

**MASAN**  
GROUP



# **MASAN GROUP**

## **Annual Report 2019**

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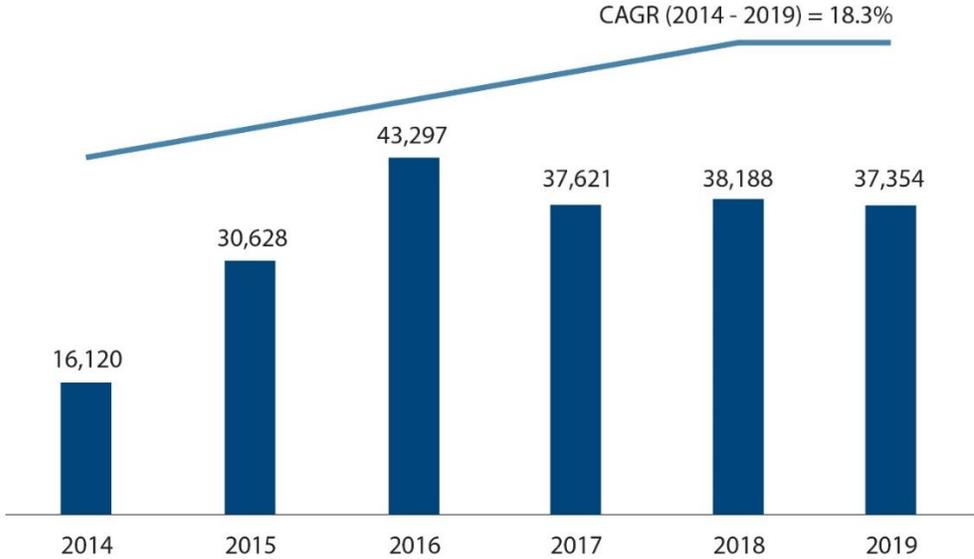
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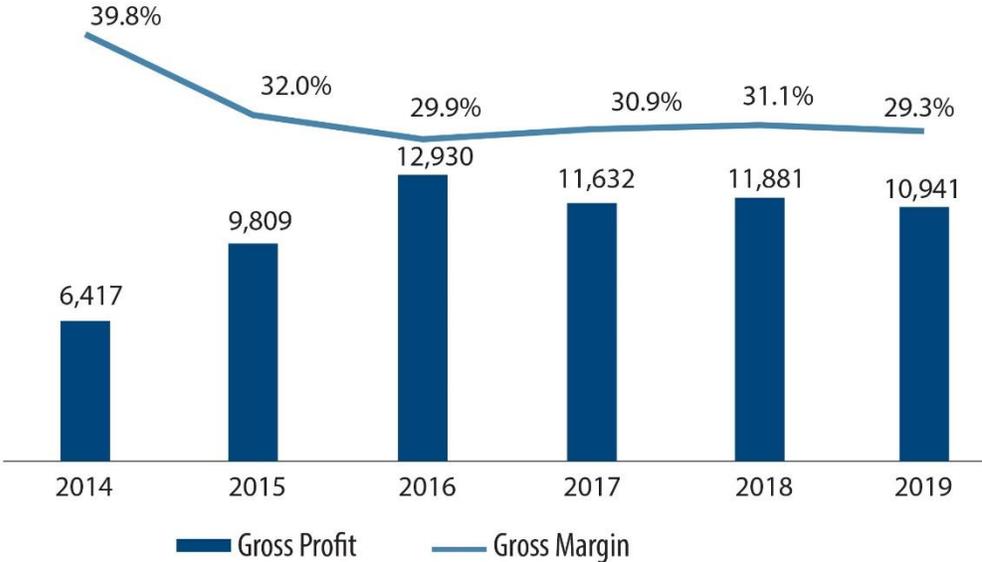
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# FINANCIAL SCORECARD

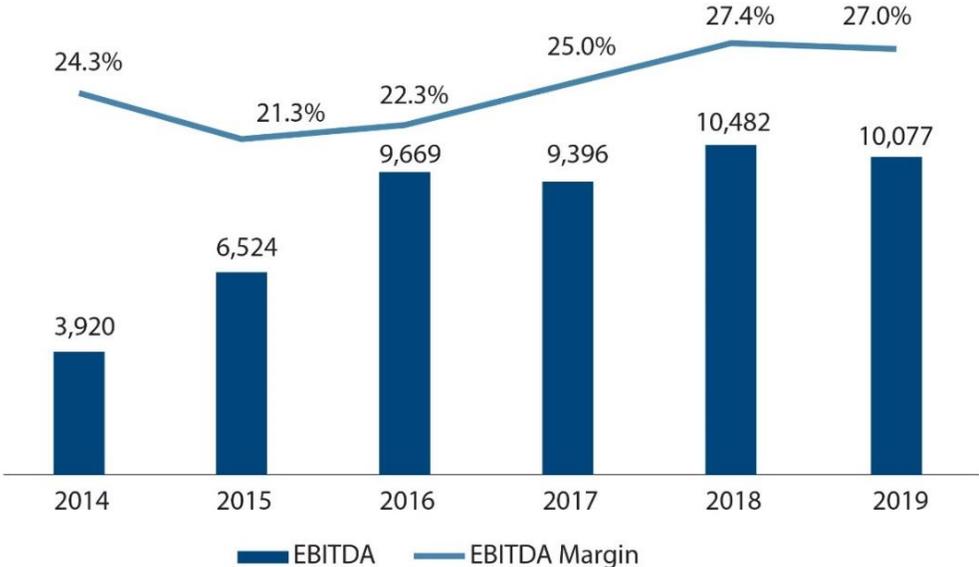
## Consolidated Net Revenue (VND Billion)



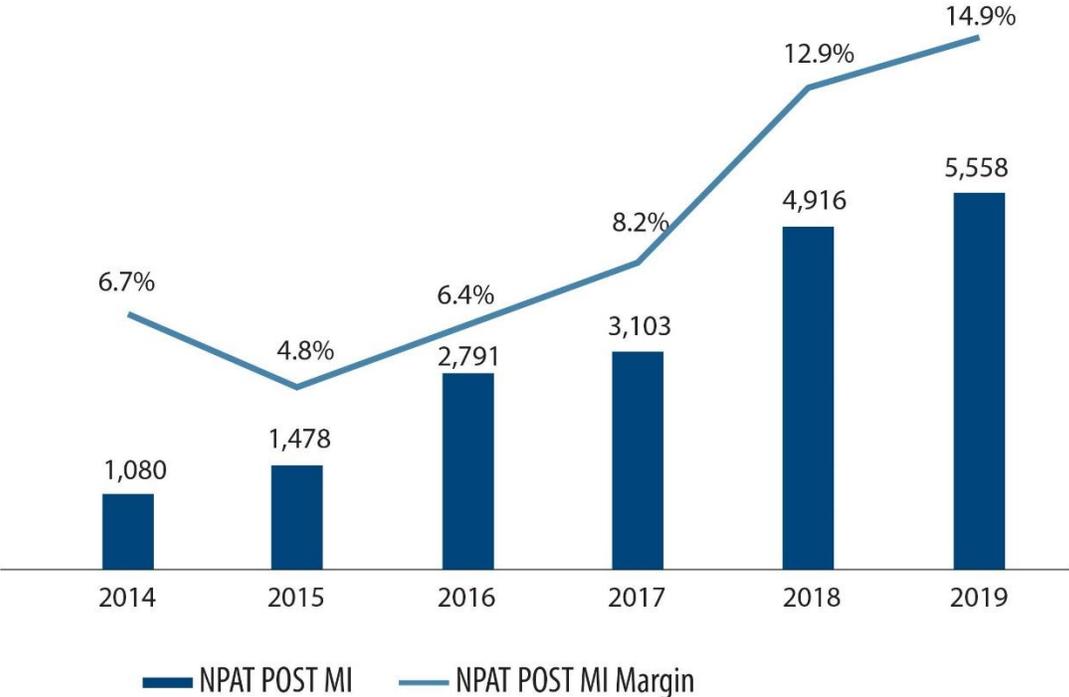
## Gross Profit (VND Billion) & Gross Margin (%)



# EBITDA<sup>1</sup> (VND Billion) & EBITDA Margin (%)

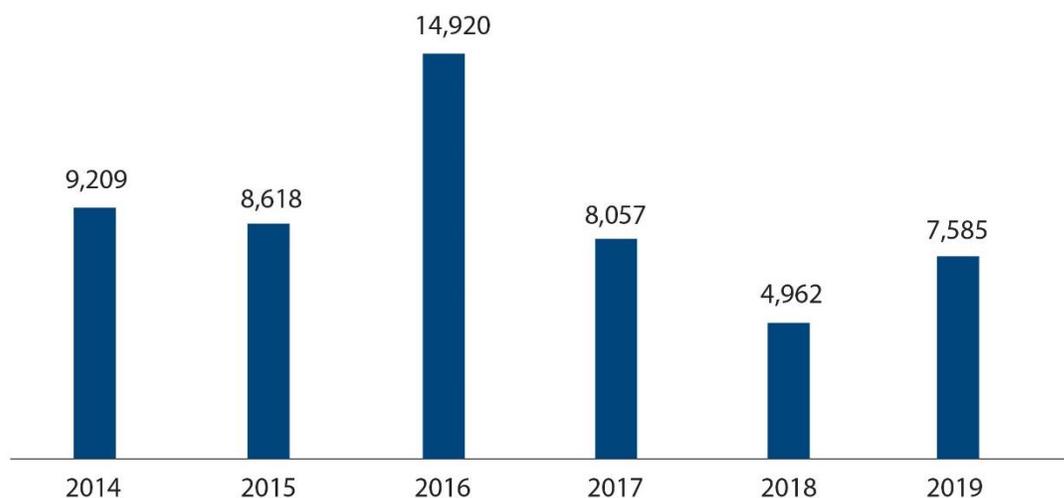


# NPAT Post-MI (VND Billion) & NPAT Post-MI Margin (%)

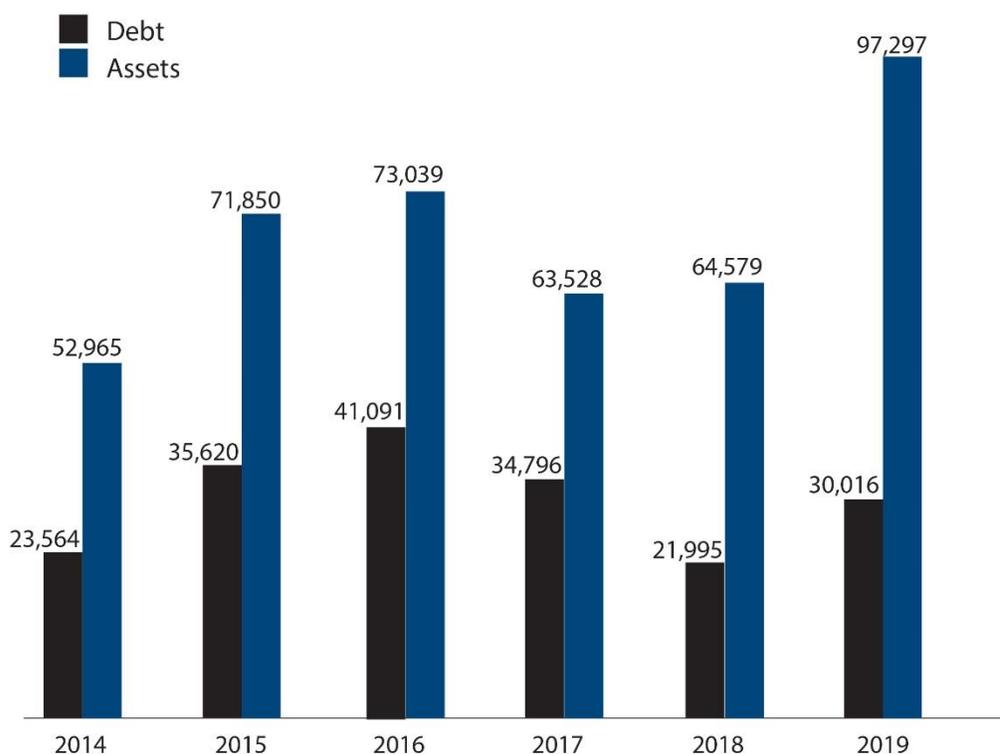


<sup>1</sup> EBITDA is MSN's consolidated net profit after tax, with net financial expense, tax, depreciation and amortization added back. MSN's consolidated EBITDA is lower than the total contributions from its business segments due to holding company level expenses. The earnings contribution of Techcombank,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

## Cash Balance<sup>1</sup> (VND Billion)



## Total Debt & Total Assets (VND Billion)



<sup>1</sup> Includes short-term investments.

# OUR STORY

## Who We Are

### **An Integrated Consumer Ecosystem to Satisfy The Evolving Big Unmet Needs of 100 Million Vietnamese Consumers**

Masan Group is one of Vietnam's leading consumer-focused business groups and we believe in "doing well by doing good." Our purpose is to provide quality products and services for Vietnam's population of nearly 100 million people, enabling them to get more value for money on their daily basic needs. However, while our core purpose has not changed, our consumers and their needs have evolved and will continue to evolve, moving beyond basic needs to demanding experiences that address their modern lifestyles and aspirations. As a result, Masan Group has gone beyond manufacturing and selling branded products and has recently entered retailing, where we can better reach our consumers and deliver tailored experiences, the next battleground to win mindshare and loyalty. This is what we mean by "**our journey is the consumers' journey**".

Today, our subsidiaries and associates operate in sectors that include consumer retail, branded FMCG (including packaged food and beverage, and home and personal care ("HPC")), branded fresh meat, and financial services. We operate in sectors that together represent a majority of the consumer wallet share in Vietnam, where domestic consumption is the key component of GDP and driver of economic growth. More importantly, our businesses are key pieces of a consumer ecosystem that can better serve the fast-evolving needs of Vietnamese consumers.

Specifically, these businesses are Masan Consumer Holdings, a leader in some of Vietnam's largest consumer staple categories such as seasonings, convenience foods, bottled beverages and HPC; Masan MEATLife, Vietnam's largest fully-integrated ("Feed-Farm-Food" business model) branded meat platform, focused on driving productivity in animal protein industry to directly serve consumers with traceable, hygienic and branded meat products, a US\$10.2 billion market opportunity for pork products alone; and VinCommerce, the largest consumer retail footprint in Vietnam with over 3,000 locations nationwide.

Our other businesses include an associate, Techcombank, a leading joint-stock commercial bank in Vietnam with a technology driven retail strategy to capture the growth of financial inclusion, and Masan Resources, a subsidiary that is one of the world's largest producers of Tungsten chemicals and other strategic industrial minerals.

We believe in a "**consumer-centric**" approach to building leading businesses and have succeeded 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. With our retail business, we aim to go further with our consumers, aiming to provide a holistic online and offline shopping experience that addresses their evolving needs.

**Our objective is to be Vietnam's pride by uplifting the material and spiritual lives of consumers anytime and anywhere.**

### Our Key Principle

Continuously transform to satisfy evolving consumers' big unmet needs, which will lead to transformational value

Consumers now want magical shopping experiences instead of things, products or brands

## Doing Fewer and Bigger – Our Beliefs

Masan is often viewed as a diversified conglomerate with a variety of unrelated businesses. However, we see ourselves as consumer-focused business group with a few key business pillars that can synergistically provide Vietnamese consumers a more convenient and rewarding experience as they address their daily basic needs and beyond. This level of focus is reflected in how we build our businesses. 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 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 in excess of US\$60 billion combined in Vietnam alone.

Together with our associate, Techcombank, Masan operates in packaged food and beverage, fresh food and protein, HPC, and financial services which represent approximately 13%, 14%, 2%, 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 American consumers, pay nearly double the price for meat products. In 2018, with the launch of our chilled, fresh meat brand, MEATDeli, we 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.

With the recent acquisition of VCM, owner and operator of 132 VinMart supermarkets and 2,900 VinMart+ mini markets, we have formally entered into the retail grocery sector. Like many categories or sectors in which Masan has entered, Vietnam's retail sector is highly fragmented with inefficiencies that result in consumers having fewer options and paying more for less. Specifically, grocery retail is still dominated by the general trade and is the primary reason for the fragmentation of the sector. Even as a market leader in the modern trade, VCM only has ~3% of the total grocery retail market. However, Masan believes that Vietnam is undergoing a modern trade revolution which will accelerate as urbanization reaches 50% and the true middle class emerges (US\$5,000 per capita). Modern forms of shopping are expected to

compromise 30% of the retail landscape in the near future as opposed to approximately 8% today. Masan aims to be there for Vietnamese consumers as this shift takes place.

Even in our non-consumer related business, we believe we are addressing a big unmet need. Our Tungsten mining and chemical processing business is 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 announcement of the agreements to acquire H. C. Starck’s global Tungsten operations, we are expected to take another major step in becoming an integrated global Tungsten player, going further up the value chain and expanding our addressable market by 3.5x from US\$1.3 billion to US\$4.6 billion.

## **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 higher 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, chili sauce and a fast growing granules business). 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 MEATLife 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). A similar processing facility is expected to be commissioned in Long An to service the Southern market as the business grows. With the launch of our MEATDeli brand in 2018, Masan MEATLife has transformed into a true consumer business, helping us to de-commoditize the business and achieve sustainable margins. In December 2019, Masan MEATLife’s branded chilled meat sales reached VND100 billion, representing 60% of VISSAN fresh meat sales only after one year from launch.

