amortisation of goodwill	112,482	112,482
Depreciation and amortisation	97,430	120,619
Research and development expenses	15,437	14,218
System lease line and IT services	89,089	111,601
Office rental	79,298	82,797
Outside services	95,886	99,288
Others	246,130	325,863
	2,015,388	1,912,357

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31. INCOME TAX

(a) Recognised in the consolidated statement of income

	2018 VND million	2017 VND million
Current tax expense		
Current year	726,873	599,980
(Over)/under provision in prior years	(181)	30,981
	726,692	630,961
Deferred tax benefit		
Origination and reversal of temporary differences	(104,373)	(100,014)
	(104,373)	(100,014)
Income tax expense	622,319	530,947

(b) Reconciliation of effective tax rate

	2018		2017	
	%	VND million	%	VND million
Accounting profit before tax	100.0%	6,243,824	100.0%	4,138,637
Tax at the Company's income tax rate	20.0%	1,248,765	20.0%	827,727
Effect of different tax rates in subsidiaries	(7.7%)	(483,689)	(9.3%)	(386,264)
Effect of consolidation transactions	(3.2%)	(197,822)	2.8%	116,082
Non-deductible expenses	0.6%	36,319	1.8%	74,932
Effect of share of profit in associates net of tax	(6.1%)	(382,868)	(9.9%)	(408,846)
Unrecognised deferred tax assets	6.5%	406,446	8.8%	363,909
(Over)/under provision in prior years	-	(181)	0.7%	30,981
Tax losses utilised	(0.1%)	(4,651)	(2.1%)	(87,574)
	10.0%	622,319	12.8%	530,947

(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%.

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.

32. 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 significant transactions with related parties in accordance with Vietnamese Accounting Standards during the year:

Related party	Nature of transaction	2018 VND million	2017 VND million
Associates			
Vietnam Technological	Loans received	1,651,044	1,194,607
and Commercial Joint	Loans repaid	1,406,719	977,696
Stock Bank and its	Bonds issued (*)	3,800,000	3,000,000
Subsidiaries	Bonds repurchased	885,204	-
	Purchases of trading securities	2,016,734	-
	Sales of trading securities	504,274	-
	Interest expense	122,123	202,160
Other related parties			
A member of a subsidiary's Members' Council	Sales of goods to a related party of this member	720,924	-
Key management personnel	Remuneration to key management personnel (**)	148,983	120,819

As at and for the year ended 31 December 2018, the Company and its subsidiaries have current and term deposit accounts at and overdraft and agency transactions with Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries at normal trading terms.

(*) The bonds are listed and sold to a broader set of investors pursuant to an arrangement agreement.

(**) No board fees were paid to the Board of Directors' members of the Company for the years ended 31 December 2018 and 2017.

for the year ended 31 December 2018 (continued)

Notes to the consolidated financial statements

33. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the net profit attributable to ordinary shareholders of VND4,916,497 million (2017: VND3,102,664 million) of the Company and a weighted average number of ordinary shares outstanding of 1,077,880,214 shares during the year (2017: 1,137,586,245 shares).

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

	2018 VND million	2017 VND million
Net profit attributable to ordinary shareholders	4,916,497	3,102,664

(ii) Weighted average number of ordinary shares

	2018	2017
Issued ordinary shares at the beginning of the year	1,047,474,042	758,841,464
Effect of treasury shares held	-	(17,467,597)
Effect of shares issued for cash	3,006,463	3,734,545
Effect of treasury shares reissued	27,399,709	-
Effect of shares to be issued solely after the passage of time	-	8,580,822
Weighted average number of ordinary shares during the year	1,077,880,214	753,689,234
Effect of bonus shares issued	-	383,897,011
Weighted average number of ordinary shares during the year	1,077,880,214	1,137,586,245

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

34. NON-CASH INVESTING ACTIVITIES

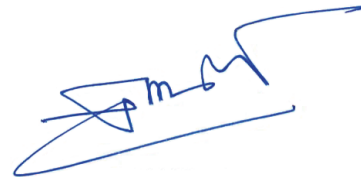
	2018 VND million	2017 VND million
Cost of construction not yet paid	457,484	274,712
Interest expense capitalised into construction in progress	48,358	91,874
Depreciation and amortisation capitalised into construction in progress	1,389	438
Capitalisation of interest expense into borrowings	-	34,097

35. POST BALANCE SHEET EVENTS

In January 2019, Masan Food Company Limited, a subsidiary of the Company, has established a new wholly owned subsidiary named Masan Long An Company Limited.

