



ENGLISH TRANSLATION

**REPORT OF THE SUPERVISORY BOARD
AT THE 2017 ANNUAL GENERAL MEETING SHAREHOLDERS**

Dear Shareholders,

- Pursuant to the rights and responsibilities of the Supervisory Board provided in the Charter of Masan Group Corporation;
- Pursuant to the 2016 financial statements of the Company audited by KPMG Company Limited.

The Supervisory Board would like to report our activities in 2016 as follows:

I. Activities of the Supervisory Board in 2016

1. Supervising, checking the management and execution of 2016 earnings objectives by the Board of Directors and the Management Board, checking the legality and reasonableness of our businesses in 2016 in accordance with the resolutions of the General Meeting of Shareholders in 2016.
2. Checking and supervising the issuing resolutions, decisions of the Board of Directors and the Management Board.
3. Checking the reasonableness, legality, honesty and diligence in implementing accounting operations and forming financial statements. Reviewing the Company's 6-month of 2016 financial statements and the year ended financial statements reviewed and audited by KPMG Company Limited.

In 2016, the Supervisory Board held its meetings, including the assessment of the accounting and financial operations, business performance, governance and management of the Company for the first 6-month of 2016 and the whole year. As the activities of the Board of Directors, members of the Supervisory Board were not compensated in their capacity as members of the Supervisory Board, and the Supervisory Board did not incur any operational expenses.

On 1 April 2016, the 2016 Annual General Meeting of Shareholders approved the resignation of Mr. Vu Dzung and Mr. Dang Ngoc Ca from the Supervisory Board of the Company and appointed Ms. Phan Thi Thuy Hoa as the new member of the Supervisory Board of the Company for the office term of 2014 – 2019.

II. The results of the Supervisory Board’s checking and monitoring of the Company’s operations

1. Regarding the accounting and financial operations of the Company

The 2016 Annual General Meeting of Shareholders approve to select KPMG Company Limited as its auditing firm for 2016. The Company observed all requirements of current accounting standards and policies for Vietnam’s businesses in organizing the financial-accounting function, performing accounting operations and preparing all quarterly financial statements with accuracy, integrity and legality.

The Supervisory Board confirms that the financial figures presented in the report of the Board of Directors to the General Meeting of Shareholders are a fair reflection of the Company and relevant companies’ current financial situation. Key figures of the financial situation as of 31 December 2016:

Table 1: Balance sheet

	<u>Group</u>		<u>Company</u>	
	31/12/2016 VND million	1/1/2016 VND million	31/12/2016 VND million	1/1/2016 VND million
ASSETS				
Current assets	22,876,206	16,709,473	5,254,289	1,779,993
Cash and cash equivalents	13,148,938	8,324,476	499,923	1,103,659
Short-term financial investments	1,771,012	293,990	37,933	287,890
Accounts receivable – short-term	2,277,055	3,126,527	4,705,406	316,523
Inventories	5,389,531	4,417,969	-	-
Other current assets	289,670	546,511	11,027	71,921
Long-term assets	50,162,832	55,140,227	20,875,900	22,431,116

	<u>Group</u>		<u>Company</u>	
	31/12/2016 VND million	1/1/2016 VND million	31/12/2016 VND million	1/1/2016 VND million
Accounts receivable – long-term	1,817,067	10,432,139	3,694,504	7,908,358
Fixed assets	29,821,492	26,998,134	6,783	3,626
Long-term work in progress	2,356,227	5,480,035	-	-
Long-term financial investments	12,240,702	9,144,883	17,083,953	14,515,337
Other long-term assets	3,927,344	3,085,036	90,660	3,795
TOTAL ASSETS	73,039,038	71,849,700	26,130,189	24,211,109

2. Regarding the Company's business performance and member companies within the Group

On the back of success in the past several years, 2016 and early months of 2017 marked our new significant successes with the following highlights:

- 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 then increased to 88.56% in April 2016 and MNS increased its indirect ownership in Proconco to 75.2%.
- In February 2016, Masan Beverage increased its direct ownership in Vinacafe to 60.16% and then increased its ownership to 68.5% in December 2016.
- In March 2016, ANCO acquired a 14% stake in VISSAN to become its strategic partner.
- In May 2016, Masan Nutri-Science increased its direct ownership in ANCO from 70% to 99.99%.
- In June 2016, ANCO increased its stake in VISSAN to 24.94%.
- In July 2016, Masan Consumer (Thailand) Limited was established.
- 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%.
- In January 2017, Masan Group for the first time in its history paid a cash dividend to its shareholders with a dividend rate of 30% (VND3,000 per share).
- In February 2017, Masan Group completed the issuance of bonus shares for all shareholders with the ratio of 50% (shareholders who hold 2 shares shall receive 1 bonus share).