VinCommerce, through its supermarkets and mini-marts, has Vietnam’s largest modern trade footprint with approximately 30% market share in terms of modern trade retail grocery sales. VinCommerce also has an unparalleled fresh products portfolio (currently sold under the VinEco brand) to drive traffic and modern retail penetration in the future. Its fresh proposition also synergizes well with MEATDeli products, which currently represents 60% of pork sales at VinMart supermarkets. Most importantly, VinCommerce is ahead of the game in terms of its omni-channel strategy with access to 8.7 million customers via the VinID super app.

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.

Masan Resources is 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. With the expected closing of the acquisition of H. C. Starck's global Tungsten operations, Masan Resources will truly graduate from being one of the world's largest Tungsten mines, to becoming one of the world's largest Tungsten midstream companies, supplying critical industries such as mechanical engineering and tool making, mining, automotive and energy, aviation and the chemical industry. The move into midstream Tungsten products is also value enhancing as these products command on average a 30-50% premium to APT products. In addition, we continue to explore strategic opportunities with down-stream Tungsten players to deliver on its shareholder value creation plans.

**2019 EBITDA  
of VND  
10,077 Billion**

Strong cash flows to  
invest across cycles

Leadership means  
sustainable margins to  
invest in brands and  
product innovation

#### **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 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 2019, we reported EBITDA of VND10,077 billion and a consolidated year-end cash balance of VND7,585 billion, which includes short-term investments in the form of term deposits and cash-like items.

#### **DISCIPLINED CAPITAL ALLOCATION AND TRACK RECORD OF OPERATIONALLY TURNING AROUND ACQUIRED 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, VISSAN, Net Detergent JSC, and VinCommerce, which was a cash-less, equity-linked deal.

From 2008 to 2019, Masan delivered a net revenue CAGR of 31% 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. Next, 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 meat 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 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, Ponnies and Heo Cao Boi for convenience foods (which includes instant noodles, congee, processed meat); and Vinacafé, Wake-up, Wake-up 247, Compact, Lemona, Vinh Hao, Vivant, Quang Hanh, 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 2019, Masan Consumer was recognized as “Top 10 Prestigious Food Companies” by Vietnam Report. In addition, according to Asia Brand Footprint 2019 by Kantar Worldpanel, Nam Ngu – Masan Consumer's seasonings brand – was ranked in Top 3 of the most chosen brands in both Urban and Rural Vietnam for the seventh year running. Our coffee business, Vinacafe, was listed in the “Top 10 Trusted Beverage Companies” by Vietnam Report. In its very first year of launch, our chilled meat product - MEATDeli - was named among the Top 10 "Vietnam's Most Trusted Brands and Products in 2019" by Vietnam Economic Times.

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 launched our branded chilled fresh meat, “MEATDeli” which is affordable and safe for consumers. We have applied FMCG brand building model to build this brand and were the first fresh meat product that launched advertising on TV. Despite its early date status, MEATDeli has been well-received by consumers, including capturing 60% market share of VCM's supermarket fresh pork sales. As reported by Nielsen Vietnam, 97% of the consumers surveyed agreed that MEATDeli is fresh and delicious.

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. Techcombank tops the list of 10 best prestigious private commercial banks in 2019 according to Vietnam Report. The bank was also named the "Best Bank in Vietnam" by the prestigious Asia Risk magazine in 2019. This is the second year in a row Techcombank received this award, in recognition of its efforts in developing derivative products in the Vietnamese market.

With the merger of VinCommerce and the acquisition of Net Detergent JSC, Masan can again leverage its brand-building capability to win the retail and HPC sectors.

## INNOVATION FOR THE FUTURE

Masan's track record of building market leading brands would not have been possible without real innovations 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 new innovations annually which we directly test with consumers.

In 2019, we launched several premium products in our seasonings portfolio like Nam Ngu Phu Quoc, Chin-su Man Ma and Chin-su Ca Com Mua xuan, which will continue to support premium seasonings portfolio growth in the future. Premium innovations not only provide customers with products which are healthier, have better ingredients, but also build brands which show that fish sauce is not just a common seasoning, but a product that can be associated with prestige and high value. To further expand our seasonings portfolio we relaunched powdered seasonings, granules, which turned out to be very successful and emerged as a strong contributor to topline growth.

In convenience foods, we continued to launch several full meal and ready to eat products under our flagship premium brand, Omachi. Multiple pack sizes, different flavors coupled with higher-end packaging, more premium noodles, processed meat in retort, and vegetables, provide 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 processed meat category, where our partnership with Jinju Ham has led to development of innovative brands like Ponnies and Heo Cao Boi.

In the beverages category, Wake-up 247 continues to be one of the fastest growing brands in Vietnam, building on the unique proposition of coffee flavored energy drink, available in easy to use formats like PET bottles and cans. New innovations in energy drinks, like Compact (cherry flavor energy drink) and Ho Van will drive our future growth in the energy drink segment.

Masan MEATLife has always focused on innovation to bring practical benefits to farmers, like the introduction of Bio-zeem range of products. Our innovative ideas were developed by Masan Institute of Nutri-Science ("MINS"), which is MML's research and development ("R&D") center. All Bio-zeem products contain the Bio-zeem enzyme system that enhances immunity and improves feed conversion ratio ("FCR") significantly. This achievement comes from our cooperation with leading partners and suppliers from Europe.

Understanding the dangers of antibiotic abuse, we were the first company in the industry to eliminate antibiotics in animal feed products completely. With the effort of MINS experts, we have succeeded in maintaining productivity, health for livestock to ensure superior meat quality and increased disease resistance without the use of antibiotics.

Commitment to innovation and doing things differently is also reflected in the development of our high-tech pig farm in Nghe An, which is also the largest farm in the province. We have applied the most advanced

technology to manage feeding, temperature, lighting, energy consumption and waste treatment for the whole farm.

We are committed to improving productivity in the animal protein industry of Vietnam by fully integrating the animal protein value chain in order to bring fresh chilled and processed meat products at affordable prices for Vietnamese meals. We have adopted a unique process by employing the Oxy Fresh 9 technology from Europe, making us the first and only chilled meat manufacturer that meets the British Retail Consortium (“BRC”) standard in Vietnam so far. To be able to deliver chilled meat products to consumers, a completely new concept in Vietnam, MEATDeli products are stored and distributed through a cold storage and transport system. In 4Q2019, MML expanded its meat portfolio with the launch of chilled processed meat innovations which focus on products specifically geared towards Vietnamese consumers’ taste and preferences.

VinCommerce, our recently acquired retail subsidiary, has always been at the forefront of applying innovative ideas to provide better value to consumers. VinID, VCM’s loyalty program which has over 8.7 million members, offers consumers with services such as Scan & Go, real time offers and promotions on products. VinEco, on the other hand is a business comprising 14 high tech farms which produce high quality fruits and vegetables which are sold through the VCM ecosystem.

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. While modern trade is currently not the dominant channel for retail sales, it is expected to grow rapidly, driving our decision to acquire VinCommerce in 2019 and providing a steppingstone for Masan to develop an omni-channel retail presence in Vietnam, an O2O “Consumer Tech” platform that will enable us to not only sell products and services, but create consumers experiences to drive loyalty and mindshare.

For our food and beverage 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 very few in Vietnam with a strong on- and off-premise presence for both food and beverage. As a result, 98% of all Vietnamese households have a Masan consumer product in their homes today.

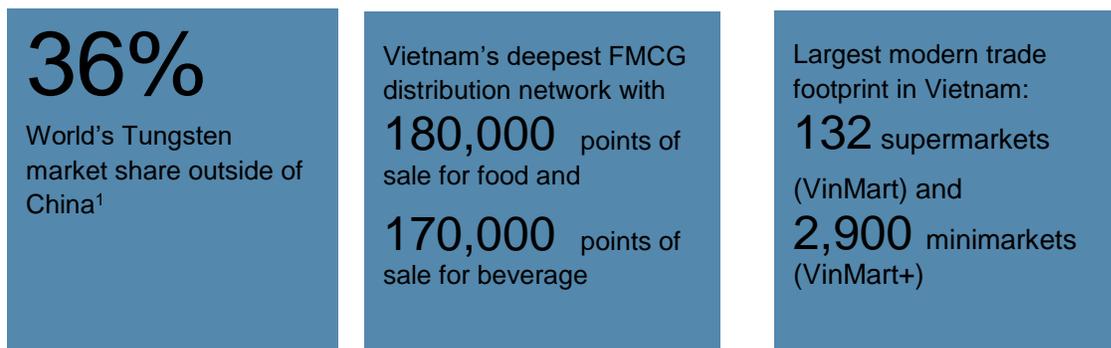
We are also unique as a “one-stop” shop for our distributors because our wide product portfolio caters to the daily basic needs of Vietnamese consumers, allowing us to have loyal and close relationships with our distributors. Further, our strategically located distribution centers provide us with the 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. As a result of such wide portfolio and reach, we believe the acquisition of NETCO and our entry into HPC will provide significant synergies.

At Masan MEATLife, we have approximately 500 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. As of year-end 2019, MEATDeli products were sold via 33 self-operated MEATDeli retail stores, 220 modern trade outlets /supermarket chains and over 370 authorized agents.

In addition, VinCommerce reaches consumers nationwide through its modern trade points of sale comprising over 132 supermarkets and ~2,900 mini-markets. Online shopping has started to take off in Vietnam, but despite the rise of digital channels, physical channels continue to dominate the segment. This underscores the importance of developing omni-channel strategies, and the need for organizations to provide seamless consumer experiences that integrate both online and offline consumer journeys across all their touchpoints. VinCommerce has started to digitalize its entire retail platform, by building an efficient and flexible supply chain, real-time inventory at store level, automated operations and a technological database for predictive analysis. By building an integrated online grocery platform, VCM aims to find innovative ways to provide a differentiated consumer experience in this new digital retail landscape to 100 million Vietnamese consumers, through an omni-channel shopping solution.

For financial services, Techcombank provides innovative solutions to millions of Vietnamese consumers (retail and corporate) throughout Vietnam, through its network of branches, transaction offices and ATM's. Altogether, the bank operates 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 fluorospar 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. With the expected acquisition of H. C. Starck's global Tungsten operations, MR's customer base is expected to more than quadruple with sales doubling.



1. Source: USGS.
2. Kantar Worldpanel.

## 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 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 R&D centers in Vietnam for food and beverage

products. This center occupies a three-story building fully equipped with laboratories, cafeteria, trial rooms, and working areas.

As of December 2019, Masan operates 13 world-class animal feed manufacturing facilities spread all over Vietnam. As a result of our focus on operational efficiencies, scale, and procurement practices, we deliver one of the highest gross margin in the animal feed industry, globally.

We have recently built a large-scale pig farm on 223 hectares of land in Nghe An province with total investment of VND1,400 billion. We also spent VND200 billion on environmentally friendly facilities such as a waste water treatment plant and a bio-gas electricity plant. We are currently in process of building a similar size pig farm in Southern Vietnam as well. We believe, these will be the largest pig farms in the country, conform to Global G.A.P standards and highlight the importance of using scale and technology to improve productivity in the animal husbandry sector.

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 built on 4 hectares of land. The commissioning allowed us to launch our first chilled meat products under the MEATDeli brand. We are currently in process of building a second chilled meat processing plant in Southern Vietnam, which is expected to be operational in the 2<sup>nd</sup> half of 2020.

In VinCommerce, focus is to build a digital infrastructure by benchmarking ourselves against the best-in-class operators within the retail industry. We are building strategically located distribution centers equipped with state-of-the-art technology systems to reduce warehousing and logistics costs, coupled with investments in IT systems to tech-enable the entire retail platform to deliver consumers' the best O2O experience.

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 September 2019, we announced the signing of an agreement to acquire H. C. Starck's Tungsten business and deliver on our vision of becoming a fully integrated downstream Tungsten chemicals business of global scale and influence.

## **BEYOND PRODUCTS AND BRANDS – CREATING EXPERIENCES**

While the aforementioned components of the Masan Way are still very relevant to building a winning business in Vietnam where many basic needs are still unmet and inefficiency abounds, Masan has spent many years preparing for the future. In the early stages of Vietnam's modern economic development, consumers were simply interested in basic products due to poverty and scarcity. Whoever could manufacture such products became the winner. As these products were produced in larger quantities, companies that could make their products widely available were able to win. Afterwards, trusted brands and innovations became key differentiators to achieving success.

However, today consumers are going beyond demanding products to meet their basic needs or even brands. They want tailored experiences, convenience, and a greater number of options on what to buy, how to buy (online or offline), how to pay and even how to consume. With a robust portfolio of services and products, the ability to build brands, unparalleled reach (both online and offline), loyalty platforms, and a commitment to investing in technology to better serve our consumers, Masan believes we have all the key pieces to provide Vietnam's consumers the right experience to gain mindshare and loyalty as the consumers' journey evolves in Vietnam.

## A “CONSUMER-CENTRIC” TEAM JOURNEYING WITH OUR CONSUMERS

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 + consumer-centric; Leadership + Passion to be #1; Solution Oriented + Problem Solving; Accountability + results-driven; Integrity + transparency; and Mastery + never stop learning. Our talents are also the Company's shareholders.



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

# Our History – A Track Record of Transformation

Masan Group's first predecessor company was established in 1996, selling 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 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 secondary shares of Masan Group. This was 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 of building 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 marked a critical step in 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 result, SK currently owns 9.4% of Masan Group's total outstanding shares. Through this partnership, Masan Group and SK aim to pursue transformational business opportunities in Vietnam and to synergize existing businesses via M&A and strategic alliances.

In September 2019, Masan Tungsten Limited Liability Company ("MTC"), a wholly owned subsidiary of Masan Resources Corporation ("MSR"), signed an agreement to purchase the Tungsten business of H. C. Starck Group GmbH ("HCS"), a leading manufacturer of high-tech Tungsten metal powders and carbides (midstream Tungsten products) with global sales and operations. The acquisition will be a strategic step in executing MSR's vision to become a leading vertically integrated high-tech industrial materials platform in the world. MSR's low cost, stable primary supply of APT, combined with HCS' scrap recycling platform, is expected to provide MSR a global competitive edge, generate strong and consistent cash flows across price cycles and expand MSR's addressable market by 3.5x from US\$1.3 billion to US\$4.6 billion.

In July 2019, Masan Nutri-Science ("MNS") changed its name to Masan MEATLife ("MML") to reflect the completion of its transformation from an agricultural and B2B company to a true branded consumer business with retail reach. In acknowledgement of such a strategic milestone, MML announced its intention to list on the Unlisted Public Company Market ("UPCoM"), increasing its strategic flexibility and providing greater transparency for shareholders.

In December 2019, Masan and VinGroup ("VIC") completed the merger of MCH and VCM Services and Trading Development Joint Stock Company ("VinCommerce" or "VCM"), which includes Vineco Agricultural Development and Production Limited Liability Company ("VinEco") as a wholly-owned subsidiary of VCM. The merger is expected to optimize operations of both MCH and VCM by creating a new Consumer Goods & Retail group with superior competitive advantage and size in Vietnam. Post-closing, Masan has started to consolidate and operate the new combined business, with VinGroup as a minority partner, while still continuing the VinID card privileges for millions of customers.

In February 2020, Masan HPC, a newly established home and personal care indirect subsidiary of MCH, acquired 52% of Net Detergent JSC ("NETCO") via a tender offer. The consolidation of NETCO aligns with MCH's 5-Year strategic game plan to broaden its product portfolio to better serve 100 million Vietnamese consumers. The home and personal care ("HPC") market is one of the largest and most attractive consumer sectors in Vietnam with a total market size of ~US\$4 billion and fast-growing opportunities to construct a diversified HPC platform by building Vietnamese power brands.

As summarized in this section, Masan has continuously delivered on transformational growth that reflects the economic development of Vietnam's economy and the Vietnamese consumers' journey. We started as an export and import trading company when Vietnam began opening its doors to the global economy and then eventually entered into manufacturing consumer products with a domestic focus. As Vietnamese people began demanding better products and services, we went ahead with building brands and providing basic financial services to meet their big unmet daily needs in a modern way, including a pan-national distribution approach to reach rural areas where a majority of the population still resides. Today, we have entered into the modern trade retailing space, a sector that is undergoing its own transformation globally.

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 captures 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

## Serving Consumers With a Purpose, Not Just For Business Rewards

Masan Group Corporation is one of Vietnam's leading consumer-focused business groups specializing in consumer retail, branded FMCG (including packaged F&B and HPC), branded consumer agriculture, financial services, and hi-tech industrial materials.

Our objective is **to be Vietnam's pride by uplifting the material and spiritual lives of consumers anytime and anywhere.**

Masan applies a consumer-centric business model across all of our operating platforms and various industries. By doing so, we can enable nearly 100 million Vietnamese people to pay less for their daily basic needs while serving their growing demands for greater convenience, more premium products, and more fulfilling experiences. This is what we mean by "Doing well by doing good."

However, our efforts 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. Improving the lives of others by better serving them only as consumers is not enough to become the "Pride of Vietnam". That is why, throughout our journey with our consumers, we have believed in Sustainable Development, allowing us to more meaningfully contribute to Vietnam's socio-economic development.

## Sustainable Development

As one of Vietnam's largest private sector business groups, we know it is our responsibility to set an example for other enterprises to follow and to raise the standards for sustainable development. At Masan, sustainable development is achieved with a focus on the following areas:

- Innovation in Products and Processing;
- Talent Sustainability;
- Environmental Stewardship;
- Corporate Social Responsibility; and
- Corporate Governance.