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

Prepared by:



Doan Thi My Duyen
Chief Accountant

7 March 2019



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Approved by:



Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

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 23 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%, 80.82% and 95.9%, respectively, as of 31 December 2018. Our ownership percentage of Techcombank’s charter capital is 20% as of 31 December 2018.

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 further developed its food trading business with the establishment of additional manufacturing entities such as Minh Viet Import – Export Company and Masan Industrial JSC, during the period 2000 - 2002.
- In 2002, 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 with multinational backgrounds and track records of building businesses in emerging markets, first by appointing 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 economic 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 Nui Phao - H.C.Starck Tungsten Chemicals Manufacturing, a 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.
- 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 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.
- Towards 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 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, which was 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 US\$ denominated 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, 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 had 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, 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 increased 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%.
- In March 2016, ANCO acquired a 14% stake in VISSAN to become its strategic partner.
- In April 2016, Masan Beverage acquired additional 4.32% ownership in Vinh Hao to increase ownership to 88.56%.
- In May 2016, Masan Nutri-Science increased its direct ownership in ANCO from 70% to 99.99% and Vinacafé Bien Hoa acquired 85% ownership in CDN – a company in the single-serve coffee category.
- In June 2016, ANCO increased its stake in VISSAN to 24.94%, and Masan Nutri-Farm (N.A) was established which is now renamed MNS Farm Nghe An.
- In July 2016, Masan Consumer Thailand was established and, a few months later, Masan and its strategic partner Singha introduced our first seasonings 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 Beverage increased ownership in Vinacafé Bien Hoa to 68.46% through a tender offer.
- 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

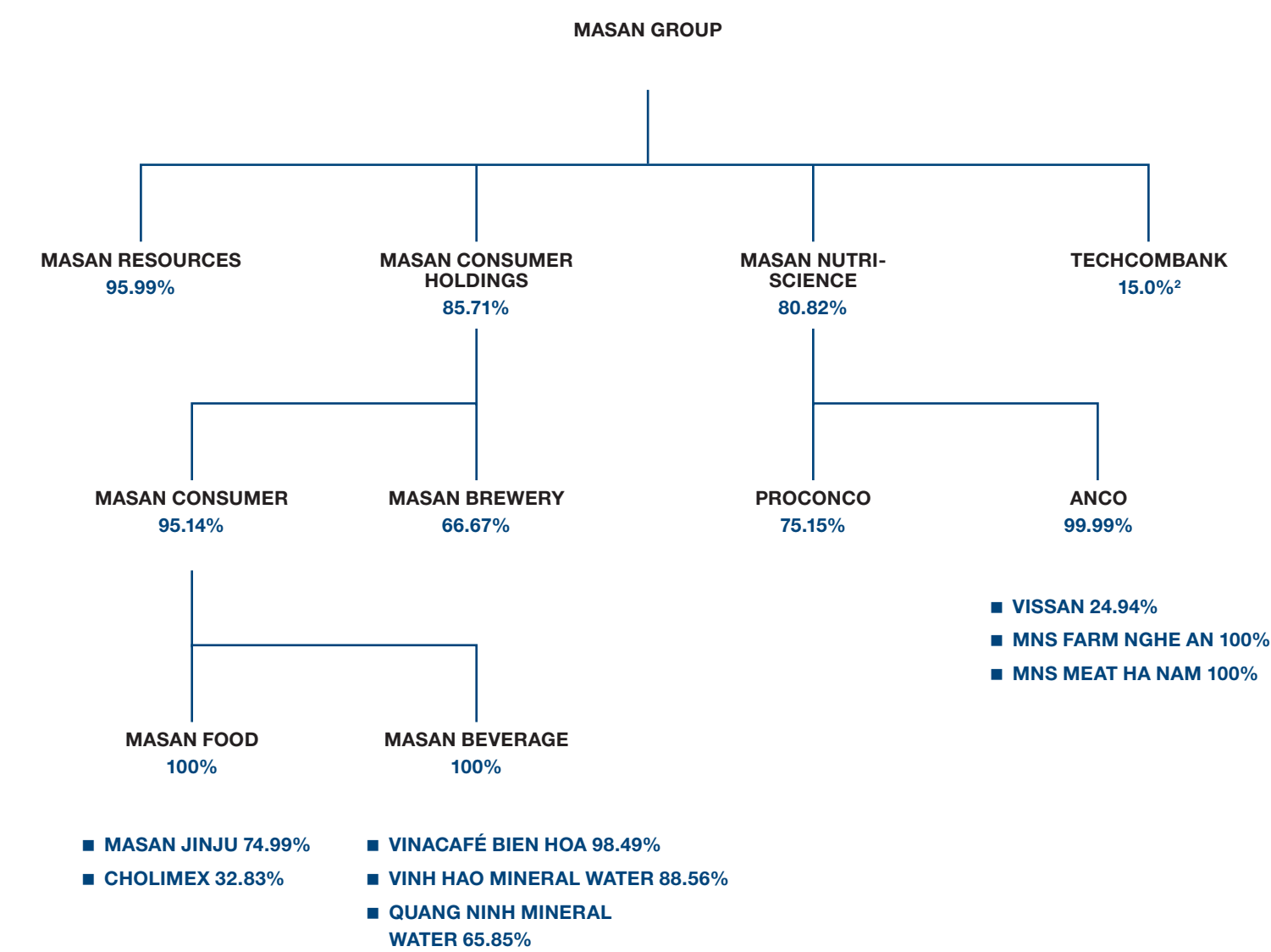
74.39% to 95.9%, paving the way for the next round of strategic capital and growth.

