



## **MASAN GROUP CORPORATION**

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### **ENGLISH TRANSLATION**

## **REPORT OF THE BOARD OF DIRECTORS AT THE 2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

The Board of Directors (the Board) would like to report on the Board's activities in 2017 as follows:

2017 marks the end of Masan's phase of experiencing major growing pains. But throughout this challenging period, we relentlessly executed on our bottom-up operational plans, strengthened our operating platforms and refocused on our medium to long-term growth strategy. The fundamentals of our businesses are not fully reflected in our 2017 financial results, but all the pieces of our puzzle are coming together.

Despite the growing pains, Masan kept going with our beliefs, setting us up for a period of strong and sustainable growth. With that backdrop, here is a strategic snapshot of each business unit.

### **MASAN CONSUMER**

We reset the organization's mindset and the fundamentals that made Masan Consumer the region's fastest growing consumer-company for the past decade: brand building, understanding our consumers, and break-through innovations. We ran the business as a "sales-driven" company and it resulted in single digit growth for the past 3 years.

What did we do to correct this? First, we stopped handing out free goods ("trade promotions") and spent the first half of the year clearing out the stock at the distributor and retailer level. Second, we started communicating to our consumers again by revitalizing our power brands through unique and differentiated TV commercials. Third, we launched 14 innovations into the market to provide consumers with a new and enjoyable experience across the portfolio. Fourth, we scaled up our technological platform, enabling us to track stock levels at our distributors. More importantly, we stopped wasting all of our time reading market research and guessing what our consumers want and need. Instead, we spent most of our time in the field and market to understand firsthand our consumers' big unmet needs.

It was a painful process, but a rewarding and necessary one. The Board truly admire and respect the transformational job Mr. Truong Cong Thang and our management did to revitalize the company from top to bottom. Our consumers are happier for it and as a result our growth and profitability are healthier.

We will keep going with our beliefs: power brands, innovation, and technology to better serve our consumers.

## **MASAN NUTRI-SCIENCE**

Conventional wisdom would have told us to cut losses and stop investing through the livestock crisis. We did the opposite as we have strong conviction that this is the time to solidify our market leadership position. What we did will bring much more long-term value compared to the short-term savings. Our pig feed market share has increased from 30% to 35% currently. The return metrics are not overly impressive at this stage, but when the livestock market rebounds, the returns will justify our upfront investments. We are not out of the woods yet. There will be more pain. Luckily, we have great business managers that will operate smartly and manage risk appropriately, but at the same time not compromise the end goal: a dominant feed market position.

Conventional wisdom also would have told us to put our meat plans on hold. But if we stopped, someone else would be stepping up and filling the void of providing our consumers safe-for-health, affordable, fresh meat products. The opportunity will not be there forever. The future and vision of Masan Nutri-Science is in meat. This is where we can build a true and unique brand and serve consumers directly. Meat will de-risk our business from livestock cycles and transform our financial model. Our meat journey will truly kick start at the end of 2018 when we launch our first branded fresh meat products.

A big thank you to Mr. Pham Trung Lam and our management team for being bold. The decisions they made were not easy, but ultimately the right ones.

We will keep going with our beliefs: providing Vietnamese people with quality and affordable meat.

## **TECHCOMBANK AND MASAN RESOURCES**

Both of these businesses were outperformers and delivered record financial performance in 2017. Had we not maintained our conviction during their respective periods of growing pains, we would not be realizing the big payoffs today.

Techcombank has emerged as a differentiated and champion consumer “financial life” platform. Despite our recent success and transformation, the vision is still not complete. There are over 60 million citizens that do not have access to formal financial services. Our strategic plan to invest in technology starting today to offer these services to everyone is much more exciting and rewarding. This investment will position us to grow efficiently for the foreseeable future as we drive financial inclusion. It is the right strategy, but it will come down to superb execution.

Masan Resources is starting to generate strong profitability and is expected to deliver strong free cash flows over the medium-term. Obviously, we have benefited from the recent rebound in commodity prices, mainly tungsten. We believe current price levels will hold due to China’s environmental policies forcing tungsten mines to shut down production, resulting in a primary supply deficit. Going forward, we will seek strategic partnerships to accelerate our transformation from a “miner” into a value-added, global downstream tungsten industrial player. This will de-risk the business and enable us to produce stronger cash flows across commodity cycles.

We hope our shareholders are happy with the strategic benefits of letting these platforms develop. The Board is proud of and admire every Masaner for demonstrating our “Keep Going Long” philosophy each and every day, and it is because of your dedication we are starting to bear fruit.