In the following sections, we will go into greater details on how we have addressed the above priorities that underpin our commitment to sustainable development.

### Innovation in Products and Processing

#### INNOVATION WITH OUR PRODUCTS AND SERVICES

We believe we are positively contributing to Vietnam by providing innovative products and services to fulfil the daily basic needs of our people. Operating in a developing country with many inefficiencies, we must innovate to better serve consumers. For more information on innovation related to our products and services, please refer to "Innovation for the future" in the section "Our Story". The following sections will focus on our operations.

## 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 flour, palm oil, green coffee, sugar, anchovies, raw fish sauce, dehydrated vegetables, soya, chilies, mineral water, meat and various flavoring and spices.

With regards to animal feed production, the principal materials of our finished products include corn, rice bran, wheat bran, soybean oil cake, rapeseed oil cake, meat and fish meal from both domestic and foreign sources. Among these, rice bran and wheat bran are primarily sourced from domestic grinding facilities. Soybean oil cake and corn are imported from various foreign countries based on the quality and price offered by world's leading suppliers.

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.

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 with a good track record that have demonstrated reliability over a long period of time are considered "approved suppliers" and can enter into annual contracts. To manage the price volatility of our raw materials, we constantly follow the market closely to identify the optimal time for bid invitations, allowing us to achieve favorable prices. In general, we do not try to "beat the market" but aim to achieve more favorable prices with our scale and stronger negotiating power. Our raw material inputs are strictly monitored in terms of both quantity and quality. Our warehouses are regularly cleaned and inspected while the products undergo strict quality management by our experienced QA and QC teams.

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.

In 2019, Masan MEATLife, our branded meat business, began implementing a comprehensive program to partner with large-scale pig farms across the country to supplement our internal supply (from our high-tech pig farm in Nghe An) of live hogs. With our scale and experience as an industrial farmer, we are credible partners who can share our own expertise with other farmers, allowing us to secure a more stable supply of high-quality and drug-free hogs for our meat processing complex in Ha Nam. Pigs sourced from partner farms undergo strict disease control standards, ensuring bio-security with high quality animal feed that is free of growth hormones and antibiotics. The end goal is to develop the agricultural sector in a sustainable manner, help address challenges faced by farmers and fulfill our mission to introduce fresh, delicious and affordable meat products to Vietnamese consumers. Our involvement with partner farms not only improves the quality of pig farming in Vietnam, but also provides support to farmers in a volatile pricing environment.

With regards to raw fish sauce, a key input material for one of our most famous consumer product categories, we have 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. Our network of suppliers represents 60% of the production zones for raw fish sauce in Vietnam, giving us access to better educate our suppliers. We promote the protection of aquatic resources by supporting research institutes to study the sustainable development of anchovy stocks in the southwestern marine waters of Vietnam. This includes joint research projects with Vietnamese institutes and universities, Seoul National University (South Korea), and Bangkok University (Thailand).

Research topics include how to more effectively utilize fish (extracting more from less) and improving the logistics of transporting fresh anchovies to fermenting and processing facilities. Our efforts support jobs for thousands of workers, who are working either directly or indirectly with fish sauce makers and fishermen.

## 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.

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.

Apart from its compliance with quality standards applicable in Vietnam, Masan is also a pioneer in the application of modern technology and international standards. In September 2019, our meat processing complex in Ha Nam was officially certified and awarded the "BRC Global Standard for Food Safety". As of today, this facility is the first and only fresh meat processing plant to date in Vietnam to meet the BRC Global Standard and is also the only chilled meat factory to date that meets National Standards TCVN 12429:2018.

To address the prevalence of African swine fever and protect the MEATDeli brand, MML has adopted the "three quarantine routes" scheme as guided by the Ministry of Agriculture and Rural Development and the Ministry of Health's Vietnam Food Administration:

- Quarantine route No. 1: Only healthy pigs are transported from the farm to the factory. Only healthy pigs that have tested negative for African swine fever and certified by the local Sub Department of Animal Health are procured.
- Quarantine route No. 2: Only healthy pigs are slaughtered at the meat processing complex in Ha Nam. The 24-hour laboratory with European-standard equipment at the meat complex is tasked to undertake a second round of inspections to ensure that only disease-free pigs may be slaughtered at the factory.
- Quarantine route No. 3: Only safe pork can be released to the market and a final test will be taken to ensure that MEATDeli chilled meat has not become contaminated with any harmful bacteria.

## SAFETY

Our employees are our most valuable assets. We are committed to the well-being of our employees which is reflected in 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 workplace. 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 2019, Masan Consumer organized 108,362 hours of professional training for hygiene safety, fire protection, and first aid for over 5,685 employees. At Masan Resources, which is one of our most physically intensive businesses and operates with heavy machinery and equipment, we are guided by the belief that "all occupational injuries, accidents and diseases can be prevented". All employees and contractors receive general safety training and other required training courses for each job position before starting the job. In 2019, five training courses were organized as required by the Law for a large number of employees on Radiation Safety, Occupational Safety and Health, Chemical Safety, Fire Prevention and Response, and Rescue Training. In order to support MSR's vision on safety and health, we have the Masan Resource Integrated Management System (MIMS) in place, which comprises 17 system management standards and 24 performance management standards. In 2019, 7,761 employees were trained on safety and 11,802 training hours were carried-out. As a result, no occupational accidents involving loss of working time nor

occupational diseases were recorded last year at Masan Resources. After inspections by the authorities, Masan Resources received praise for its efficiency in health and safety.

Beside training courses, we also keep improving our equipment to minimize the risk to our employees. Our facilities conform to HACCP processing standards and we have obtained ISO 9001 (quality management system), ISO 22000 (food safety management system) and SA8000 (social accountability systems certifications), and BRC, FSSC, HALAL, ISO 14001, ISO 45001 (occupational health and safety management systems) certifications.

## Talent Sustainability

At Masan, we believe our people provide us our greatest competitive advantage and they are the key drivers of our long-term value creation. As such, we are committed to ensuring that they have an environment where they can thrive and partake in such value in a sustainable manner. We believe in creating win-win partnerships that can unlock the potential of both the employee and the company, allowing Masaners and Masan to contribute in a meaningful way to Vietnam.

We proactively engage talents who share our values and passion to serving the needs of consumers. 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 business growth, wide range of opportunities, and flexible approach helps us to attract strong future leaders from diverse backgrounds and talents.

### DIVERSITY AND INCLUSION

We are proud to be the home of a diverse workforce with many talents that also share the same passion for serving our consumers. Our diversity brings together unique perspectives, backgrounds, beliefs, professional and life experiences to unleash novel ideas, solutions, creativity, innovation and strategies to drive our growth.

As a Vietnamese company with the ambition to not only be the best in Vietnam, but also capable of competing with the best MNCs, we hire both Vietnamese and foreign talents. We prioritize locals from the communities where we have operations and foreign expatriates who are experts in their fields and are seasoned executives with track records of succeeding in emerging markets. Details on how we deliver on these principles are provided below:

- 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. We are in the process of building a chilled meat processing complex in Long An and expect to commission the plant in 2020. In order to promote development at the local level, we prioritize recruiting local community members and train our staff to meet ever-changing business demands. For example, at Masan Resources, 79% of our employees are from Thai Nguyen, 14% are from other provinces, and only 7% are foreign staff. During the construction of the mine and the operation of the processing plant, Masan Resources and the contractors of the project employed nearly 3,000 local workers.
- 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 working with our senior leaders and industry experts. We 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 nearly 100 million Vietnamese consumers. Through cross-functional work assignments and learning projects, our MYEs can 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.

- 33% of Masan’s senior leadership team is comprised of women. 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 had a total of 39,253 employees as of 31 December 2019, of which 57% were women. Our people are well trained with high qualifications, as shown below:

Qualification <sup>1</sup>	Percentage
Post graduate	1%
University graduate	35%
College graduate	17%
Intermediate college graduate	10%
High school graduate	28%
Secondary school graduate	8%
Others	1%
<b>Total</b>	<b>100%</b>

*1. Majority of employees having qualification from intermediate college or lower include employees working as direct employees of factories, warehouses, or as points of sale promotion employees, drivers or working in janitorial positions.*

## TALENT DEVELOPMENT AND RETENTION

To develop and retain our talents and maximize their potential, Masan provides our people ongoing opportunities for continuous training and development. We want our people to grow and outperform in a sustainable manner that closely aligns with the Company’s culture and values.

We strive to retain our best people with clear communication, innovative performance management tools, and advanced leadership training. These efforts are supported by deep understanding of our talent requirements and the capabilities we are going to need in 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 related 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. 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.

We do not only want to meet regulatory requirements but also to exceed them. Our commitment to developing our employees is best highlighted at Masan Resources. In addition to the five required training courses as prescribed by law, Masan Resources also conducts two other courses, namely "Train the trainer" and "Kaizen-5S". As a result, 87 employees have been certified to become internal trainers. Participants can apply the knowledge and skills they have learned in their training via paradigm shift and application of methods relevant to specific training contents or learning patterns of adults, training and classroom management principles. In particular, for the Maintenance and Production department, those internal trainers are really well-versed in leading the department's training activities in the coming years. At the end of 2019, Masan Resources recognized a total of 72,539 training hours with 23,473 employees attending, both internal and external courses.

## Environmental Stewardship

At Masan, we deeply care about our environmental footprint. We aim to ensure green practices across 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 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 wastewater 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. The company also installed a new soy sauce hydrolysis system at the Binh Duong facility, which is equipped with the latest high-tech pollution control system in Southeast Asia. Our standards for air quality post-hydrolysis of soy sauce are much higher than the current standards in Vietnam.

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.

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. Since the commencement of the project to the end of 2019, a total of 60.5 hectares of sloping land and waste rock soil have been reforested by Masan Resources, creating a green, clean and beautiful environment for not only the company but also its surrounding areas. In addition, our factories in Binh Duong, Hau Giang, Long An, Nghe An, etc., to name but a few, all comply with the norm of dedicating 20% of the total area of the facilities for trees to ensure a green and environment friendly workplace.

Masan understands the importance of raising awareness among our employees and local people about climate change and the environment. Over the past year, Masan Resources has cooperated with the Environment Protection Fund, the Bureau of Natural Resources and Environment, and the Women's Union to organize 20 communication programs on energy efficiency, rural waste management and plastic waste reduction for over 2,000 students at 4 local high schools and over 1,500 households. 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.

## **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 wastewater 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). 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, Hau Giang and Phu Yen. In 2019, Masan Consumer used over 2 million m<sup>3</sup> of water for industrial and domestic purposes. All wastewater is treated using high-tech wastewater treatment systems and about 7.4% of our wastewater is re-circulated for watering plants and cleaning workshops.

Masan MEATLife has also taken the initiative to invest approximately VND200 billion to build an advanced water treatment system for our high-tech pig farm in Nghe An. Not only will we be able to purify wastewater to reach the highest standard of Class "A", we will also be able to re-circulate 70% of the treated water for farm use. At our meat processing complex in Ha Nam also, we will be investing in a state-of-the-art waste treatment plant to meet Class "A" wastewater standard.

Masan Resources continues to operate comprehensive water quality and quantity monitoring programs to ensure that we meet all applicable regulatory requirements related to water. The plans include baseline water conditions and provisions for ongoing water sampling and analyzing. Discharged water is sampled and monitored by automatic wastewater monitoring stations. Daily results are automatically sent by email to the relevant personnel of appropriate departments in order to enhance the quality of water control. In 2019, Masan Resources took more than 7,941 water samples, including internal samples and external samples taken by independent labs. MSR invested US\$4.2 million to construct wastewater treatment plant and US\$800,000 to install automatic wastewater monitoring stations. Last year, MSR reused up to 76% of its total water consumption.

### **Goldfish and Tilapia growth in water discharge**

In 2019, MSR developed an initiative for constructing the witness model "Goldfish and Tilapia growth in water discharge" to demonstrate the good quality of water discharge for both aquatic life and vegetation, and environmentally friendly to local community and stakeholders.

The visible model of fish's growth combined with vegetation growth in water discharge has been acknowledged by the local communities, authorities and other stakeholders. This resulted from the recognized efforts for completing upgrade of wastewater treatment plants, ongoing improvement of water quality as well as a chance to witness that MSR was building "the show-case model" for sustainable development in mining not only in Vietnam but also in the world.

Aiming for sustainability and efficient use of resources, 100% of VinEco's farms are equipped with modern and advanced irrigation systems from Israel, engineered by leading companies in the field such as Netafim or Rivulis. In particular, the application of drip & splash irrigation reduces water consumption by up to 80% compared to the traditional manual overflow method, not only optimizing operational efficiency, but also minimizing environmental impact. Modern drip irrigation systems combined with nutrient mixing and dispensing machines help distribute water and dissolved fertilizer to plants, and concentrate in the root

areas, thereby not only optimizing nutrient absorption, but also eliminating the generation of waste water, as well as fertilizer residues in the soil during the production process.

These are testimony to our commitment to efficient water use as recommended by the World Bank, including: reduce dependence on water exploitation, increase the rate of reused water and continuously improve wastewater treatment capacity.

## RENEWABLE ENERGY & RESOURCE OPTIMIZATION

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 believe these initiatives help factories improve energy efficiency and environmental protection. In 2019, we used more than 313,300 kW of electricity and 648,197 tons of steam, including steam from biomass (sawdust, rice husk, etc.).

At Masan MEATLife, 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. In early 2019, MNS Farm Nghe An was certified to meet GLOBALG.A.P standards for its completion of internationally recognized set of farm standards dedicated to Good Agricultural Practices.

We also promote the circular economy through the adoption of "Reduce, Reuse & Recycle" philosophy. In the recent years, the concept of a circular economy was designed to overcome the limitation caused by the exhaustion of natural resources. Developing Tungsten recycling capabilities is our focus as a complimentary source of Tungsten raw materials and an ongoing sustainable supply. In 2019, more than 1,000 tons of scrap were collected and recycled, which was approximately 20% and 2% higher when compares to 2017 and 2018 respectively. In September 2019, Masan Tungsten Limited Liability Company, a wholly owned subsidiary of Masan Resources Corporation, signed an agreement to purchase the Tungsten business of H. C. Starck Group ("HCS"). HCS is the global leader in the recycling of both hard and soft Tungsten scrap. Annually, HCS' operations recycle an amount of Tungsten which is equal to the Tungsten production of the Nui Phao mine.

As of November 30, 2019, VinEco completed the construction of a waste treatment facility which turns agricultural waste and by-products into compost fertilizer for 11 out of 14 farms. At the end of November 2019, the total amount of self-composted micro-organic fertilizer at VinEco farms was more than 7,176 tons, meeting up to 60% of VinEco's need. Composting organic fertilizer has helped reuse all of our agricultural waste and by-products. These waste and by-products are not emitted into the environment, but decomposed into compost, ensuring a closed loop of organic matters and microorganisms, returning mineral nutrients back to the production process, reducing greenhouse emissions and environmental pollution. In addition, VinEco's composting also includes the treatment of a large amount of livestock waste from livestock farms located near VinEco farms, contributing to reducing the environmental pollution from animal husbandry. The savings from these economic and environmental efficiency programs was estimated at VND10 billion in 2019.

In addition, VinCommerce is a member of Vietnam's Alliance of Businesses against Plastic Waste, established during the national anti-plastic waste campaign led by the Prime Minister and the Minister for Natural Resources and Environment. In August 2019, VinMart & VinMart+ kicked off the "Joining hands to

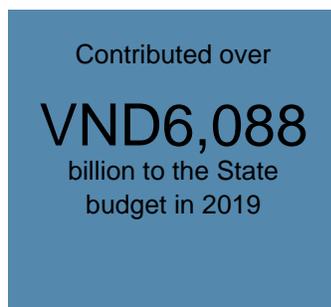
protect the environment” program with a series of holistic solutions called “3 Greens”: Green Vinmart, green customers, and green suppliers. In particular:

- Green VinMart: All of VinMart & VinMart+ retail points to simultaneously reduce or replace single-use plastic materials with environmental-friendly alternatives throughout their operation. These items include: 100% biodegradable shopping bags that meet the standards of Vietnam’s Ministry of Natural Resources and Environment, paper straws and cups for self-service counters to replace plastic ones, biodegradable gloves used during production and operation. And especially, the Styrofoam trays used for fresh products will be gradually replaced with food containers made from sugarcane mass, and biodegradable wrapping films.
- Green customers: VinMart & VinMart+ will reward VND1,000 on the bill immediately for every transaction, where the customer uses their own reusable shopping bag in order to form a new green shopping habit. In addition, all of VinMart & VinMart+ locations will become used battery collection points.
- Green suppliers: VinMart & VinMart+ will give maximum support to green suppliers who provide eco-friendly products with various policies such as no-profit sales, display priority at retail points, in-store branding and advertising benefits.

## Corporate Social Responsibility

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

In 2019, we contributed over VND6,088 billion to the State budget, fulfilling our legal obligation as a private sector leader. In addition to being one of the largest taxpayers 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 2019, in collaboration with the Sponsoring Association for Poor Patients in Ho Chi Minh City, Masan Consumer Holdings donated VND500 million to help poor children with congenital heart disease receive free surgery. Besides, Masan Consumer Holdings also sponsored more than 200 cataract surgeries and have provided 200 gifts to poor people in Ho Chi Minh City and the Southwest region with a total sponsorship value of up to VND600 million.