- 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 received 1 bonus share).
- In January 2017, Masan Consumer was listed on UpCoM, a stock market managed by the Hanoi Stock Exchange.
- In April 2017, KKR entered into definitive agreements to invest US\$150 million to purchase 7.5% stake in Masan Group's branded meat platform, Masan Nutri-Science, to build the company into a leading branded meat business, and US\$100 million purchase of secondary shares of Masan Group from PENM Partners, an independent Danish private equity fund manager.
- In November 2017, Masan Group completed the buyback of 100,665,722 shares, increasing its total treasury shares to 109,899,932 or 9.50% of the Company's charter capital.
- In December 2017, Masan Beverage Company Limited, a subsidiary of Masan Consumer Corporation, launched a tender offer to acquire all of the shares in Vinacafé Bien Hoa Corporation to increase its ownership from 68.5% to up to 100%. Masan Beverage was able to raise its stake to 98.49% after the tender offer was completed on 5 February 2018.
- In December 2017, Masan Horizon, a wholly owned subsidiary of Masan Group, purchased non-voting preference shares in Masan Resources for a total cash consideration of US\$22.9 million. Masan Group's indirect ownership in Masan Resources (including the non-voting preference shares) increased from 93.8% to 96.0%. The exit of Masan Resources' private equity stakeholder is expected to give Masan Resources greater flexibility to raise strategic growth capital.

- In December 2017, Masan Group repaid its US30 million convertible loan originally lent by Goldman Sachs, effectively reducing its fully-diluted share count by an additional 13.6 million shares on an as-if-converted basis.
- In January 2018, PENM Partners invested US\$16 million to acquire secondary shares representing a 0.8% equity stake in Masan Nutri-Science Corporation from Masan Group.
- In February 2018, Masan Nutri-Science held a groundbreaking ceremony of its meat processing complex in Ha Nam province with the aim of providing fresh and chilled branded meat products to consumers.
- In June 2018, Jinju Ham, a leading Korean branded processed meat company, acquired a 25% stake in Saigon Nutri Food via a primary issuance. Saigon Nutri Food was then renamed Masan Jinju.
- In August 2018, Nui Phao Mining, a wholly owned subsidiary of Masan Resources, acquired the remaining 49% stake in the joint venture company Nui Phao - H.C. Starck Tungsten Chemicals Manufacturing from H.C. Starck for total cash consideration of US\$29.1 million. The joint venture company after the transaction is now a 100% wholly owned subsidiary of Masan Resources and has been renamed Masan Tungsten LLC.
- In October 2018, SK Group invested approximately US\$470 million to become the Company's largest foreign shareholder at that time.
- In December 2018, Masan Nutri-Science successfully launched its branded fresh and chilled meat platform, "MEATDeli".

