



MASAN GROUP CORPORATION

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ENGLISH TRANSLATION

**REPORT OF THE SUPERVISORY BOARD
AT THE 2018 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 2017 financial statements of the Company audited by KPMG Company Limited and the Report of the activities of the Board of Directors in 2017.

The Supervisory Board would like to report our activities in 2017 as follows:

I. Activities of the Supervisory Board in 2017

1. Supervising, checking the management and execution of 2017 earnings objectives by the Board of Directors and the Management Board, checking the legality and reasonableness of our businesses in 2017 in accordance with the resolutions of the General Meeting of Shareholders in 2017.
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 first 6-month of 2017 financial statements and the year ended financial statements reviewed and audited by KPMG Company Limited.

In 2017, 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 2017 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.

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 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 under the 2017 financial statements of the Company presented 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 2017:

Table 1: Balance sheet

	<u>Group</u>		<u>Company</u>	
	31/12/2017 VND million	1/1/2017 VND million	31/12/2017 VND million	1/1/2017 VND million
ASSETS				
Current assets	15,144,937	22,876,206	1,450,395	5,254,289
Cash and cash equivalents	7,417,111	13,148,938	129,224	499,923
Short-term financial investments	640,069	1,771,012	44,210	37,933
Accounts receivable – short-term	2,247,100	2,277,055	1,265,151	4,705,406
Inventories	4,333,097	5,389,531	-	-
Other current assets	507,560	289,670	11,809	11,027
Long-term assets	48,383,585	50,162,832	21,106,740	20,875,900
Accounts receivable – long-term	1,453,961	1,817,067	2,258,495	3,694,504
Fixed assets	29,829,534	29,821,492	4,771	6,783
Long-term work in progress	1,838,001	2,356,227	119	-
Long-term financial investments	11,338,355	12,240,702	18,798,446	17,083,953
Other long-term assets	3,923,734	3,927,344	44,909	90,660
TOTAL ASSETS	63,528,522	73,039,038	22,557,135	26,130,189

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

For the full year 2017, the Group’s consolidated net revenue declined to VND37,621 billion from VND43,297 billion in 2016, representing a 13% decrease. The consolidated net revenue was decreased because of the following reasons: (i) MCH re-structured its business model from “selling goods” to “building brands” to improve route to market efficiency, reduce reliance on trade promotions and invest more into building brands; de-stocking distributor level inventory; (ii) historically low hog prices during 2017 contributing to MNS’ net revenue. While the reported net

profit after tax post minority interest increased from VND2,791 billion in 2016 to VND3,103 billion in 2017, representing an 11.1% growth. Such net profit after tax post minority interest was contributed from the one-time gain from the sale of convertible bonds of Techcombank.

In 2017, 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 2017:

Table 2: Statement of income

	<u>Group</u>		<u>Company</u>	
	2017 VND million	2016 VND million	2017 VND million	2016 VND million
Revenue from sale of goods	38,980,236	45,100,176	-	-
Revenue deductions	1,359,590	1,803,112	-	-
Net revenue	37,620,646	43,297,064	-	-
Cost of sales	25,988,836	30,366,979	-	-
Gross profit	11,631,810	12,930,085	-	-
Net operating profit	4,181,887	4,481,107	1,353,480	801,492
Results of other activities	(43,250)	(34,704)	(86)	(3,434)
Accounting profit before tax	4,138,637	4,446,403	1,353,394	798,058
Income tax expense – current	630,961	892,321	-	-
Income tax benefit – deferred	(100,014)	(218,415)	-	-
Net profit after tax (carried forward)	3,607,690	3,772,497	1,353,394	798,058

	<u>Group</u>		<u>Company</u>	
	2017	2016	2017	2016
	VND million	VND million	VND million	VND million
Net profit after tax (brought forward)	3,607,690	3,772,497	1,353,394	798,058
Attributable to:				
Equity holders of the Company	3,102,664	2,791,444	1,353,394	798,058
Non-controlling interest	505,026	981,053	-	-
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Earnings per share				
Basic earnings per share (VND)	2,727	2,462	-	-
Diluted earnings per share (VND)	2,727	2,462	-	-

3. On the governance and management

a. The Board of Directors:

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 General Meeting of Shareholders in 2017. The Board of Directors ensured the Company's information disclosure in complying with applicable laws on the securities market. The Company also provided fully, on the timely manner, to the shareholders information on financial, business results on a quarterly basis through periodical press release.

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. The Board of Directors executed well its roles in management, monitoring and supporting the Management Board in implementing business plans in order to achieve earnings objectives in 2017.

The Board of Directors always ensured the Supervisory Board to have accurate information sufficiently and promptly for the Supervisory Board to supervise, monitor the Board of Directors' compliance in management, implementing the internal governance regulations to protect the interests of the Company and shareholders.

b. CEO and the Management Board

The Supervisory Board opines that the CEO and 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. Members of the Management Board has specifically and clearly allotted their duties to each member who is in charge of each area.

The CEO and the Management provided information and supported the Supervisory Board to fulfil its duties of supervising, checking management activities, and implementing business plans of the Company.

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.

Ho Chi Minh City, 12 April 2018

O.B.H OF THE SUPERVISORY BOARD

HEAD

[signed and sealed]

NGUYEN QUYNH LAM

APPENDIX

SUPERVISORY BOARD'S MEETINGS IN 2017

No.	Meeting minutes	Main contents
1.	Meeting minutes dated 16 August 2017	Assessment of the accounting and financial operations, business performance, governance and management of the Company for the first 6-month of 2017.
2.	Meeting minutes dated 9 March 2018	Assessment of the accounting and financial operations, business performance, governance and management of the Company for the whole year 2017.