Masan Resources has conducted various health awareness programs on disease prevention. Last year, Masan Resources organized free checkups for 200 locals and provided clean water supply for 100 households.

## 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 2019, we did the following activities:

- Masan Resources invested over VND300 million in building a standard toilet and rehabilitate another toilet for Ha Thuong High School, located in Ha Thuong commune, about 1 km from Nui Phao mine. The school has 498 students, 31% of whom are children of our employees.
- Overall, as an organization, we continue to contribute to the improvement of classrooms and educational infrastructure across Vietnam.

## COMMUNITY DEVELOPMENT

Masan believes that infrastructure development will empower the less fortunate for the long-term. To that end, we have invested heavily into social infrastructure, including health facilities, schools, vocational trainings, and mentoring programs. We would like to highlight the following initiatives:

- Masan Consumer Holdings partnered with Nam Phuong Foundation's "Build-A-Bridge" project in construction of Khang Thinh and Khang Phuc bridges in Hau Giang and Tien Giang provinces respectively, easing daily travel of local residents and students, especially in the rainy season. The total amount of financial support from Masan Consumer for these two projects was more than VND1.8 billion.

On March 23, 2019, Masan Consumer and Nam Phuong Foundation held the inauguration ceremony of Khang Thinh Bridge in Dong Phu Commune, Chau Thanh District, Hau Giang Province. The bridge is 2.5m wide, 34m long and expected to accommodate more than 164,000 traffic flows annually.

On January 11, 2020, in Hau Thanh commune, Cai Be district, Tien Giang province, the Khang Phuc cable-stayed bridge was completed for a total length of 87m, a width of 2.5m, and a gross weight limit of 1 tonne, easing transport activities for over 144,000 local residents annually. Located on Canal 28 in Hau Thanh commune, the Khang Phuc bridge will shorten the travel distance to communes such as My Hoi, Hau Thanh and Hoa Khanh in Cai Be District, Tien Giang Province. Apart from addressing the needs of local people, the bridge also eases the daily travel of local students to Hau Thanh Primary School when compared to ferry transport used before. Today, the Khang Phuc bridge is the largest cable-stayed bridge project funded by Masan Consumer Holdings.

- In 2019, Masan Resources supported social welfare programs launched by different agencies and organizations such as bike sponsorship, presentation of gifts to poor children on occasion of the mid-autumn festival; free health examination and counseling for 200 policy beneficiaries on the occasion of the Remembrance Day; presentation of 250 Tet gifts to poor families; support of the construction and repair of six houses for poor households; support of 21 household-scale livelihood models to pull single women out of poverty; provision of entrusted concessional loans through the Vietnam Bank for Social Policies to assist local households in their livelihood development; and provision of environmental sanitation equipment. Last year, Masan Resources contributed VND3.9 billion into 12 community development projects which directly and indirectly impact approximately 2,000 households.

## ECONOMIC DEVELOPMENT

In its 6<sup>th</sup> year of operation, Masan Resources' Economic Restoration Fund was accessed by an additional 45 households with concessional loans of VND50 million/household on average to support household-scale livelihoods development options such as cattle and poultry farming, fruit tree cultivation, tea farming using new varieties and expansion of farming areas. To date, a total of 302 households have been granted loans

for a total of nearly VND12 billion. An operational assessment of the fund conducted in November 2019 indicated that 95% of the surveyed options had positive impacts, including improvement of household income in a number of effective lending models. The VietGAP tea farms in the target communes have been expanded by 3.4 ha in An Long residential group, Hung Son town with 19 certified households. To date, the VietGAP tea farming area established with MSR support is 90.9 ha with 375 households in 14 cooperative groups.

Despite further allocation of resources by local government to encourage safe agricultural practices (VietGAP), VietGAP-certified agricultural products have become less attractive to customers who are setting higher standards for food. Thus, instead of continued investment in and support to expansion of local VietGAP tea farms, Masan Resources has made efforts to link government agencies, industry, farmers and scientists in a shared commitment to develop organic tea farming models in Village 10, Tan Linh commune. Parties to this commitment include Thai Nguyen University of Agriculture and Forestry, Tan Linh Commune's People Committee, Ha Thai Tea Joint Stock Company, NTEA Thai Nguyen Tea Joint Stock Company, Masan Resources and 50 households in the commune. Together, we contributed resources, knowledge, and technology to convert 10 hectares of tea farms into organic tea farming areas. Apart from our efforts to connect various stakeholders, MSR also organized consultation meetings, field surveys, needs assessments, and field visits to successful models in Dong Hy and Phu Luong districts. The project duration is 3 years (2019-2021) and aims to establish the largest organic tea farming area in Thai Nguyen province. We aim to drive positive changes in agricultural farming towards sustainable and safer practices for both farmers and consumers.

## GENDER EQUALITY

The pledge to “leave no one behind” is one of the calls to end extreme poverty and promote gender equality by the Vietnamese government and the UN's sustainable development goals. At Masan Resources, we always direct significant resources to vulnerable groups to improve their access to and develop livelihoods models relevant to their capacity and conditions.

### The story of Anh Duong factory

Ms. Dinh Thi Hai Thuy was a security staff at MSR and was also an affected household by the Nui Phao project. After 3 years at Nui Phao Mining Company Limited, she decided to start her own business. In 2013, Thuy founded Anh Duong ore bag factory with support from MSR' Economic Restoration Program. 6 years after its inception, Anh Duong has gradually reduced its dependence on Nui Phao's orders and developed orders with domestic and international customers. Currently, there are over 60 employees working permanently with an average salary of VND6.5 million per month. In 2018, Anh Duong was awarded by Dai Tu District People's Committee as a company with recognized achievements in business activities and contribution to the socio-economic development of the district.

## 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.

- **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.
- **Sustainability Committee** – This committee reports to the Board of Directors and is comprised of the CEOs of Masan's key subsidiaries and other senior executives. The role of this 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 also provides 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.

## Recognitions in 2019

Our commitment to sustainable business practices over the years have resulted in many awards and honors by various third parties, including government bodies, media and agency, both domestic and international.

### Masan Group

- Prime Minister's Certificate of Merit in acknowledgement of our contribution to agriculture & rural development causes
- Top 200 Best Over a Billion rated by Forbes Asia
- Top 50 listed companies in Vietnam rated by Forbes Vietnam
- Top 50 Efficient Businesses in Vietnam & Top 17 high-performing companies with market cap over US\$1 billion ranked by Nhip Cau Dau Tu Magazine
- Top 3 Investor Favorite Businesses among Large Cap Category rated by Vietstock
- "Top 10 Largest Private Companies in Vietnam" and "Top 10 Highest Profitable Private Companies in Vietnam" ranked by Vietnam Report.

### Masan Consumer

- Ranked No. 1 in the "Top 10 Prestigious Food Companies" in 2019 by Vietnam Report.
- Masan Consumer is among the top three manufacturers owning the most chosen brands in urban (four major cities) and rural areas for seven consecutive years, according to Kantar Worldpanel Brand Footprint report in 2019

### Masan MEATLife

- MEATDeli - Masan's chilled meat product is named among the Top 10 "Vietnam's Most Trusted Brands and Products" by Vietnam Economic Times in the very first year of market launch.

### Masan Resources

- Outstanding Achievements in Occupational Hygiene and Safety, awarded by Labor Safety Department

- Top 16/75 Sustainable Companies in Vietnamese manufacturing sector by VCCI and the Ministry of Natural Resources and Environment, the Ministry of Labor, Invalids and Social Affairs and the Vietnam General Confederation of Labor.

#### **Vinacafe Bien Hoa**

- Top 10 Beverage Companies by Vietnam Report
- Gold Ranking in the Quality Award of Dong Nai Province

#### **VinCommerce**

- VinCommerce has continuously achieved prestigious domestic and international awards, such as Top 10 most prestigious retailers in Vietnam in 2017, 2018, 2019; Asian Green Retailers 2019; and Asian Responsible Business 2019.
- VinEco has been ranked among the Top 10 reputable companies in Food & Beverage by Vietnam Report for 2 years in a row in 2018 and 2019.
- VinEco was awarded "Vietnam's Golden brand in Agriculture" by Vietnam Association of Agriculture and Rural Development.

#### **Techcombank**

- Techcombank tops the list of 10 best prestigious private commercial banks in 2019 according to Vietnam Report.
- Techcombank was named the "Best Bank in Vietnam" by the prestigious Asia Risk magazine in 2019. This is the second year in a row the bank has received this award, in recognition of its efforts in developing derivative products in the Vietnamese market.

## **Looking Forward**

At Masan, sustainability means the 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 improve the lives of nearly 100 million Vietnamese consumers.

As our journey is the consumers' journey, our business strategy is to keep going with and for our people, communities and Vietnam's socio-economic development.

# MANAGEMENT REPORT

## Macro Overview

In 2019, Vietnam's Gross Domestic Product ("GDP") grew 7.02%, surpassing the Government's target of 6.8%, according to the General Statistics Office ("GSO"). This impressive economic growth was attained thanks to the robust growth of the service and the industry/construction sector, which helped to offset the poor performance of the agriculture sector which was dragged down due to appearance of African swine fever ("ASF") in February 2019. The year 2019 closed with remarkable achievements for the Vietnamese economy, including a record trade surplus of US\$9.9 billion, total registered foreign capital of US\$38 billion – a 10-year high, low budget overspending and inflation under 3 percent.

The result of this positive macroeconomic momentum was also reflected in consumer confidence, further strengthening Vietnam's outlook as consumption demand accounts for 2/3rd of GDP. Driven by domestic consumer's growing purchasing power, total retail sales of goods and services in Vietnam reached US\$214.8 billion in 2019, representing a rise of 11.8% over the previous year, according to the GSO, which was also the highest growth rate in the last four years. Vietnam's growing middle-class and expanding workforce are expected to drive consumer spending, given the rising incomes and enhanced living standards. In addition, the combined effects of continuous economic growth, rapid urbanization, and an expanding modern retail network, is expected to fuel the growth of overall food consumption in the medium-to long-term. According to Euromonitor, per capita disposable income was at more than VND40 million last year and expects an average growth of 6 percent annually in the 2020-30 period, leading to corresponding growth of consumer spending.

The continued structural shift in manufacturing facilities from China to Vietnam, which is being expedited by uncertainty from the US-China trade war and the signing of the EU-Vietnam Free Trade Agreement in June 2019, have also provided a boost to the Vietnamese economy and further improve the economic outlook. In addition, on 9<sup>th</sup> October 2019, World Economic Forum released a report which showed that Vietnam had jumped 10 places on the Global Competitiveness Index from 77<sup>th</sup> in 2018 to 67<sup>th</sup> in 2019, making the country the most improved in the rankings.

In terms of 2020 outlook though, the recent outbreak of coronavirus ("COVID-19") and significant decline in oil prices has affected headline numbers. While there have been some early predictions for an economic revival in 2H2020, the COVID-19 pandemic is spreading across the globe and any forecast will have significant downside risks. While macro data for the first two months of 2020 highlights slowing growth, Vietnam's structural growth story is still largely intact. The government has also announced significant stimulus programs to help affected businesses in the form of tax breaks and delayed tax payments among other measures.

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 consumer brands spanning food, beverages, meat, modern retail and consumption finance (through its interest in Techcombank). If the COVID-19 pandemic persists much longer, we expect Masan Resources (which is exposed to commodity prices and global industrial activity levels) to be the most adversely impacted followed by Techcombank. With more consumers staying home, we expect to benefit from higher retail sales and an increased demand for our consumer products. However, we are still assessing long-term impacts if the COVID-19 pandemic is prolonged as consumers' disposable income may decline and affect sales.

# Performance Overview and Outlook

In 2019, Masan Group (“MSN”) delivered VND37,354 billion in net revenue, down 2.2% compared to 2018 net revenue of VND38,188 billion. Masan Consumer Holdings (“MCH”) delivered topline growth of 8.6% driven by premiumization and new product launches, while Masan Resources (“MSR”) net revenue declined by 31.4% due to decline in Tungsten prices and deferred copper sales. Masan MEATLife (“MML”) formerly known as Masan Nutri-Science (“MNS”), was adversely impacted by ASF related decline in pig feed sales, as net revenue declined by 1.3%. During 2019, consolidated EBITDA declined by 3.9% to VND10,077 billion compared to VND10,482 billion in 2018 mainly driven by a 180 basis points (“bps”) decrease in consolidated gross margin offset by 30bps reduction in consolidated SG&A as a percentage of net revenue. Consolidated EBITDA margin for 2019 was 27.0%, down 40bps in 2019 vs 2018.

2019 core net profit (excluding net one-time gain) post minority interest reached VND3,907 billion, up 12.4% compared to 2018 profit of VND3,477 billion. Core profit margin increased to 10.5% in 2019 from 9.1% during the same period last year. MCH, MML and reduced consolidated financial expenses were the key drivers for the profit growth. MCH EBITDA was up 12.7% as revenue grew by 8.6% and EBITDA margin expanded by 89bps. MML EBITDA was up 25.6%, due to 240bps improvement in EBITDA margins, even though revenue was down 1.3%. Finally, 28.8% reduction in consolidated financial expenses also spurred profitability growth. Reported 2019 net profit post minority interest increased by 13.0% to VND5,558 billion, compared to VND4,916 billion in 2018. Reported net profit includes net one-time gain of VND1,651 billion in 3Q2019 from the settlement of arbitration case with Jacob’s E&C Australia and net one-time gain of VND1,472 billion from the partial deemed disposal of MSN’s shareholding in Techcombank (“TCB”) during the second quarter of 2018.

MCH net revenue increased by 8.6% to VND18,845 billion in 2019, compared to VND17,346 billion in 2018, with a focus on innovation based brand-building. Key drivers were mid-single digit growth in foods portfolio due to premiumization and new product launches, supported by double-digit growth in beverages portfolio, nearly 2x growth in processed meats offset by weakness in beer and coffee business. 2019 EBITDA was up 12.7% to VND4,695 billion compared to VND4,167 billion in 2018.

2019 marked the second year in a row, with impressive growth from our branded food and beverage business, as the strategic shift from push to pull-model continues to pay dividends. In 2019, seasonings category revenue was up 4.2% due to growth in fish sauce portfolio and 4x growth in granule sales. Granules continues to emerge as a strong contributor to topline growth with nearly 4.4% contribution to total seasonings sales in 2019. Premium product launches like Nam Ngu Phu Quoc, Chin-su Man Ma and Chin-su Ca Com Mua xuan will continue to support premium seasonings portfolio growth in 2020. Convenience foods delivered 7.2% revenue growth in 2019 vs 2018, due to 25.2% growth in premium portfolio. Full-meal solutions portfolio continues to be the main driving force with net revenue up ~80% compared to 2018. Beverages net revenue was up by 27.2% in 2019 led by 32.5% growth in energy drinks and 15.2% growth in bottled water revenue. Energy drinks segment was powered by ~30% growth in Wake-up 247 brand sales, while new brand Compact is starting to emerge as the next growth driver and now represents ~7% of sales for MCH’s energy drinks portfolio. Processed meats delivered 96.1% growth in net revenue for 2019, as new product launches continued to drive topline growth with brands like Heo Cao Boi. Revenue for coffee segment was down 12.8% in 2019, as growth remains a concern and the company is exploring new coffee formats like roast and ground coffee, and ready to drink products to turnaround the category. Beer segment net revenue for 2019 was down 7.7% compared to 2018. New brand “Red Ruby” was launched at the end of 2019 and management continues to track its market potential.

In 2020, MCH will focus on building more premium brands in its portfolio to drive sustainable top and bottom line growth. MCH will also focus on building a winning product portfolio in its Home and Personal Care (“HPC”) division through increased focus on R&D and improving distribution coverage for the recently acquired NET Detergent JSC.

MML 2019 net revenue was down 1.3% to VND13,799 billion compared to VND13,977 billion in 2018. Pig feed business was severely affected by ASF in 2019 as nearly 6 million pigs were culled, accounting for nearly 9 percent of the country's pig population. As a result, pig feed volume declined by 25%, but other feed categories outperformed with aqua and poultry feed volumes up 18% and 13%, respectively. MML's branded meat business, MEATDeli, continued to scale up as per expectations. MEATDeli sales volumes doubled in December 2019 compared to June 2019 sales volume, as the brand delivered VND102 billion net revenue in December 2019, or an annualized net revenue ("ARR") of VND1,200 billion. As of December 2019, MML had opened 624 cold chain point of sales in Hanoi and Ho Chi Minh City across three different formats: company owned and operated stores, modern trade partnerships, and authorized agents. MML also expanded its meat portfolio with the launch of chilled processed meat innovations in 4Q2019. Processed meat will be a key growth driver not just for topline but in increasing operating margins as well.

MML gross margins were 16.4% in 2019, up 140bps compared to 15.0% in 2018, due to lower commodity prices. EBITDA margins were 11.3% in 2019, up 240 basis points vs 2018, due to higher gross margins and 30bps reduction in SG&A expenses as % of revenue. Management will continue to rationalize spending to deliver sustainable double-digit operating margins, which are expected to expand further as contribution from branded meat portfolio increases. With the organic expansion of MEATDeli's distribution network in 2019 and significant synergies arising from VinCommerce's ("VCM") 3,000+ modern retail points-of-sales, MEATDeli is expected to become a major growth driver in the near future.

In 2019, our associated company, Techcombank's profit before tax grew by 20.4% to reach VND12,838 billion compared to VND10,661 billion in 2018. For further details please refer to TCB's annual report.