Corporate structure¹

As of 31 December 2018



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.

Masan Consumer Holdings is one of Vietnam's largest local diversified FMCG companies. The company manufactures and distributes a range of food and beverage products, including soya sauce, fish sauce, seasoning, chili sauce, instant noodles, instant congee, instant coffee, instant cereals, bottled beverages, processed meat, and beer. Masan Consumer Holdings has grown its product portfolio and domestic distribution channels to establish a leading position in Vietnam's branded consumer food and beverage market. Its key brands include Chin-su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Lovmi, Komi, Cao Boi, Ponnies, Vinacafé, Wake-Up, Compact, Vinh Hao, Quang Hanh, Vivant, Faith and Su Tu Trang.

MASAN NUTRI-SCIENCE

Masan Nutri-Science is Vietnam's largest fully-integrated ("Feed-Farm-Food" business model) branded meat platform, focused on driving productivity in Vietnam's animal protein industry and ultimately directly serving consumers with traceable, quality and affordable meat products, a US\$10.2 billion opportunity.

In 2018, Masan Nutri-Science sold animal feed through its national network of over 2,700 dealers and 13 feed facilities. By implementing an FMCG approach to the feed business, Masan Nutri-Science has developed the successful umbrella brand "Bio-zeem". With the success and cash flows from its feed business, Masan Nutri-Science has since gone on to develop an integrated branded platform with the commissioning of its large scale pig farm in Nghe An and its meat processing complex in Ha Nam, which has started providing fresh, chilled meat for Vietnamese consumers at the end of 2018 with the MEATDeli brand.

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 and is strategically exploring opportunities and discussions to become a further integrated downstream tungsten business of global scale. This will enable MSR to deliver a consistent and strong financial profile across commodity cycles.

TECHCOMBANK

Techcombank is currently one of the largest joint stock commercial banks in Vietnam in terms of total operating income, assets, loans, deposits, customers and distribution network. It has built industry-leading franchises in retail deposits, SME and retail lending through its consumer-centric ecosystem approach. In the 26 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.

1. This chart does not include other subsidiary and intermediary holdings companies.
2. The Company holds 20% of Techcombank's charter capital directly and through wholly-owned subsidiaries.

Capital structure¹

FY2018 EBITDA ² (VND billion)	10,482
Cash and Cash Equivalents (VND billion) ³	4.962
Total Straight Debt (VND billion)	21,995
Net Debt (VND billion)	17,034
Number of issued shares	1,163,149,548
Charter Capital (VND billion)	11,631
Total Equity (VND billion)	34,080

1.

1Balance sheet numbers are all as of 31 December 2018.

2.

EBITDA is MSN's consolidated net profit after tax, with net financial expense, tax, depreciation and amortization added back. The earnings contribution of Techcombank, an associate, is included given its materiality to MSN's financial results.

3.

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 Financial Officer	
Execution	■ Chief Accountant	
	Strategy and Development Department (formerly Business Development)	Finance and Accounting, Legal, Corporate Affairs and Administration

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 regulations prescribed by Vietnam law, we have also established the Strategy and Development Committee, Sustainability Committee and our corporate governance has been supported and advised by the independent Board member and external advisers (the “Corporate Governance Committee”).

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 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.

Management board

Lead by the CEO, the Management Board’s prime responsibilities include strategic management, resource allocation at the senior management level, financial accounting and controls, capital allocation, governance, and internal controls. The CEO and members of the Management Board is supported and advised by the Corporate Governance Committee, Strategy and Development Committee, and Sustainability Committee.

