



MASAN GROUP CORPORATION

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ENGLISH TRANSLATION

REPORT OF THE BOARD OF DIRECTORS AT THE 2017 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

The Board of Directors (the Board) would like to report on the Board's activities in 2016 as follows:

Vietnam's economy continued to be one of the best performers globally in 2016 with GDP growth of 6.2%, according to the Government Statistics Office (GSO). High foreign investment flows coupled with strong domestic demand continued to support solid economic growth. While growth slowed down from 6.7% in 2015, mainly due to environmental factors affecting the agricultural sector, GDP per capita rose 5% to a new high of US\$2,215 according to the World Bank.

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

The strong rate of economic expansion was also reflected in bank lending, with credit growth of 21.8% during 2016. Inflation rose at a slower rate than anticipated, with consumer price index up 4.74% in 2016, lower than the 5% increase expected at the start of 2016.

2016 marked the culmination of three years of investing and transformation of Masan's businesses to lay the foundation for the next phase of growth. Masan Consumer transformed from a food company into a food and beverage company. A minority interest in Proconco developed into Masan Nutri-Science, Vietnam's largest animal feed business by external sales. A brownfield mine transformed into a high-tech chemical processing leader with 36% market share of the tungsten market outside of China. Techcombank, our associated company, has gone through a period of aggressive provisioning to emerge as a sector leader in the retail banking space. Our business transformation and efforts were validated by our record-breaking financial performance in 2016. For the full year 2016, Masan's net sales grew to VND43,297 billion from VND30,628 billion in 2015, representing a 41% increase. Driven by "power-brands", economies of scale and enhanced productivity, coupled with significant contribution from the consumer-agri and financial service businesses, EBITDA grew by 45% from VND6,687 billion in 2015 to VND9,670 billion in 2016.

Reported net profits post minority interests increased from VND1,478 billion in 2015 to VND2,791 billion in 2016, representing an 89% increase and beating our upward revised earnings guidance of VND2,400 billion by 16%. Within the consumer-agri, Masan has built a market leading 3F (Feed-Farm-Food) platform, compared to a minority stake in Proconco five years ago. Integration and transformation of Proconco and ANCO's businesses into a single "FMCG-like" platform resulted in VND24 trillion in feed sales in 2016.

Power brand Bio-zeem, which improves feed conversion ratios, was a critical success factor, enabling Masan Nutri-Science to become Vietnam's largest animal feed player (external market), with a clear path to provide consumers with affordable and healthy meat products, an US\$18 billion opportunity. Groundbreaking of our first large-scale pig farm in Nghe An Province took place in November 2016, with a capacity to produce nearly 250,000 pigs per year. Combined with our strategic partnership with Vissan, Vietnam's largest branded meat company, we have strengthened our 3F model to better position us to drive productivity in the animal protein value chain and provide consumers with delicious, safe and affordable meat products.

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

Masan Consumer also witnessed a major milestone in 2016 with the October launch of our first seasoning brand for the Thai market, Chin-su Yod Thong fish sauce in Thailand during October 2016. The launch marks our first small step to better serve the 250 million consumers of In-land ASEAN, comprising Vietnam, Thailand, Myanmar, Laos and Cambodia. Going forward, we will continue to partner with leading local companies to scale up our regional business, with the aim of delivering 70/30 revenue contribution from our local and foreign businesses by 2020.

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

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

In the resource business, Masan has successfully transformed an attractive asset, the Nui Phao mine, into a globally significant tungsten business with a 36% market share ex-China. Nui Phao is the largest operating tungsten mine and one of the lowest cost producers of tungsten globally. During a depressed commodity environment in 2016, Masan Resources delivered a profitable year and delivered 52% growth in net sales of more than VND4 trillion through higher recoveries and production and value-add chemical processing.

Going forward, the resource business, potentially with the help of new strategic partners, aims to consolidate the tungsten market outside of China to secure supply as it goes further downstream, helping to minimize effects of commodity price swings.

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

Looking forward, Masan is committed to growing sustainably by contributing meaningfully through its corporate social responsibility initiatives. Masan aims to deliver 15-20% growth in revenues and profits for 2017.