Masan Resources financial results for 2019, were affected by decline in commodity prices and deferred sales of copper inventory. MSR achieved net revenue of VND4,706 billion in 2019, a 31.4% decrease compared to VND6,865 billion recorded in 2018. Production volumes were down for Tungsten on lower production partially offset by higher third party purchases. For copper, production volumes were down due to lower head grades partially offset by higher recovery, while fluorspar volumes were broadly in line with 2018. Bismuth production was impacted by an extended maintenance shutdown. Revenues were also impacted by lower realized prices for Tungsten and a build-up in Tungsten stocks due to soft market conditions, as well as a build-up in copper stocks as the company continued to seek solutions for local processing and approvals for export from relevant authorities. Partially offsetting this was an increase in fluorspar revenues on the back of higher realized pricing. For 2019, MSR delivered EBITDA of VND1,881 billion, down 44% compared to 2019. This was primarily due to the impacts of lower Tungsten pricing and limited sales of copper. MSR's ongoing focus on cost control delivered approximately US\$14 million in cash savings, partially offsetting the impact from lower commodity prices. EBITDA margins remained at a healthy 40% despite the significant drop in pricing for Tungsten products and limited sales of copper as compared to 49% for 2018. As highlighted through the acquisition of H. C. Starck's Tungsten business (still under approval stage), 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 December 2019, Masan Group set the foundation for an integrated consumer platform by completing the merger of MCH and VCM to create Vietnam's largest consumer group. MSN is the majority shareholder (70%) of the combined entity, which shall hold 85.7% of MCH and 83.7% of VCM. As of 31<sup>st</sup> December 2019, VCM operated 134 supermarkets (VinMart), 2,888 minimarkets (VinMart+) and 14 high-tech vegetable and fruit farms (VinEco). VCM is the largest modern trade grocery retailer footprint with ~30% market share and an unparalleled fresh portfolio which is key to drive traffic and modern retail penetration in the future. VCM's fresh and quality proposition has significant synergies with MEATDeli which has 60% market share in VinMart currently and has successfully piloted in VinMart+. VCM is also the market leader in terms of its omni-channel strategy with access to 8.7 million customers via VinID super app.

For 2020, VCM's priority would be to demonstrate a clear path to profitability and digitalize the entire platform. It will continue to increase its presence in Hanoi to consolidate market share, with selective store opening outside of Hanoi to enhance profitability, while simultaneously shutting down stores nation-wide that have no clear path to profitability. VCM will also focus on developing a winning model in Ho Chi Minh

City and other Tier 2 cities by localizing SKU portfolio to match consumer preferences and build a differentiated brand proposition. Finally, increased contribution from private labels is expected to help improve profitability, while building a tech-enabled platform with real-time inventory reporting and efficient supply chain management will reduce operational costs.

With regards to our balance sheet, our year-end consolidated gross debt to EBITDA ratio was 2.5x (excluding the effects of VinCommerce acquisition) compared to 2.1x as of year-end 2018, due to higher debt and lower EBITDA, mainly from MSR's weaker performance. Gross financial debt increased by 36.5% to VND30,016 billion as of year-end 2019 compared to VND21,995 billion as of year-end 2018, primarily due to building out MML's meat business and including VND4.7 trillion of debt from the consolidation of VinCommerce's balance sheet on 31<sup>st</sup> December 2019.

In terms of longer-term outlook, we believe 2019 was a year that set the foundation for our transformation for the next five years. Over this period, Masan believes products and brands will not be enough to service the growing demands of our consumers, who now, more and more, want unique, novel and tailored experiences. With the entry into retailing, we now have most of the pieces to build a true "Consumer-Tech" platform, where consumer and technology can seamlessly interact and provide 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 the consumer wallet by offering a wider and more customized portfolio of products and services, allowing Masan to better serve 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 2020, Vietnam's economy is expected to continue expanding (though the spread of COVID-19 will negatively affect economic activity in the first half of the year), 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 unexpected volatility in soft commodity prices during 2020 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

As the world's 15<sup>th</sup> most populated country, Vietnam and its 100 million people are increasing their livestock consumption as they experience higher income and population growth. Despite the relatively stable growing trend of livestock production over the past few years, meat output has not managed to keep up with the current consumption demand. The sector is beset with problems ranging from lack of hygiene, sub-scale production, lower productivity and lack of innovations. Diseases such as ASF, avian flu and others continue to wreak havoc on the sector, resulting in sub-standard quality and price volatility.

For both practical and historical reasons, pork is the preferred meat in Vietnam. Pig farming plays an integral part in Vietnam's meat sector, as nearly 63% 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, prices began decreasing reaching less than US\$1/kg of live hogs, hence many small-scale farms decided to reduce their pig herd size. Due to pig supply deficit in 2018, prices again started increasing, but a severe outbreak of ASF in early 2019 once again led to significant hog price volatility. Vietnam culled nearly 9% of its pig population in 2019, which led to shortage of pork in the country, leading to significant rise in pork prices in the 2<sup>nd</sup> half of 2019.

In order to combat some of the inherent inefficiencies within the pork supply chain, Masan focused on building an integrated 3F model - feed (producing livestock feed), farm (breeding and farming), and food (meat processing) – in combination with building a retail level brand "MEATDeli". 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. In December 2018, Masan delivered on its targeted milestone of launching the "MEATDeli" brand in Hanoi, and established self-owned stores, in addition to selling through supermarket stores in the VinMart system and partnering with mom-and-pop stores to build authorized "MEATDeli" agents. During 2019, Masan started building a 2<sup>nd</sup> meat processing plant in Southern Vietnam and launched the brand in Ho Chi Minh City to serve Vietnamese consumers in and around Ho Chi Minh City. The launch of the "MEATDeli" brand has transformed MML into a FMCG business and has the potential to 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**

With the fastest-growing middle class in Southeast Asia, Vietnam has been experiencing phenomenal growth rates in its consumer and retail sectors. This trend looks set to continue into the future, given its relatively young population demographics and robust consumer spending behavior. Rise of e-commerce and digital retail channels in Vietnam is one of the top trends to watch out for in the future. 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.

### **Seasonings**

Fish sauce is by far the biggest segment within the seasonings category, while soy and chili sauce are the next two biggest segments. Over the past few years, a clear trend towards premiumization based on better quality and healthier ingredients has started to emerge, where consumers, especially in urban areas, are willing to pay higher prices for premium branded products.

Masan continues to be a trend-setter and market leader within the seasonings segment, with its unrivalled focus on R&D, innovation pipeline, healthier and premium product offerings, backed by scale, technology and a nation-wide distribution reach. Masan's brand building capabilities backed by strong product innovation has led to the launch of several premium brands in the last 2 years, with the most notable ones being Nam Ngu Phu Quoc, Chin-su Man Ma and Chin-su Ca Com Mua Xuan.

### **Convenience Foods**

Vietnam ranks 5<sup>th</sup> globally in terms of instant noodle consumption, behind China, Indonesia, India and Japan. As a result, the convenience foods category in Vietnam remains a very competitive space, with multiple players offering a diverse array of brands competing across the market on price, taste, ingredients and quality. There are over 50 producers of instant noodles in Vietnam, with Acecook being the market leader followed by Masan as the 2<sup>nd</sup> largest producer.

For the last 3 years, Masan has focused on premiumizing this category by introducing value-added ready-to-eat ("RTE") meals under the "Omachi" brand. By combining its seasonings market leader brand "Chin-su", innovations in premium noodles and a strong nutritional platform (Ponnie, Heo Cao Boi), Masan has introduced multiple RTE products with varied taste profiles. As a result, Masan's convenience foods portfolio continues to grow at a much faster rate than that of traditional pouch noodles in Vietnam.

### **Beverages**

Masan competes in three of the biggest beverage categories in Vietnam, energy drinks, bottled water and coffee, and continues to evaluate opportunities to build market leading innovative brands in other large scale categories within the overall beverages segment.

### **Energy Drinks**

Busier and stressful lifestyles are one of the key growth drivers contributing to the strong growth of energy drinks in Vietnam. Advertising often focuses on how energy drinks can help consumers cope with a busy work schedule by providing an energy boost. Another growth driver is demand for energy drinks from people

working in blue-collar sectors such as manufacturing, agriculture and transportation. Red Bull Vietnam is the market leader followed by Suntory Pepsico and Tan Hiep Phat.

Masan, entered the category in 2015 with its coffee flavored energy drink “Wake-up 247” and quickly built a strong presence as the 4<sup>th</sup> largest player. With the launch of “Compact” brand, Masan entered the fruit flavored energy drinks in 2018, and is currently focused on building out a complete portfolio within this category, backed by strategic marketing campaigns and supported by the one of the largest distribution networks in the country.

### **Bottled Water**

Vietnam’s bottled water market is projected to grow in double-digits in the near to medium term, on account of deteriorating water quality in many areas of the country, which is resulting in increasing demand for safe and clean drinking water. Moreover, majority of the population remains short of getting access to clean water, owing to rapidly growing population and increasing urbanization rate. Though this demand is partially fulfilled by municipal water supply, it is expected to result in huge demand for bottled water in Vietnam.

Masan started its journey within this segment by acquisition of two of Vietnam’s most trusted bottled water brands, Vinh Hao and Quang Hanh. Over the last 2 years though, we built the “Vivant” brand – premium mineral water innovation, which has received strong consumer response since launch, and delivered double digit growth in our bottled water business during 2019.

### **Coffee**

Vietnam is the world's second-largest producer and exporter of coffee, after Brazil. An increasingly busy lifestyle and longer working hours is expected to drive long term growth for this category. Moreover, the category should also benefit as manufacturers continue to introduce stronger-tasting products that suit the traditional preferences of Vietnamese consumers.

Masan continues to be one of the market leaders in the instant coffee segment, through its brands “Vinacafe” and “Wake-up”. Going forward, we aim to expand into new formats like roast and ground coffee, ready-to-drink coffee to deliver long-term sustainable growth. We continue to assess new business models and working on an innovation pipeline to develop unique coffee formats and flavors.

### **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. However, in terms of the processed meat and seafood available through retail in Vietnam as of 2019, 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 meats.

Masan has built some of the best known brands like Heo Cao Boi, Ponnies among others, available in the market through its partnership with Jin-Ju Ham from South Korea. As a result, sales from Masan’s processed meat portfolio nearly doubled in 2019, with further growth expected in the future backed by an evolving innovation pipeline suited to Vietnamese consumers’ tastes and preferences.

### **Beer**

During the period 2017-2019, players in beer in Vietnam experienced various difficulties and barriers to increasing their sales and expanding their market. First, the special consumption tax on beer continued to put pressure on players to maintain their prices in order to stimulate their sales. Second, stricter government policies for beer consumption especially higher fines for drunk driving affected the market significantly.

Nevertheless, the category is still expected to record a good performance in the medium term due to strong on-premise consumption culture, rapid urbanization, a young population and rising disposable incomes.

## **Home and Personal Care**

The home and personal care market is one of the largest and most attractive consumer sectors in Vietnam with a total market size in excess of US\$4 billion, which is currently dominated by foreign players and products. Consumers in Vietnam end up over paying for these products, as is evident from the fact that Vietnam has the highest spending per capita for this category among Southeast Asian markets.

Masan believes that the HPC market is still at the early stages of growth when compared to other developed markets, and provides significant opportunities to build Vietnamese power brands. Hence, Masan Consumer acquired a majority stake in Net Detergent JSC (“NET”) during 1Q2020, as it is a strategic entry point for Masan to build a diversified HPC platform. Masan will work alongside NET to drive significant growth by building an innovative portfolio, and utilize Masan’s current distribution network which has a high existing overlap to unlock potential synergies.

## **VIETNAM’S RETAIL SECTOR**

Vietnam’s retail industry is currently dominated by traditional outlets like mom-and-pop stores or wet markets, which account for nearly 90% of the market. This segment currently suffers from low scale and lack of quality service, as there are over 1.5 million retail outlets in Vietnam. As a result, modern trade has been experiencing phenomenal growth in Vietnam, supported by the fastest-growing middle class in Southeast Asia, young population demographics and robust consumer spending behavior. In fact, the rise of e-commerce and digital retail channels in Vietnam is one of the top trends to watch out for in the future.

Although Vietnam’s retail sector holds immense potential for growth, the level of competition is intense. Across different retail formats, such as supermarkets, convenience stores and mini-markets, domestic and foreign retail giants are engaged in a battle for dominance as they embark on aggressive expansion strategies.

During December 2019, Masan Group set the foundation for an integrated consumer platform by completing the merger of MCH and VCM to create Vietnam’s largest consumer group. VCM is the largest modern trade grocery retailer footprint with an unparalleled fresh portfolio which is key to drive traffic and modern retail penetration in the future. VCM’s fresh and quality proposition also has significant synergies with our existing business, MEATDeli. Finally, VCM is also the market leader in terms of its omni-channel strategy with access to 8.7 million customers via VinID super app. For the near future, VCM’s priority would be to demonstrate a clear path to profitability and digitalize the entire platform by building a seamless O2O (offline-to-online) strategy. In addition, expansion of distribution footprint by selective point of sale opening, traffic improvement through product localization and a push towards building a private label portfolio would further contribute to building an unparalleled modern retail business in Vietnam.

## **VIETNAM’S BANKING SECTOR**

Vietnam continues to enjoy an economic resurgence that began in 2014, and 2019 was another good year with GDP growth in excess of 7%. Credit growth in 2019 was estimated at around 13.6% for the entire sector, with manageable inflation of 3.6%. As of year-end 2019, 19 banks had officially announced their compliance with standard Basel II benchmarks, while NPL ratios were well managed across most banks. 2019 was another year characteristic of ample liquidity in the system, enabling interest rates to be kept at a relatively low level. The relatively low level of interest rates were mainly due to the following factors: higher foreign exchange reserves (~US\$80 billion) and government’s pro-growth stance through 2 policy rate cuts in September and December 2019.

In terms of 2020 outlook, stringent supervision will provide a lot of advantages to Basel II compliant banks like Techcombank. Credit growth could be challenged given the new environment of tightened regulations, as well as the development of the corporate bond market, where distributions to the public has been

increasing sharply. The outbreak of Coronavirus and the subsequent policy actions from the government to support businesses, could also impact the sector's profitability for this year.

#### **GLOBAL TUNGSTEN SECTOR**

US-China trade tensions continued to impact Tungsten market for most of 2019. Tungsten prices, which were affected by the reduced demand in downstream products, mainly in the automotive space, were also exacerbated by uncertainty over the impact of the Tungsten stockpile sale of the Fanya metal exchange in China. Prices dropped significantly in the lead up to the auction of this stockpile in 3Q2019 but recovered quickly with the stockpile being purchased by China Molybdenum Corporation. Prices recovered towards the end of 2019 to around US\$230-240/MTU, but the outlook for 2020 remains uncertain due to the recent substantial drop in oil prices and the continued outbreak of coronavirus cases across the world affecting demand from some of the biggest end users of Tungsten.

# 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 and home and personal care businesses such as Masan Consumer (“MSC”) and Masan Brewery (“MB”); ii) Masan MEATLife (“MML”), a branded meat (“MEATDeli”) producer which holds interests in animal feed companies, Vietnamese-French Cattle Feed JSC (“Proconco”) and Agro Nutrition International JSC (“ANCO”), and through ANCO holds 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”); iv) VCM Services and Trading Development JSC (“VCM”) and v) and 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 60.0% economic interest in MCH, with the balance being owned by Singha Corporation and previous owners of VCM who swapped their shares as part of the 2019 merger as of 31 December 2019. 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.

We own 58.6% economic interest in VCM, with the balance being owned by VinGroup and other third-party investors as of 31 December 2019. Events that affect VCM’s business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We own 95.99% stake in MSR, with the balance being owned by management and other investors as of 31 December 2019. Events that affect MSR’s business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We hold 87.27% economic interest in MML as of 31 December 2019, with the rest being owned by Kohlberg Kravis Roberts & Co. L.P. (“KKR”), management and other third-party investors. Events that affect MML and its subsidiaries’ business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

**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.

Masan MEATLife has built a fully intergrated 3F model (Feed – Farm – Food), and will continue to expand this platform going forward. Live hog and pork meat prices are a critical component of profitability for our business. Furthermore, since the industry is fragmented, there can be no assurance that we will be able to compete effectively against current or potential competitors. MML operates a large scale pig farm, meat processing center and continues to build-out a retail distribution network to sell branded chilled and processed meat. Hence, hog prices, pork prices and other factors affecting the overall market in Vietnam may also affect our business operations.

VinCommerce operates one of the largest modern trade retail businesses in Vietnam and competes mainly on the basis of brand image, pricing, distribution network and product mix. The entrance of established

foreign brands and companies will continue to increase competition within the retail 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. VCM may be required to make substantially greater investments in technology, distribution and network expansion, branding, as well as promotions and marketing. Such expenditures may lower our profit margins and thereby adversely affect our results of 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 percentage of revenues denominated in non-VND currency will increase further after the merger with H. C. Starck is completed. 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 MSR'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 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 resources business.

**The impact of the COVID-19 pandemic is still not well understood.**

COVID-19 is expected to severely impact the world's economic outlook and there have been no signs of containing the pandemic so far. The cessation of business operations across many sectors is expected to have knock-on effects on many of our businesses. Such impact is still being reviewed.