In 2016, the Supervisory Board did not find any abnormal signs in the Company's business operations. All of them were conducted in compliance with the Law on Enterprises, Law on Securities, the Company's Charter and other legal regulations.

Business performance results and accounting figures have been carefully checked to ensure the accuracy and legality of accounting books.

The Company fully observed current legal regulations in information disclosure on the stock market.

Figures of business results as of 31 December 2016:

Table 2: Statement of income

	<u>Group</u>		<u>Company</u>	
	2016 VND million	2015 VND million	2016 VND million	2015 VND million
Revenue from sale of goods	45,100,176	31,324,871	-	-
Revenue deductions	1,803,112	696,461	-	-
Net revenue	43,297,064	30,628,410	-	-
Cost of sales	30,366,979	20,819,786	-	-
Gross profit	12,930,085	9,808,624	-	-
Net operating profit	4,481,107	3,266,369	801,492	(531,418)
Results of other activities	(34,704)	(39,640)	(3,434)	9,063
Accounting profit before tax	4,446,403	3,226,729	798,058	(522,355)
Income tax expense – current	892,321	817,534	-	-
Income tax benefit – deferred	(218,415)	(118,055)	-	-
Net profit after tax (carried forward)	3,772,497	2,527,250	798,058	(522,355)

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	VND million	VND million	VND million	VND million
Net profit after tax (brought forward)	3,772,497	2,527,250	798,058	(522,355)
Attributable to:				
Equity holders of the Company	2,791,444	1,478,292	798,058	(522,355)
Non-controlling interest	981,053	1,048,958	-	-
Earnings per share				
Basic earnings per share (VND)	2,462	1,317	-	-
Diluted earnings per share (VND)	2,462	1,316	-	-

3. On the governance and management

a. The Board of Directors:

The Supervisory Board opines that the Board of Directors fulfilled its responsibilities of management in compliance with the Law on Enterprises, Law on Securities, the Company's Charter, Resolutions of the General Meeting of Shareholders and other legal regulations.

The Board of Directors has duly executed resolutions of the 2016 General Meeting of Shareholders.

The Board of Directors' resolutions were issued in compliance with the legal authorities of the Board of Directors and their contents were in compliance with the resolutions of the General Meeting of Shareholders, and the Law on Enterprises, Law on Securities, the Company's Charter, and other legal regulations.

b. The Management Board

Ban Kiểm Soát nhận thấy rằng Ban Điều hành đã thực hiện các hoạt động của Công ty với hiệu quả cao và tuân thủ đúng các nghị quyết của HĐQT và Đại hội đồng cổ đông. The Supervisory Board opines that the Management Board has executed the Company's business operations highly efficiently and in compliance with the resolutions of the Board of Directors and the General Meeting of Shareholders.

III. Conclusions

The Company's operations during the last year were in compliance with the Law on Enterprises, Law on Securities, the Company's Charter and other legal regulations, and based on Resolutions of the General Shareholders' Meeting and of the Board of Directors. The information disclosure activities were in compliance with legal regulations applicable to listing companies.

We wish the Annual General Meeting of Shareholders great success.

Ho Chi Minh City, 14 April 2017

O.B.H OF THE SUPERVISORY BOARD

HEAD

[signed and sealed]

NGUYEN QUYNH LAM

APPENDIX

SUPERVISORY BOARD'S MEETINGS IN 2016

No.	Meeting minutes	Main contents
1.	Meeting minutes dated 29 August 2016	Assessment of the accounting and financial operations, business performance, governance and management of the Company for the first 6-month of 2016.
2.	Meeting minutes dated 27 March 2017	Assessment of the accounting and financial operations, business performance, governance and management of the Company for the whole year 2016.