## **2018 AND FUTURE OUTLOOK**

We are excited that each business is starting to deliver on its underlying growth potential simultaneously. We are also excited to drive shareholder value: for every one percent in topline growth, we will deliver 2-3 percent profit growth. We will do this by paying down our debt since most of our major investments have been made and by cutting out the fat to reduce our operating costs. You will see this reflected in our 2018 financial results, the details of which are provided in both the contents of our proposed shareholder resolutions and discussed in greater detail in our 2017 Annual Report.

There are always market and execution risks for any business strategy. We will monitor them carefully and navigate them to the best of our abilities. We are positioned to do so as we have learned a lot through the “growing pains.” We do not know everything, but we will keep learning and applying them to win big.

Yours sincerely,

*Ho Chi Minh City, 12 April 2018*

**ON BEHALF OF THE BOARD  
CHAIRMAN**

*[signed and sealed]*

**NGUYEN DANG QUANG**

## APPENDIX

In 2017, members of the Board were not compensated in their capacity as members of the Board and the Board did not incur any operational expenses in accordance with the Resolution of the 2017 Annual General Meeting of Shareholders on 24 April 2017.

The Board's members in 2017 discussed and approved the material resolutions as follows:

- Increase of the Company's charter capital after completion of issuance of bonus shares.
- Transfer of a portion of charter capital in subsidiary company.
- The organizing of 2017 Annual General Meeting of Shareholders.
- The shareholders agreement with VN Consumer Meat II Pte. Ltd.
- The issuance of new shares under the employee stock option plan.
- The issuance of bonds.
- The repurchase of the Company's shares.
- The increase of the Company's capital contribution in its subsidiary company.
- Related party transactions; and
- Other matters.

In 2017, the CEO and the Management Board continued to fulfill their respective roles and responsibilities. The CEO and the Management Board strictly fulfilled the resolutions approved by of the shareholders and the Board.

A compilation of all the Board's resolutions in 2017 is set out as follows:

STT	No. of the Resolution	Date	Main contents
1.	67/2017/NQ-HĐQT	14/02/2017	To approve the increase of the Company's charter capital after the completion of issuing bonus shares.
2.	70/2017/NQ-HĐQT	15/02/2017	To approve the appointment of the Company's Deputy CEO.
3.	149/2017/NQ-HĐQT	15/03/2017	To approve the transfer of up to 5% of number of shares in a subsidiary company.
4.	166/2017/NQ-HĐQT	23/03/2017	To approve the meeting date of the 2017 Annual General Meeting of Shareholders, proposed agenda to be submitted to the shareholders for

			approval and other matters.
5.	144/2017/NQ-HĐQT	03/04/2017	To approve the shareholders' agreement between the Company and VN Consumer Meat II Pte. Ltd.
6.	255/2017/NQ-HĐQT	19/06/2017	To approve the resignation of a Deputy CEO of the Company.
7.	312/2017/NQ-HĐQT	28/07/2017	To approve the issuance of new shares under ESOP.
8.	365/2017/NQ-HĐQT	21/08/2017	To approve the increase of charter capital of the Company.
9.	376/2017/NQ-HĐQT	22/08/2017	To approve the Company's shareholders book closing date.
10.	379/2017/NQ-HĐQT	22/08/2017	To approve the issuing bonds.
11.	399/2017/NQ-HĐQT	05/09/2017	To approve the authorization of the Chairman to appoint the Company's authorized representative with respect to the in-paid capital and shares owned by the Company.
12.	431/2017/NQ-HĐQT	18/09/2017	To approve the transfer of rights arising from Techcombank issuing new shares under public offer.
13.	433/2017/NQ-HĐQT	22/09/2017	To approve the transfer of portion of convertible bonds issued by Techcombank.
14.	434/2017/NQ-HĐQT	22/09/2017	To approve the Company to re-purchase of shares.
15.	435/2017/NQ-HĐQT	22/09/2017	To approve the establishment of the Strategy and Development Committee.
16.	403/2017/NQ-HĐQT	07/09/2017	To approve the increase of the Company's capital contribution in Masan Horizon Company Limited.
17.	405/2017/NQ-HĐQT	07/09/2017	To approve the transactions between the Company and Techcom Securities Company Limited with respect to the bonds issued by the Company.
18.	524/2017/NQ-HĐQT	08/12/2017	To approve related party transactions.

19.	572/2017/NQ-HĐQT	21/12/2017	To approve the Company to transfer up to 0.8% of shares in a subsidiary company.