# Financial Statements

## Consolidated Income Statement

	2019	2018
Figures in VND million	Audited	Audited
Total Revenue	38,818,747	39,378,747
Less Sales Deductions	(1,464,660)	(1,191,130)
<b>Net sales</b>	<b>37,354,087</b>	<b>38,187,617</b>
Cost of Goods Sold	(26,412,939)	(26,306,208)
<b>Gross profit</b>	<b>10,941,148</b>	<b>11,881,409</b>
Selling Expenses	(3,994,895)	(4,314,253)
General & Administrative Expenses	(2,103,408)	(2,015,388)
Financial Income	1,188,183	1,901,793
Financial Expenses	(2,200,562)	(3,090,914)
Share of Profit in an Associate	2,182,410	1,914,340
<b>Net Operating Profit</b>	<b>6,012,876</b>	<b>6,276,987</b>
Results of Other Activities	1,092,214	(33,163)
<b>Profit Before Tax</b>	<b>7,105,090</b>	<b>6,243,824</b>
Tax	(740,475)	(622,319)
<b>Net Profit</b>	<b>6,364,615</b>	<b>5,621,505</b>
<b>Attributable to</b>		
Minority Interests	807,044	705,008
<b>Equity Holders of the Company</b>	<b>5,557,571</b>	<b>4,916,497</b>

## Consolidated Balance Sheet

	December 31, 2019	December 31, 2018
Figures in VND million	Audited	Audited
<b>CURRENT ASSETS</b>	<b>24,261,892</b>	<b>12,499,618</b>
Cash and Cash Equivalents	6,800,528	4,585,889
Short-term Investments	784,454	375,848
Net Operating Receivables	1,134,787	1,417,250
Other Receivables	4,282,989	995,305
Inventories	9,621,821	4,333,191
Other Current Assets	1,637,313	792,135
<b>LONG TERM ASSETS</b>	<b>73,035,359</b>	<b>52,078,995</b>
Long-term Receivables	1,599,646	1,377,124
Fixed Assets	40,791,699	29,203,764
Tangible Fixed Assets	29,170,881	23,798,207
Intangible Fixed Assets	11,620,818	5,405,557
Construction in Progress	3,278,972	2,171,342
Long-term Investments	17,505,857	15,347,915
Other Long-term Assets	9,859,185	3,978,850
<b>TOTAL ASSETS</b>	<b>97,297,251</b>	<b>64,578,613</b>
	December 31, 2019	December 31, 2018
Figures in VND million	Audited	Audited
<b>CURRENT LIABILITIES</b>	<b>30,492,191</b>	<b>15,795,515</b>
Short-term Debt	18,340,185	9,243,779
Current Account Payable	5,635,395	2,668,610
Advance from Customers	1,178,905	334,553
Tax Payable	770,004	429,861
Payroll Payable	291,683	300
Accrued Expense	4,110,502	2,791,050
Other Payable	165,517	327,362
<b>LONG TERM LIABILITIES</b>	<b>14,916,653</b>	<b>14,703,420</b>
Long-term Debt	11,675,842	12,751,649
Other Long-term Liabilities	3,240,811	1,951,771
<b>TOTAL LIABILITIES</b>	<b>45,408,844</b>	<b>30,498,935</b>
<b>EQUITY</b>	<b>51,888,407</b>	<b>34,079,678</b>

Chartered Capital	11,689,464	11,631,495
Capital Surplus	11,084,357	11,084,417
Other Capital	(8,563,690)	(9,426,958)
Treasury Shares	-	-
Differences in Forex Revaluation	11,033	4,402
Retained Earnings	28,558,952	16,193,388
Minority Interest	9,108,291	4,592,934
<b>TOTAL RESOURCES</b>	<b>97,297,291</b>	<b>64,578,613</b>

## Performance Highlights

	31 December 2019	31 December 2018
Current Ratio	0.8x	0.8x
Quick Ratio	0.6x	0.5x
Total Debt/EBITDA*	2.5x	2.1x
Total Debt/Total Assets	0.3x	0.3x
Inventory Turnover	4.5x	6.1x
Inventory Days	82	60
ROAE*	18.0%	22.2%
ROAA*	9.0%	8.8%
Net Sales/Total Assets*	51.4%	59.1%
EBIT Margin	18.8%	19.6%
EBITDA Margin	27.0%	27.4%
Reported Net Margin (Post-MI)	14.9%	12.9%
Core Net Margin (Post-MI)	10.4%	9.1%

\* Excludes effects of VCM acquisition

# 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

	2019	2018
Figures in VND million	Audited	Audited
Revenue by business segments		
Masan Consumer Holdings ("MCH")	18,845,240	17,345,752
Masan MEATLife ("MML")	13,798,751	13,976,854
Masan Resources ("MSR")	4,706,130	6,865,011
<b>Total</b>	<b>37,354,087</b>	<b>38,187,617</b>

Net revenue decreased by 2.2% to VND37,354 billion in 2019 from VND38,188 billion in 2018. The decrease in consolidated net revenue was primary driven by a 31.4% drop in MSR's net revenue to VND4,706 billion in 2019 from VND6,865 billion in 2018, due to 22% drop in Tungsten prices during 2019 and deferred copper sales. MML's revenue declined marginally to VND13,799 billion in 2019 from VND13,977 billion in 2018, due to ASF which resulted in culling of nearly 9% of Vietnam's pig population. However, during 2019, MML continued to build out the "MEATDeli" brand value-chain and scaled up retail distribution to more than 600 points of sales ("POS") with the aim to fulfill consumers' big unmet need of traceable, delicious and safe-for-health meat.

In 2019, MCH delivered yet another successful year as net revenue increased by 8.6% to VND18,845 billion from VND17,346 billion in 2018. MCH's pivot towards focusing on building innovative consumer brands has successfully transformed its distribution model from "push" to "pull" model. Premiumization strategy continued to perform well led by innovations in the seasoning and convenience foods categories, further supported by strong growth in the beverages and processed meats category.

## Gross Profit

	2019	2018
Figures in VND million	Audited	Audited
<i>Segment Gross Profit</i>		
Masan Consumer Holdings	7,890,155	7,571,676
Masan MEATLife	2,266,603	2,096,950
Masan Resources	734,985	2,161,462
<b>Total</b>	<b>10,941,148</b>	<b>11,881,409</b>

Consolidated gross profit decreased by 7.9% to VND10,941 billion in 2019 from VND11,881 billion in 2018. As a result, Masan Group's gross profit margin ("GPM") decreased to 29.3% in 2019 from to 31.1% in 2018. Overall, MCH contributed 72% of consolidated gross profits in 2019, followed by 21% from MML and 7% from MSR.

MSR's gross profit declined by 66.0% to VND735 billion in 2019 from VND2,161 billion in 2018, mainly due to lower commodity prices and deferred sales of copper, as a result MSR's GP margin declined to 15.6%

in 2019 compared to 31.5% in 2018. MCH's gross profit increased to VND7,890 billion in 2019, from VND7,572 billion in 2018 mainly due to 8.6% growth in net revenues, through GPM declined from 43.7% in 2018 to 41.9% in 2019. GPM decline was driven by lower margins from granules in seasonings segment, accounting policy change in convenience foods, offset by higher margins in energy drinks. MML's gross profit increased from VND2,097 billion in 2018 to VND2,266 billion in 2019, in spite of lower revenues. GPM increased from 15.0% in 2018 to 16.4% in 2019, due to lower soft commodity prices.

## **Selling Expenses**

Selling expenses decreased by 7.4% to VND3,995 billion in 2019 from VND4,314 billion in 2018. As a result, selling expenses as a percentage of net revenue decreased to 10.7% in 2019 from 11.3% in 2018. As a percentage of net revenue, selling expenses at MCH decreased to 19.0% in 2019 from 19.8% in 2018, due to optimized promotion and marketing spend. For MML, rationalized spending helped lower expenses, resulting in selling expenses as a percentage of net revenue dropping slightly from 5.5% in 2018 to 5.4% in 2019. For MSR, selling expenses were nearly flat at VND116 billion in 2019, compared to VND104 billion in 2018.

## **General And Administration Expenses**

General and administration expenses increased by 4.4% to VND2,103 billion in 2019 from VND2,015 billion in 2018. General and administration expenses as a percentage of net revenue increased from 5.3% in 2018 to 5.6% in 2019.

## **Financial Income**

Financial income decreased by 37.5% to VND1,188 billion in 2019 from VND1,902 billion in 2018. Financial income during 2019 includes VND809 billion from the settlement of arbitration case with Jacob's Australia and 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 Expenses**

Financial expenses decreased by 28.8% to VND2,201 billion in 2019 from VND3,091 billion in 2018, driven mainly by the decrease in interest payments for outstanding bonds. During 4Q2018, MSN reduced its consolidated debt balance by nearly VND13 trillion by repaying outstanding bonds at MSN and MCH and repaying working capital lines at MML.

## **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 increased by 14.0% to VND2,182 billion in 2019 from VND1,914 billion in 2018, due to higher earnings reported by Techcombank in 2019.

## **Net Profit After Tax**

In 2019, core net profit (excluding net one-time gain) post minority interest reached VND3,907 billion, up 12.4% compared to 2018 profit of VND3,477 billion. Core profit margin increased to 10.5% in 2019 from 9.1% during the same period last year. MCH, MML and reduced consolidated financial expenses were the key drivers for the profit growth. MCH EBITDA was up 12.7% as revenue grew by 8.6% and EBITDA margin expanded by 89bps. MML EBITDA was up 25.6%, due to 240bps improvement in EBITDA margins, even though revenue was down 1.3%. Finally, 28.8% reduction in consolidated financial expenses also spurred profitability growth.

Reported 2019 net profit post minority interest increased by 13.0% to VND5,558 billion, compared to VND4,916 billion in 2018. Reported net profit includes net one-time gain of VND1,651 billion in 3Q2019

from the settlement of arbitration case with Jacob's E&C Australia and net one-time gain of VND1,472 billion from the partial deemed disposal of MSN's shareholding in Techcombank during 2Q2018.

## Cash and Cash Equivalents

Cash and cash equivalents of the Group, including short-term investments, increased to VND7,585 billion as of 31 December 2019 compared to VND4,962 billion as of 31 December 2018.

Cash outflows were mainly due to net interest payments of VND1.6 trillion, capital expenditures of VND4.2 trillion, cash dividends of VND400 billion which went to minority investors of our subsidiaries. Cash inflows primarily stemmed from VND7 trillion generated by operating activities, VND3.2 trillion from net borrowings and VND644 billion in cash due to effects of VCM acquisition.

## Inventories

Inventories increased to VND9,622 billion as of 31 December 2019 compared to VND4,333 billion as of 31 December 2018, mainly due to effects of VinCommerce consolidation (VND3.7 trillion) on 31 December 2019. Excluding VCM consolidation, inventory days for MSN increased to 82 compared to 60 in 2018, due to deferred copper sales at MSR.

## Fixed Assets

As of 31 December 2019, fixed assets amounted to VND40,792 billion compared to VND29,203 billion on 31 December 2018. Increase was mainly due to effects of VCM consolidation (VND12 trillion) and capital expenditure in 2019. Capital expenditures in 2019 were mainly related to the construction of our meat value chain in MML, processed meat, raw fish sauce and energy drinks capacity expansion at MCH, and capex at MSR for maintenance and tailings dam expansion in addition to other capital upgrades.

## Investments in Associates

Investments in associates represent our effective economic interest in Techcombank, VISSAN and Cholimex Food Joint Stock Company as of 31 December 2019. Investments in associates also include various associate investments by Proconco, a subsidiary.

## Total Assets

Total assets increased by 50.1% to VND97,297 billion as of 31 December 2019 compared to VND64,579 billion as of 31 December 2018. This was primarily due to increase in fixed assets as a result of VCM acquisition (VND21 trillion), increase in cash balance and inventories as explained earlier.

## Borrowings

As of 31 December 2019, short-term and long-term borrowings increased by 36.5% to reach VND30,016 billion compared to VND21,995 billion as of 31 December 2018. This increase was mainly due to consolidation of VND4,715 billion in debt as a result of VCM acquisition and to fund capex of VND4.2 trillion in 2019.

## Owners' Equity

Owners' equity as of 31 December 2019 was VND51,888 billion, up 52.2% compared to VND34,080 billion as of 31 December 2018. This was mainly driven by the net effects of the additional net profit contribution of VND6,364 billion and gain of VND9,063 billion arising from the net effects of VCM acquisition.

# 2020 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. We are continually monitoring the impact of the COVID-19 pandemic and at this time have not fully captured this in our forecasting.

After operating for 3 months in 2020, we still expect significant double digit growth in consolidated net revenue for FY 2020, while we believe profitability will catch in the second half of the year. Overall, we believe there is minimal negative impact from the pandemic as a majority of our business is geared toward consumer essential needs. In particular please see our guidance and strategic view below for each of our businesses:

- VCM: deliver full year EBITDA margin of -3% to breakeven and demonstrate breakeven model in 2H of 2020.
  - First priority is to rationalize operational efficiencies including COGS, logistics and non-trade costs.
  - Develop a core range portfolio and make it available in all stores and supplement with a regional portfolio.
  - Rationalize and close down stores with no path to profitability.
- MCH: we expect MCH to deliver 15%+ revenue growth and double digit profitability growth driven by:
  - Seasoning: higher contribution of premium products and aligning our granules portfolio to the overall seasoning financial model.
  - Convenience Foods (inclusive of Processed Meats): continue focus on premiumizing the portfolio and building a champion complete meal portfolio. We believe that post COVID-19, consumers will continue to switch into ready to eat packaged products and dine out less compared to pre COVID-19.
  - Beverages: focus on strengthening our energy drink portfolio and continue to gain share by have brands across sub-segments. Also, continue to increase our weighted distribution coverage nationwide.
  - Home Personal Care: successfully integrate Net JSC post acquisition in February 2020 and synergize by leveraging our point of sales to increase availability of Net JSC's brands and products.
  - Strategic initiative: increase penetration of our brands and products in modern trade with an objective to 2x our net sales compared to 2019.
- MML: ensure meat revenue is equal to 20% of net consolidated revenue and develop winning processed meat portfolio.
  - Feed is expected to grow moderately, with potential upside if pig replenishment accelerates to match domestic consumption demand.
- MSR: focus on pending integration of HCS to become a global value-added midstream processor to de-risk commodity price cycles in tungsten.
  - We would like to caution that the performance of MSR will be subject to the global economy opening and rate of recovery post COVID-19 being controlled. This will dictate commodity prices and customer demand for our high-tech products.

## 2020 Balance Sheet Outlook

With regards to our balance sheet, our year-end consolidated gross debt to EBITDA ratio was 2.5x (excluding the effects of VinCommerce acquisition) compared to 2.1x as of year-end 2018, due to higher debt and lower EBITDA, mainly from MSR's weaker performance.

For 2020, we are and will continue to maximize our liquidity position to ensure we have the cash on hand to navigate the COVID-19 pandemic if it should persist longer than expected. This may include raising our debt balances beyond anticipated levels in the interim and re-optimizing our balance sheet when the situation has been normalized.

# FINANCIAL REPORT

## Separate audited financial statements

For separate audited financial statements, please find in the below link:

<https://masangroup-cms-production.s3-ap-southeast-1.amazonaws.com/iblock/fd9/fd982df49d8e17926d2aa7a6ad4c7186/7075c4a7421412707a94c1b585d5bed8.pdf>

# Masan Group Corporation and its subsidiaries' Consolidated Financial Statements

(For the year ended 31 December 2019)



**Masan Group Corporation  
and its subsidiaries**

Consolidated Financial Statements for the year ended  
31 December 2019



## Masan Group Corporation Corporate Information

### Business Registration Certificate No.

0303576603

17 July 2019

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 17 July 2019. 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
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Woncheol Park	Member (from 24 April 2019)
Mr Nguyen Doan Hung	Member (from 24 April 2019)
Mr David Tan Wei Ming	Member (from 24 April 2019)
Mr Lars Kjaer	Member (until 23 April 2019)
Mr Dominic Edward Salter Price	Member (until 23 April 2019)

### 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

### Legal representative

Dr Nguyen Dang Quang	Chairman
	Chief Executive Officer

### Registered Office

Suite 802, 8<sup>th</sup> Floor, Central Plaza  
17 Le Duan Street  
Ben Nghe Ward, District 1  
Ho Chi Minh City  
Vietnam

### 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 2019.

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 2019 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 2019, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management 



Dr Nguyen Dang Quang  
Chairman  
Chief Executive Officer

Ho Chi Minh City, Vietnam  
20 March 2020



KPMG Limited Branch  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
+84 (28) 3821 9266 | kpmg.com.vn

## **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 2019, 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 20 March 2020, as set out on pages 5 to 83.