Growth rates in comparison to 2016 could be challenged by cyclically low pig prices affecting demand for our feed products and expected higher soft commodity prices which could put a downward pressure on margins. Within the branded food and beverage business, growth could be impacted by planned distributor level inventory rebalancing during the first half of 2017, paving the way for sustainable growth during the second half of 2017. Techcombank will also continue to provision its vintage NPL's with the aim of finishing the exercise during the first half of the year, which may adversely impact Masan's earnings. However, full year earnings may improve as Masan pays down expensive debts and increase its stake in subsidiaries to reduce minority interests.

In 2016, the Board and the Management Board continued to fulfill their respective roles and authorities. The Board fulfilled its duty to approve resolutions related to fund raising, restructuring companies within the Group as well as other obligations related to the Company and its subsidiaries' business operations. In 2016, the Board also implemented repurchase of the Company's shares, payment of cash dividend and issuance of shares from the owners' equity under the resolutions of the General Meeting of Shareholders.

A compilation of the resolutions of the Board in 2016 is set out in the Appendix attached to this report. In 2016, members of the Board were not compensated in their capacity as members of the Board, and the Board did not incur any operational expenses. The CEO and the Management Board also executed the resolutions of the General Meeting of Shareholders and the Board correctly and sufficiently.

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

then we have a strong chance to achieve our 2020 objective: to be and be recognized worldwide as the pride of Vietnam by creating a winning, unique business model in Asia.

Yours sincerely,

Ho Chi Minh City, 14 April 2017

**ON BEHALF OF THE BOARD
CHAIRMAN**
[signed and sealed]

DR. NGUYEN DANG QUANG

APPENDIX

THE BOARD'S RESOLUTIONS IN 2016

No.	No. of the Resolutions	Date	Main contents
1.	137/2016/NQ-HDQT	4/2/2016	To approve the transfer of capital contribution of the Company in Masan Nutri-Science Company Limited up to 10% of the charter capital of Masan Nutri-Science Company Limited.
2.	325/2016/NQ-HDQT	17/3/2016	To approve the matters to be approved by the 2016 Annual General Meeting of Shareholders and other relevant matters.
3.	513/2016/NQ-HDQT	23/5/2016	To approve the issuance of shares under the ESOP.
4.	689/2016/NQ-HDQT	21/6/2016	To approve the increase of the Company's charter capital to VND7,560,756,740,000.
5.	735/2016/NQ-HDQT	27/6/2016	To approve the Company to provide relevant company with financial support.
6.	851/2016/NQ-HDQT	28/7/2016	Re-appointment of Dr. Nguyen Dang Quang as the Company's CEO.
7.	914/2016/QD-HDQT-MSN	8/8/2016	To appoint Mr. Nguyen Anh Nguyen as the Company's Deputy CEO.
8.	931/2016/NQ-HDQT	18/8/2016	To approve the plan of repurchase of the Company's shares.
9.	1517/2016/NQ-HDQT	31/10/2016	To approve Masan Horizon Corporation (MH) to make tender offer for shares of Masan Resources Corporation, the increase of its capital contribution in MH, the collection of shareholders' opinions by written letters and other matters.
10.	1586/2016/NQ-HDQT	22/11/2016	To approve the Company to issue international non-convertible bonds.
11.	1587/2016/NQ-HDQT	22/11/2016	To approve and propose the General Meeting of Shareholders to approve some specific matters by written circular.
12.	1610/2016/NQ-	5/12/2016	To approve the issuance of new shares

	HDQT		of the Company under the private placement.
13.	1723/2016/NQ-HDQT	12/12/2016	To approve the implementation of issuance plan of international bonds.
14.	1732/2016/NQ-HDQT	15/12/2016	To approve the use of proceeds from the issuance of new shares.
15.	1739/2016/NQ-HDQT	21/12/2016	To approve the specific percentage of cash dividend and issuance of new shares from the owners' equity.
16.	1749/2016/NQ-HDQT	28/12/2016	To approve the Company to increase the its charter capital to VND7.680.756.740.000.