Strategy and development department

The Strategy and Development Department works closely with our subsidiary CEOs and executive teams to develop strategy for sustainable growth and value creation. The team is also 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 Strategy and Development Department applies a rigorous process to ensure that the appropriate level of scrutiny and approvals have 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.

Finance & accounting, legal, corporate affairs and administration

Finance & Accounting, Legal, Corporate Affairs and Administration are departments responsible for financial reporting, legal and regulatory compliance, corporate brand building and external relations and managing the administrative functions of the Company. Senior professionals from the Finance & Accounting, Legal and Coporate Affairs 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 three 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, a board member of Masan Consumer and 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. 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. He also serves as Chairman of Masan Property Corporation, board member of Quang Ninh Mineral Water, board member of Masan Corporation, Baltic Titan Corporation, Masan Resources and member of Masan Brewery’s Members’ Council.

At Masan Group, he 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 branded fresh meat 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. He also serves as board member of AIG Asia Material JSC, Asia Coconut Processing, Anco Family Food, GTNFoods, Taseco Air Services Joint Stock Company.
- 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 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 shareholder meetings, 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.

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

As of 31 December 2018, Dr. Nguyen Dang Quang, Mr. Nguyen Thieu Nam, Ms. Nguyen Hoang Yen and Mr. Lars Kjaer were directorship members in four, five, five and five 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.
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Activities of the board

In 2018, members of the Board mainly were involved with the discussion and approval of the following items:

- Simplifying the capital structure and corporate structure of the Company and subsidiaries 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;
- Material raising and allocation of capital;
- Restructuring the Company’s debts;
- Implementing the issuance of new shares under the ESOP;
- Implementing the plan for sale of Company’s treasury shares; 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 implementing 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 five most senior executives at Masan Group, the Chief Executive Officer, three Deputy Chief Executive Officers, the Chief Financial Officer 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 & Chief Financial Officer**
Mr. Michael Hung Nguyen is responsible for finance and Masan Group’s overall risk management platform. 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. 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 breakthrough 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.
- **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).

As of 31 December 2018, 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	15	0.00
Mr. Nguyen Thieu Nam	Deputy CEO	172,217	0.01
Mr. Michael Hung Nguyen	Deputy CEO	2,235,218	0.19
Mr. Nguyen Anh Nguyen	Deputy CEO	652,500	0.06
Ms. Doan Thi My Duyen	Chief Accountant	90,000	0.01

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 Masan 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 2018, 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	1,675,000	0.14
Mr. Pham Dinh Toai	379,500	0.03
Ms. Phan Thi Thuy Hoa	2,100	0.00

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 Regulations

Our Internal Corporate Governance Regulations were approved at the Annual General Meeting of Shareholders on 24 April 2018. Objectives of the Internal Corporate Governance Regulations 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;
- Procedures of convening the General Meeting of Shareholders, meetings of the Board of Directors;
- Facilitate the performance of management of the Board of Directors and supervision of the Supervisory Board; and
- Coordination in operation between the Board of Directors, Supervisory Board and Management Board.

The Internal Corporate Governance Regulations, among the others, 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 governance training 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 2018, Masan Group's charter capital was VND11,631,495,480,000.

SHAREHOLDINGS STRUCTURE AS OF 31 DECEMBER 2018

Shares:

Total number of issued shares and type of shares of Masan Group: 1,163,149,548 ordinary shares.

Number of treasury shares: 0 share

Number of outstanding voting shares: 1,163,149,548 shares.

Shareholders structure:

On the basis of percent ownership:

- Major shareholders include:

No.	Shareholders	No. of shares	Percent
1	Masan Corporation	365,215,870	31.40%
2	Sunflower Construction Company Limited	154,756,706	13.30%
3	SK Investment Vina I Pte. Ltd.	109,899,932	9.45%
Total		629,872,508	54.15%

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 SK Investment Vina I Pte. Ltd.

SK Investment Vina I Pte. Ltd.

SK Group is one of the largest corporate groups in South Korea, with businesses across energy, chemicals, telecommunications, semiconductors, logistics and service sectors. SK Group operates globally across over 40 countries and had a combined revenue of US\$141 billion as of year-end 2017.