### **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 2019 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.: 19-01-00258-20-4



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

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Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2018-007-1

Ho Chi Minh City, 20 March 2020

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2019**

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

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>24,261,892</b>	<b>12,499,618</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>6,800,528</b>	<b>4,585,889</b>
Cash	111		1,928,070	513,597
Cash equivalents	112		4,872,458	4,072,292
<b>Short-term financial investments</b>	<b>120</b>	<b>7</b>	<b>784,454</b>	<b>375,848</b>
Trading securities	121		472,134	-
Held-to-maturity investments	123		312,320	375,848
<b>Accounts receivable – short-term</b>	<b>130</b>	<b>8</b>	<b>5,417,776</b>	<b>2,412,555</b>
Accounts receivable from customers	131		1,240,531	1,523,385
Prepayments to suppliers	132		1,528,648	707,242
Other short-term receivables	136		2,754,341	288,063
Allowance for doubtful debts	137		(105,744)	(106,135)
<b>Inventories</b>	<b>140</b>	<b>9</b>	<b>9,621,821</b>	<b>4,333,191</b>
Inventories	141		9,690,631	4,389,589
Allowance for inventories	149		(68,810)	(56,398)
<b>Other current assets</b>	<b>150</b>		<b>1,637,313</b>	<b>792,135</b>
Short-term prepaid expenses	151		261,425	94,291
Deductible value added tax	152		1,352,367	674,894
Taxes receivable from State Treasury	153	16(a)	23,521	22,950

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2019 (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	31/12/2019 VND million	1/1/2019 VND million
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>73,035,359</b>	<b>52,078,995</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>8</b>	<b>1,599,646</b>	<b>1,377,124</b>
Other long-term receivables	216		1,599,646	1,377,124
<b>Fixed assets</b>	<b>220</b>		<b>40,791,699</b>	<b>29,203,764</b>
Tangible fixed assets	221	10	29,170,881	23,798,207
Cost	222		39,248,028	31,906,656
Accumulated depreciation	223		(10,077,147)	(8,108,449)
Finance lease tangible fixed assets	224		-	-
Cost	225		67,300	67,300
Accumulated depreciation	226		(67,300)	(67,300)
Intangible fixed assets	227	11	11,620,818	5,405,557
Cost	228		14,777,843	8,015,798
Accumulated amortisation	229		(3,157,025)	(2,610,241)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,278,972</b>	<b>2,171,342</b>
Construction in progress	242	12	3,278,972	2,171,342
<b>Long-term financial investments</b>	<b>250</b>	<b>7</b>	<b>17,505,857</b>	<b>15,347,915</b>
Investments in associates	252		17,492,653	15,328,811
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(8,442)	(8,442)
Held-to-maturity investments	255		-	5,900
<b>Other long-term assets</b>	<b>260</b>		<b>9,859,185</b>	<b>3,978,850</b>
Long-term prepaid expenses	261	13	5,633,114	3,164,050
Deferred tax assets	262	14	240,643	295,261
Goodwill	269	15	3,985,428	519,539
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>97,297,251</b>	<b>64,578,613</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2019 (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	31/12/2019 VND million	1/1/2019 VND million
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>45,408,844</b>	<b>30,498,935</b>
<b>Current liabilities</b>	<b>310</b>		<b>30,492,191</b>	<b>15,795,515</b>
Accounts payable to suppliers	311		5,635,395	2,668,610
Advances from customers	312		1,178,905	334,553
Taxes payable to State Treasury	313	16(b)	770,004	429,861
Payables to employees	314		291,683	300
Accrued expenses	315	17	4,110,502	2,791,050
Unearned revenue – short-term	318		12,050	-
Other short-term payables	319	18	122,557	296,413
Short-term borrowings and bonds	320	19	18,340,185	9,243,779
Bonus and welfare funds	322		30,910	30,949
<b>Long-term liabilities</b>	<b>330</b>		<b>14,916,653</b>	<b>14,703,420</b>
Accounts payable to suppliers	331		31,013	36,330
Other long-term payables	337	18	180,939	23,804
Long-term borrowings and bonds	338	19	11,675,842	12,751,649
Deferred tax liabilities	341	14	2,455,415	1,351,446
Provisions	342	20	573,444	540,191

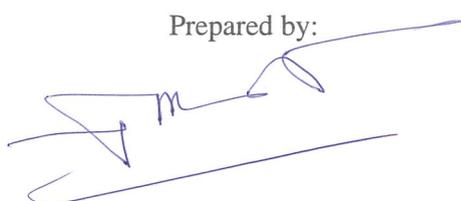
*The accompanying notes are an integral part of these consolidated financial statements*

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2019 (continued)**

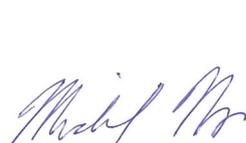
**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>51,888,407</b>	<b>34,079,678</b>
<b>Owners' equity</b>	<b>410</b>	<b>21</b>	<b>51,888,407</b>	<b>34,079,678</b>
Share capital	411	22	11,689,464	11,631,495
Capital surplus	412	22	11,084,357	11,084,417
Other capital	414		(8,563,690)	(9,426,958)
Foreign exchange differences	417		11,033	4,402
Undistributed profits after tax	421		28,558,952	16,193,388
- Undistributed profits after tax brought forward	421a		15,330,120	12,350,048
- Net profit for the current year	421b		13,228,832	3,843,340
Non-controlling interests	429		9,108,291	4,592,934
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>97,297,251</b>	<b>64,578,613</b>

20 March 2020

Prepared by:  


Doan Thi My Duyen  
 Chief Accountant

Approved by:  


Michael Hung Nguyen  
 Deputy Chief Executive Officer  
 Chief Financial Officer

Approved by:  
  


Dr Nguyen Dang Quang  
 Chairman  
 Chief Executive Officer

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the year ended 31 December 2019**

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

	Code	Note	2019 VND million	2018 VND million
Revenue from sale of goods	01	25	38,818,747	39,378,747
Revenue deductions	02	25	1,464,660	1,191,130
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>25</b>	<b>37,354,087</b>	<b>38,187,617</b>
Cost of sales	11	26	26,412,939	26,306,208
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>10,941,148</b>	<b>11,881,409</b>
Financial income	21	27	1,188,183	1,901,793
Financial expenses	22	28	2,200,562	3,090,914
<i>In which: Interest expense</i>	23		1,866,015	2,667,531
Share of profit in associates	24		2,182,410	1,914,340
Selling expenses	25	29	3,994,895	4,314,253
General and administration expenses	26	30	2,103,408	2,015,388
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>6,012,876</b>	<b>6,276,987</b>
Other income	31	31	1,325,350	14,708
Other expenses	32		233,136	47,871
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>1,092,214</b>	<b>(33,163)</b>
<b>Accounting profit before tax</b> <b>(50 = 30 + 40) (carried forward)</b>	<b>50</b>		<b>7,105,090</b>	<b>6,243,824</b>

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

**Masan Group Corporation and its subsidiaries**

**Consolidated statement of income for the year ended 31 December 2019 (continued)**

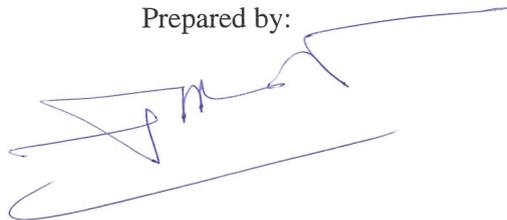
**Form B 02 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2019 VND million	2018 VND million
Accounting profit before tax (50 = 30 + 40) (brought forward)	50		7,105,090	6,243,824
Income tax expense – current	51	32	790,583	726,692
Income tax benefit – deferred	52	32	(50,108)	(104,373)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>6,364,615</b>	<b>5,621,505</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		5,557,571	4,916,497
Non-controlling interests	62		807,044	705,008
<b>Earnings per share</b>				
Basic earnings per share (VND)	70	34	4,766	4,561

20 March 2020

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*

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 31 December 2019**  
**(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	2019 VND million	2018 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>7,105,090</b>	<b>6,243,824</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	2,748,584	2,705,218
Allowances and provisions	03	109,550	123,092
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(6,566)	8,859
Profits from investing activities	05	(2,404,958)	(3,738,917)
Interest expense and other financial expenses	06	2,010,975	2,888,368
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>9,562,675</b>	<b>8,230,444</b>
Increase in receivables and other assets	09	(74,463)	(734,186)
Increase in inventories	10	(1,629,376)	(76,765)
Increase in payables and other liabilities	11	195,972	610,042
Decrease/(increase) in prepaid expenses	12	15,002	(86,037)
Increase in trading securities	13	(472,134)	-
		<b>7,597,676</b>	<b>7,943,498</b>
Interest paid	14	(1,887,876)	(2,869,402)
Corporate income tax paid	15	(600,760)	(675,981)
Other payments for operating activities	17	(4,915)	(6,986)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>5,104,125</b>	<b>4,391,129</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(4,162,595)	(2,638,466)
Proceeds from arbitration settlement	21	984,162	-
Proceeds from disposals of fixed assets and other long-term assets	22	38,533	10,232
Payments for granting loans and term deposits	23	(1,164,820)	(1,659,260)
Receipts from collecting loans and term deposits	24	1,234,248	2,013,981
Payments for investments	25	(4,109,212)	(2,308,579)
Business combination, net of cash combined	25 5	644,123	-
Proceeds from disposals of investments	26	212,130	379,736
Receipts of interest, dividends and others	27	311,989	335,756
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(6,011,442)</b>	<b>(3,866,600)</b>

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

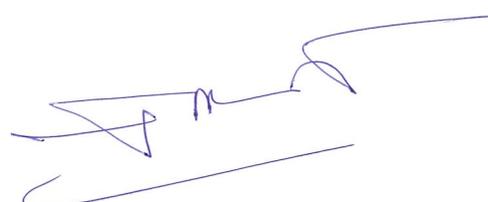
**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 31 December 2019**  
**(Indirect method – continued)**

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

	Code Note	2019 VND million	2018 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of new shares, reissue treasury shares and equity issued to non-controlling interests	31	271,362	10,927,861
Proceeds from borrowings and bonds	33	30,211,372	23,643,380
Payments to settle borrowings and bonds	34	(26,975,387)	(36,614,844)
Payments to settle finance lease liabilities	35	-	(9,026)
Payments of dividends to non-controlling interests of subsidiaries	36	(390,445)	(1,304,374)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>3,116,902</b>	<b>(3,357,003)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>2,209,585</b>	<b>(2,832,474)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>4,585,889</b>	<b>7,417,111</b>
<b>Effect of exchange rate fluctuations</b>	<b>61</b>	<b>5,054</b>	<b>1,252</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b> <b>6</b>	<b>6,800,528</b>	<b>4,585,889</b>

20 March 2020

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*

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**

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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:

**Masan Group Corporation and its subsidiaries**  
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**Subsidiaries**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
<b>Direct subsidiaries</b>					
1	Masan Consumer Holdings Company Limited (“MCH”)	Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	60.0%	85.7%
2	Masan Horizon Company Limited (“MH”)	Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
3	Masan MEATLife Corporation (formerly known as Masan Nutri-Science Corporation) (“MML”)	Investment holding	10 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	87.3%	80.8%
4	VCM Services and Trading Development Joint Stock Company (“VCM”) (a)	Investment holding	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	58.6%	-
<b>Indirect subsidiaries</b>					
1	Masan Brewery Company Limited (“MB”)	(i) Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	40.0%	57.1%
2	Masan Master Brewer Company Limited (“MMBr”)	(i) Beer and beverage trading	10 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	40.0%	57.1%

**Masan Group Corporation and its subsidiaries**  
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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
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	40.0%	57.1%
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	40.0%	57.1%
5	Masan Brewery Distribution One Member Company Limited (“MBD”)	(i) Beer and beverage trading	10 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	40.0%	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	40.0%	57.1%
7	Masan Consumer Corporation (“MSC”)	(i) Trading and distribution	12 <sup>th</sup> Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	56.8%	81.5%
8	Masan Consumer (Thailand) Limited (“MTH”)	(i) Trading and distribution	No. 83, 4 <sup>th</sup> Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	56.8%	81.5%
9	Masan Food Company Limited (“MSF”)	(i) Trading and distribution	12 <sup>th</sup> Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	56.8%	81.5%

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)**

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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
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	56.8%	81.5%
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	56.8%	81.5%
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	56.8%	81.5%
13	Masan PQ Corporation (“MPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	56.8%	81.5%
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	56.8%	81.5%
15	Masan Long An Company Limited (“MLA”) (b)	(i) Seasonings, convenience food manufacturing and packaging	Hamlet 2, Thanh Hoa Commune, Ben Luc District, Long An Province, Vietnam	56.8%	-
16	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i) Beverage manufacturing and trading	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	55.9%	80.3%

**Masan Group Corporation and its subsidiaries**  
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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
17	Café De Nam Joint Stock Company (“CDN”)	(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	47.5%	68.3%
18	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	50.3%	72.2%
19	Kronfa., JSC (“KRP”)	(i) Beverage manufacturing	Km 37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	50.3%	72.2%
20	Masan Beverage Company Limited (“MSB”)	(i) Beverage trading and distribution	12 <sup>th</sup> Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	56.8%	81.5%
21	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	56.8%	81.5%
22	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	56.8%	81.5%
23	Masan Jinju 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	42.6%	61.2%

**Masan Group Corporation and its subsidiaries**  
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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
24	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	37.4%	53.7%
25	Masan HPC Company Limited (“HPC”) (c)	(i) Trading and distribution	12 <sup>th</sup> Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	56.8%	-
26	Mapleleaf Company Limited (“MPL”)	(ii) Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
27	Masan Blue Corporation (“MBL”) (d)	(ii) Trading and distribution	8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.8%	-
28	Masan Resources Corporation (“MSR”)	(ii) Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
29	Masan Thai Nguyen Resources Company Limited (“MRTN”)	(ii) Investment holding	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	96.0%	96.0%
30	Thai Nguyen Trading and Investment Company Limited (“TNTI”)	(ii) Investment holding	8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%

**Masan Group Corporation and its subsidiaries**

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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
31	Nui Phao Mining Company Ltd (“NPM”)	(ii) Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
32	Masan Tungsten Limited Liability Company (“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%	96.0%
33	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	87.3%	80.8%
34	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	87.3%	80.8%
35	MNS Feed Vinh Long Company Limited (“MNS Feed Vinh Long”)	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	87.3%	80.8%
36	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	87.3%	80.8%
37	MNS Feed Thai Nguyen Company Limited (“MNS Feed Thai Nguyen”)	(iii) Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	87.3%	80.8%
38	MNS Feed Tien Giang Company Limited (“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	87.3%	80.8%

**Masan Group Corporation and its subsidiaries**  
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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
39	MNS Feed Nghe An Company Limited (“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	87.3%	80.8%
40	MNS Feed Hau Giang Company Limited (“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	87.3%	80.8%
41	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	87.3%	80.8%
42	MNS Farm Nghe An Company Limited (“MNF (NA)”)	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	87.3%	80.8%
43	MNS Farm Company Limited (“MNS Farm”)	(iii) Investment holding	10 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	87.3%	80.8%
44	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(iii) Investment holding	10 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	87.3%	80.8%
45	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	87.3%	80.8%

**Masan Group Corporation and its subsidiaries**  
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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
46	MNS Meat Sai Gon Company Limited (“MNS Meat Sai Gon”) (e)	(iii) Meat processing	Lot 2 Street No. 15, Lot 3-5-7 Street No. 17, Lot 2 Street No. 17, Lot 9 Street No. 19, Tan Duc Industrial Park, Huu Thanh Ward, Duc Hoa District, Long An Province, Vietnam	87.3%	-
47	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	65.6%	60.7%
48	Proconco Can Tho One Member 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	65.6%	60.7%
49	ConCo Binh Dinh Co., Ltd. (“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	65.6%	60.7%
50	Proconco Hung Yen Trading and Production Co., Ltd. (formerly known as 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	65.6%	60.7%
51	Vincommerce General Commercial Services Joint Stock Company (“VinCommerce”)	(iv) Trading and distribution	72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	58.6%	-

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<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
52	Vineco Agricultural Investment Development and Production Limited Liability Company (“VinEco”)	(iv) Agriculture	7 Bang Lang 1 Road, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	58.6%	-
53	VinEco – Tam Dao Agricultural Investment Development and Production Limited Liability Company (“VinEco Tam Dao”)	(iv) Agriculture	Co Quan Hamlet, Gia Khanh Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	52.2%	-
54	Dong Nai – VinEco Agricultural Company Limited (“VinEco Dong Nai”)	(iv) Agriculture	Km 13, National Road 51, Long Khanh Hamlet, Tam Phuoc Commune, Bien Hoa City, Dong Nai Province, Vietnam	45.4%	-

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**Associates**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at 31/12/2019</b>	<b>1/1/2019</b>
<b><i>Direct associate</i></b>				
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)	Banking	(f)	(f)
<b><i>Indirect associates</i></b>				
1	Cholimex Food Joint Stock Company (“Cholimex”)	Seasonings manufacturing and trading	(v)	(v)
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	Packing manufacturing	(vi)	(vi)
3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	Animal protein	(vi)	(vi)
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	Animal protein	(vi)	(vi)
5	Vissan Joint Stock Company (“Vissan”)	Food manufacturing and retailing	(vi)	(vi)

**Masan Group Corporation and its subsidiaries**  
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- (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 MML.
- (iv) These entities are direct and indirect subsidiaries of VCM.
- (v) This entity is an indirect associate of MCH.
- (vi) These entities are indirect associates of MML.

The percentage of economic interests for subsidiaries represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries. The percentage of economic interests for associates represents the direct percentage of economic interests of the Company, its directly or indirectly owned subsidiaries in the associates.