On the basis of institutional and individual shareholders: As of 31 December 2018, Masan Group has 5,173 shareholders, of which 4,934 individual shareholders holding 172,976,815 shares representing 14.87%; and 239 are institutional shareholders holding 990,172,733 shares, representing 85.13%.

On the basis of domestic and foreign shareholders: As of 31 December 2018, Masan Group has 4,294 domestic shareholders holding 695,389,352 shares representing 59.79%; and 879 foreign shareholders holding 467,760,196 shares, representing 40.21%.

CHANGE OF THE CHARTER CAPITAL

In 2018, the Company increased its charter capital from VND11,573,739,740,000 to VND11,631,495,480,000. The increase of charter capital was result of the issuance of new shares under ESOP.

In October 2018, Masan Group completed its sale of 109,899,932 treasury shares at the average trading price of VND100,000 per share. After this transaction, Masan Group does not have any treasury share.

SHAREHOLDINGS AND CHANGES IN SHAREHOLDINGS OF THE BOARD OF DIRECTORS DURING 2018

	31 December 2018	31 December 2017	Increase/ Decrease
Dr. Nguyen Dang Quang, Chairman	0.00%	0.00%	0%
Mr. Nguyen Thieu Nam, Member	0.01%	0.01%	0%
Ms. Nguyen Hoang Yen, Member	3.65% ¹	4.05%	(0.4%)
Mr. Lars Kjaer, Member	0%	0%	0%
Mr. Dominic Edward Salter Price, Member	0%	0%	0%

1. Ownership percentage is calculated on the Company's outstanding voting shares. The change of percentage was resulted from change of number of the Company's outstanding voting shares: the Company had treasury shares at the beginning of the year and had no treasury shares at the end of the year.

Equity information

INFORMATION RELATED TO TRADING AND TRANSFER OF SHARES OF INTERNAL SHAREHOLDERS

In 2018, 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 31 December 2018		Number of shares owned as of 1 January 2018		Reason for the increase, decrease (transfer, purchase, conversion, ...)
		Number of shares	Percent	Number of shares	Percent	
1	Masan Corporation	365,215,870	31.40%	377,595,870	36.05%	Transfer
2	Sunflower Construction Company Limited	154,756,706	13.30%	149,726,706	14.29%	Purchase

As of 31 December 2018	
Charter capital (VND billion)	11,631
Share price (VND)	77,500
52-week high share price (VND)	114,600
52-week low share price (VND)	73,900
Number of shares issued (share)	1,163,149,548
Number of ordinary shares (share)	1,163,149,548
Number of preference shares (share)	0
Number of treasury shares (share)	0
Market Capital (VND billion)	90,144
Dividend yield (%)	N/A

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
ASP	Average Selling Price
ATM	Automatic Teller Machine
BTO	Blue Tungsten Oxide
BRC	The British Retail Consortium, Global Standard for Food Safety
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
Dr.	Doctor
ESOP	Employee Share Ownership Plan
FMCG	Fast-moving Consumer Goods
Global G.A.P	Good Agricultural Practice
GDP	Gross Domestic Product
GSO	Government Statistics Office (Vietnam)
HACCP	Hazard Analysis and Critical Control Points
H.C. Starck	H.C. Starck Group
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 Company Limited

MNS Farm Nghe An	MNS Farm Nghe An Company Limited
Masan Nutri-Science or MNS	Masan Nutri-Science JSC
Masan Resources or MSR	Masan Resources Corporation
Masan Thai Nguyen Resources	Masan Thai Nguyen Resources Company Limited
Masan Tungsten LLC or MTC	A subsidiary of MSR, formerly known as Nui Phao - H.C. Starck Tungsten Chemicals Manufacturing
MNC	Multinational Company
Nui Phao	Nui Phao Mining Limited Company
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)
ROM	Run-of-mine
Saigon NutriFood or SNF	Saigon NutriFood Corporation
SBV	State Bank of Vietnam
SG&A	Selling, General and Administration expenses
Singha	Singha Asia One Pte Ltd.
SK	SK Group
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
TOI	Total Operating Income
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	Vietnam Meat Industries Limited Company
VND	Vietnamese Dong
YTO	Yellow Tungsten Oxide