- (a) For VCM, see Note 5.
- (b) Masan Long An Company Limited (“MLA”) was established under the Enterprise Registration Certificate No. 1101905952 dated 23 January 2019 issued by the Department of Planning and Investment of Long An Province. As at the date of issuance of these consolidated financial statements, MLA has not yet started its operations.
- (c) Masan HPC Company Limited (“HPC”) was established under the Enterprise Registration Certificate No. 0316076125 dated 20 December 2019 issued by the Department of Planning and Investment of Ho Chi Minh City. As at the date of issuance of these consolidated financial statements, HPC has not yet started its operations.
- (d) Masan Blue Corporation (“MBL”) was established under the Enterprise Registration Certificate No. 0315864557 dated 23 August 2019 issued by the Department of Planning and Investment of Ho Chi Minh City.
- (e) MNS Meat Sai Gon Company Limited (“MNS Meat Sai Gon”) was established under the Enterprise Registration Certificate No. 0315583531 dated 26 March 2019 issued by the Department of Planning and Investment of Long An Province. As at the date of issuance of these consolidated financial statements, MNS Meat Sai Gon has not yet started its operations.
- (f) For Techcombank, see Note 7(c).

As at 31 December 2019, the Group had 40,610 employees (1/1/2019: 9,135 employees).

**(c) Normal operating cycle**

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

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**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 2019 were brought forward from the audited figures as at 31 December 2018.

**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.

**Masan Group Corporation and its subsidiaries**  
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**(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.

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**(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.

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**(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. Revenue, income and expenses, 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) Trading securities**

Trading securities are bonds held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less interest income for the period before investment acquisition date and allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

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**(ii) 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.

**(iii) 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.

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**(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 has 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 is capitalised as an additional cost of tangible fixed assets.

In situations where the self-constructed tangible assets have been completed and are put into used but their cost is not finalised, their historical cost will be recorded to provisional cost using temporarily estimated value and they shall be adjusted with the difference after the finalised cost are approved.

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:

	<b>As at 31/12/2019</b>	<b>As at 1/1/2019</b>
ST plant	171,865 tonnes of tungsten	125,140 tonnes of tungsten
APT plant	166,990 tonnes of tungsten	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 – 50 years
▪ leasehold improvements	3 – 5 years
▪ office equipment	3 – 15 years
▪ machinery and equipment	2 – 25 years
▪ motor vehicles	3 – 15 years

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During the year, MTC, a subsidiary of the Company, revised the estimated total production quantity output for ST and APT plants and the estimated useful lives of the relevant fixed assets to more accurately reflect the total production quantity output and the useful lives of these assets.

The effect on the depreciation charge for the current year was to decrease the depreciation charge by VND33,123 million.

Construction assets which are completed and put into use before finalising construction costs are stated at provisional cost. On the date the construction costs are finalised and approved, provisional cost shall be adjusted to finalised cost and accumulated depreciation shall not be adjusted. The subsequent depreciation charge is determined as the approved value minus the accumulated depreciation made for the period up to the approval of finalisation of fixed assets divided by the remaining depreciation period of the fixed assets according to relevant regulations.

**(h) 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 10 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.

Brand names that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of brand names is amortised on a straight-line basis over their useful lives ranging from 10 to 20 years.

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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.

**(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 is amortised on a straight-line basis over their useful lives ranging from 5 to 20 years.

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.

**(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. The fair value of mineral water resources is amortised on a straight-line basis over their useful lives ranging from 10 to 37 years.

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.

**(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 15 years which is 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 is amortised on a straight-line basis over their useful lives over 5 years.

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.



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**(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.

**(i) 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.

**(j) Long-term prepaid expenses**

**(i) Other mining costs**

In accordance with the Official 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:

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- 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) *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.

**(iii) *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.

**(iv) *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.

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**(v) 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 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).

**(vi) Swine breeders**

Cost of swine breeders is recognised as long-term prepaid expenses and amortised on a straight-line basis over a period ranging from 2 to 3 years. The amortisation cost of breeders that directly relates to farming of swine are capitalised as part of work in progress.

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

Other long-term prepaid expenses include pre-operating expenses and other prepaid expenses which are stated at their costs and are amortised on a straight-line basis over a period ranging from over 1 to 23 years.

**(k) 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.

**(l) Trade and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

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**(m) 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 No. 203/2013/ND-CP dated 28 November 2013 (“Decree 203”), Decree No. 158/2016/ND-CP dated 29 November 2016 (“Decree 158”) and Circular No. 38/2017/TT-BTNMT dated 16 October 2017 (“Circular 38”) until 15 September 2019; and
- Decree No. 67/2019/ND-CP dated 31 July 2019 (“Decree 67”) from 15 September 2019.

Mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The prices to calculate the resource royalty is announced by the provincial People’s Committee. The conversion method is based on various parameters of the conversion coefficient under guidelines of Circular 38 and/or Decree 67.

***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.

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***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.

**(n) 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.

**(o) 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.

**(p) 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.

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**(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.

**(q) 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 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.

**(r) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits, bonds 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.

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**(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.

**(s) 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.

**(t) 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.

**(u) 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.

**(v) 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.

**(w) Share-based payments**

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

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#### **4. Segment reporting**

The Group has five 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
- MEATLife: breeding swine, animal protein and food manufacturing
- Mining and processing
- Consumer retail
- Others: financial services and others

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**(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		MEATLife		Mining and Processing		Consumer retail		Others		Total	
	2019 VND million	2018 VND million										
Segment revenue	18,845,240	17,345,752	13,798,751	13,976,854	4,710,096	6,865,011	-	-	-	-	37,354,087	38,187,617
Segment gross margin	7,890,154	7,571,676	2,265,603	2,096,950	785,391	2,212,783	-	-	-	-	10,941,148	11,881,409
Segment results	3,209,262	2,720,425	330,157	182,733	626,056	879,607	-	-	2,164,742	1,895,025	6,330,217	5,677,790
Net unallocated income/(expenses)											34,398	(56,285)
Net profit											6,364,615	5,621,505

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	Food and beverage		MEATLife		Mining and Processing		Consumer retail		Others		Total	
	31/12/2019 VND million	1/1/2019 VND million										
Segment assets	11,219,229	10,673,223	15,004,817	13,121,985	28,080,203	26,804,958	24,652,861	-	15,083,325	12,918,583	94,040,435	63,518,749
Unallocated assets											3,256,816	1,059,864
<b>Total assets</b>											<b>97,297,251</b>	<b>64,578,613</b>
Segment liabilities	8,243,672	6,343,517	7,207,140	5,629,300	14,910,485	13,174,819	11,177,887	-	-	-	41,539,184	25,147,636
Unallocated liabilities											3,869,660	5,351,299
<b>Total liabilities</b>											<b>45,408,844</b>	<b>30,498,935</b>
	<b>2019</b>	<b>2018</b>										
Capital expenditure	1,150,203	477,605	2,117,084	1,075,988	890,587	1,076,471	-	-	-	-	4,157,874	2,630,064
Unallocated capital expenditure									4,721	8,402	4,721	8,402
Depreciation	598,289	598,560	371,612	292,107	1,115,653	1,144,280	-	-	-	-	2,085,554	2,034,947
Unallocated depreciation									3,005	1,749	3,005	1,749
Amortisation	298,059	298,444	440,189	430,458	224,557	204,947	-	-	-	-	962,805	933,849
Unallocated amortisation									338	45,047	338	45,047

## Masan Group Corporation and its subsidiaries

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#### (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	
	2019	2018	2019	2018	2019	2018
	VND million					
Segment revenue	32,182,168	31,872,793	5,171,919	6,314,824	37,354,087	38,187,617

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## 5. Business combination

On 31 December 2019, the Company received 83.7% of the total outstanding shares of VCM and issued options to receive 30.0% shares of a combined company to the sellers. The combined company will be a subsidiary of the Company, and the combined company will hold shares/capital contributions of and control both VCM and MCH. As a result of this transaction, the Company has a 58.6% economic interest in VCM and 60.0% economic interest in MCH.

The business combination had the following effect on the Group's assets and liabilities on the business combination date:

	<b>Pre-business combination carrying amounts VND million</b>	<b>Fair value adjustments VND million</b>	<b>Recognised value on business combination VND million</b>
Cash and cash equivalents	644,123	-	644,123
Accounts receivable – short-term	891,761	-	891,761
Inventories	3,721,679	-	3,721,679
Other current assets	451,590	-	451,590
Other long-term receivables	254,737	-	254,737
Tangible fixed assets – net	4,879,835	447,618	5,327,453
Intangible fixed assets – net	190,742	6,557,918	6,748,660
Construction in progress	624,069	-	624,069
Long-term prepaid expenses	2,410,417	-	2,410,417
Goodwill	1,476,708	(1,476,708)	-
Accounts payable to suppliers	(3,355,584)	-	(3,355,584)
Accrued expenses	(1,479,933)	-	(1,479,933)
Short-term borrowings	(3,608,763)	-	(3,608,763)
Other current liabilities	(418,496)	-	(418,496)
Long-term borrowings	(1,106,416)	-	(1,106,416)
Deferred tax liabilities	-	(1,208,695)	(1,208,695)
Non-controlling interests	(103,192)	(530,913)	(634,105)
<b>Total net identifiable assets from business combination</b>	<b>5,473,277</b>	<b>3,789,220</b>	<b>9,262,497</b>
Share of net assets from business combination			5,428,705
Goodwill on business combination (Note 15)			3,578,372
<b>Total consideration</b>			<b>9,007,077</b>
Fair value of the option			(8,987,556)
Transaction costs			(19,521)
<b>Cash increase from business combination</b>			<b>644,123</b>

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**(b) 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.

**Masan Group Corporation and its subsidiaries**

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	31/12/2019		1/1/2019	
	% 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%	15,083,325	17,697,967
Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	(*)
Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	4,925	(*)
Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,709	(*)
Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	12,812	(*)
Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	(*)
			17,492,653	(*)
			15,328,811	(*)

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

	<b>Techcombank VND million</b>	<b>Cholimex VND million</b>	<b>Thuan Phat VND million</b>	<b>Abattoir VND million</b>	<b>Donatraco VND million</b>	<b>Vissan VND million</b>	<b>Total VND million</b>
Opening balance	12,918,583	249,392	7,893	6,752	10,701	2,135,490	15,328,811
Share in post-acquisition profit/(loss) of associates during the year	2,164,742	7,978	(2,968)	457	2,111	10,090	2,182,410
Dividends declared	-	(7,978)	-	(500)	-	(10,090)	(18,568)
Closing balance	15,083,325	249,392	4,925	6,709	12,812	2,135,490	17,492,653

(\*) 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 values of investment in Techcombank as at 31 December 2019 and 1 January 2019 were determined by reference to the quoted prices at these respective dates on Ho Chi Minh City Stock Exchange.

(\*\*\*) The Group has 20% direct equity holding and 1.5% economic interest in Techcombank that is subject to a forward sale agreement (1/1/2019: 21.5%). The forward transaction has not been completed and is subject to the terms of the agreement.

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**(d) Equity investments in other entities**

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

	31/12/2019		1/1/2019		Allowance for diminution in value VND million	Fair value VND million
	% of equity owned					
Dinh Vu Petroleum Service Port Joint Stock Company (formerly known as PTSC)	5.4%	5.4%	5.4%	5.4%	(8,442)	(*)
Dinh Vu Port Company)	5.4%	5.4%	5.4%	5.4%	21,646	21,646
					(8,442)	(8,442)

(\*) 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.

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

	2019	2018
	VND million	VND million
Opening balance	8,442	4,918
Increase in allowance during the year	-	3,524
Closing balance	8,442	8,442

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**(e) Transactions in subsidiaries for the year ended 31 December 2019 – transactions with non-controlling interests**

**(i) Transactions with non-controlling interests in MCH**

In July 2019, 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:

	<b>VND million</b>
Shares issued at par not subscribed by the Group, net of transaction costs	213,453
Net assets diluted	(79,068)
	134,385
	134,385

In December 2019, the Company received 83.7% of the total outstanding shares of VCM and issued options to receive 30.0% shares of a combined company to the sellers. The combined company will be a subsidiary of the Company, and the combined company will hold shares/capital contributions of and control both VCM and MCH. As the result of this transaction, the Company's equity interest in MCH has decreased from 85.7% to 60.0%, resulting in the following effects:

	<b>VND million</b>
Consideration	8,987,556
Net assets diluted	75,686
	9,063,242
	9,063,242

**(ii) Transactions with non-controlling interests in MML**

In March and July 2019, the Company acquired a total of 0.4% equity interests in MML for a total consideration of VND162,830 million. As a result of this transaction, the Company's equity interest in MML has increased from 80.8% to 81.2%, resulting in the following effects:

	<b>VND million</b>
Consideration paid	(162,830)
Net assets acquired	20,278
	(142,552)
	(142,552)

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In July, August, September and October 2019, the Company sold a total of 1.9% equity interests in MML for a total consideration of VND212,130 million. As a result of this transaction, the Company's equity interest in MML has decreased from 81.2% to 79.3%, resulting in the following effects:

	<b>VND million</b>
Consideration received	212,130
Net assets diluted	(107,842)
	104,288
Differences recorded in undistributed profits after tax	104,288

In October and December 2019, MH, a subsidiary of the Company, acquired a total of 8% equity interests in MML for a total consideration of VND1,937,856 million. As a result of this transaction, the Company's equity interest in MML has increased from 79.3% to 87.3%, resulting in the following effects:

	<b>VND million</b>
Consideration paid	(1,937,856)
Net assets acquired	457,932
	(1,479,924)
Differences recorded in undistributed profits after tax	(1,479,924)

**(f) 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.

**8. Accounts receivable – short-term and long-term**

As at 31 December 2019, 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 2019, prepayments to suppliers of the Group amounting to VND809,608 million (1/1/2019: VND402,785 million) were related to construction in progress.

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Other receivables comprised of:

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
<b>Other short-term receivables</b>		
Short-term deposits (*)	2,315,774	16,090
Accrued interest receivable from deposits and other loan investing activities	26,950	34,874
Advances	25,358	2,548
Services receivable	-	142,244
Others	386,259	92,307
	<hr/>	<hr/>
	<b>2,754,341</b>	<b>288,063</b>
	<hr/>	<hr/>
<b>Other long-term receivables</b>		
Long-term deposits	349,646	73,370
Others (**)	1,250,000	1,303,754
	<hr/>	<hr/>
	<b>1,599,646</b>	<b>1,377,124</b>
	<hr/>	<hr/>

(\*) Included in short-term deposits was VND2,000,000 million of deposits paid to third parties for the investments in business cooperation contracts.

(\*\*) 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:

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Opening balance	106,135	116,647
Increase in allowance during the year	13,515	8,586
Allowance utilised during the year	(5,926)	(6,863)
Written back	(7,980)	(12,235)
	<hr/>	<hr/>
Closing balance	<b>105,744</b>	<b>106,135</b>
	<hr/>	<hr/>

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**9. Inventories**

	<b>31/12/2019</b>		<b>1/1/2019</b>	
	<b>Cost VND million</b>	<b>Allowance VND million</b>	<b>Cost VND million</b>	<b>Allowance VND million</b>
Goods in transit	260,850	-	402,381	-
Raw materials	1,685,210	(14,260)	1,528,618	(20,788)
Tools and supplies	874,450	(24,319)	719,031	(25,919)
Work in progress	451,471	-	286,469	-
Finished goods	2,036,450	(30,231)	1,419,285	(9,691)
Merchandise inventories	4,245,347	-	22,566	-
Goods on consignment	136,853	-	11,239	-
	<b>9,690,631</b>	<b>(68,810)</b>	<b>4,389,589</b>	<b>(56,398)</b>

As at 31 December 2019, 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:

	<b>2019 VND million</b>	<b>2018 VND million</b>
Opening balance	56,398	14,455
Increase in allowance during the year	72,439	79,777
Allowance utilised during the year	(50,013)	(34,600)
Written back	(10,014)	(3,234)
	<b>68,810</b>	<b>56,398</b>

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**10. Tangible fixed assets**

Cost	Mining	Buildings	Leasehold	Office	Machinery and	Motor	Total
	properties	and structures	improvements	equipment	equipment	vehicles	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	5,026,292	8,402,718	90,493	148,333	18,140,112	98,708	31,906,656
Additions	69,635	43,583	178	3,232	21,033	3,762	141,423
Increases from business combination (Note 5)	-	3,275,840	-	71,823	1,937,291	42,499	5,327,453
Transfers from construction in progress	-	1,760,436	-	43,810	1,242,839	26,171	3,073,256
Transfers to long-term prepaid expenses	-	(88)	-	(63)	(361)	(59)	(571)
Disposals	-	(60,100)	-	(791)	(79,951)	(14,436)	(155,278)
Written off	-	(25,321)	(3,181)	(2,466)	(29,781)	-	(60,749)
Adjustment based on arbitration settlement (Note 36)	-	(90,599)	-	-	(893,563)	-	(984,162)
Reclassifications	-	158	-	-	(158)	-	-
Closing balance	5,095,927	13,306,627	87,490	263,878	20,337,461	156,645	39,248,028

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	<b>Mining properties and structures VND million</b>	<b>Buildings and structures improvements VND million</b>	<b>Leasehold improvements VND million</b>	<b>Office equipment VND million</b>	<b>Machinery and equipment VND million</b>	<b>Motor vehicles VND million</b>	<b>Total VND million</b>
<b>Accumulated depreciation</b>							
Opening balance	921,462	1,525,182	58,972	93,517	5,461,186	48,130	8,108,449
Charge for the year	205,869	506,778	12,967	18,276	1,326,863	17,806	2,088,559
Transfers to long-term prepaid expenses	-	(88)	-	(63)	(196)	(1)	(348)
Disposals	-	(22,748)	-	(754)	(67,396)	(13,674)	(104,572)
Written off	-	(1,373)	(3,181)	(2,466)	(7,921)	-	(14,941)
Closing balance	1,127,331	2,007,751	68,758	108,510	6,712,536	52,261	10,077,147

**Net book value**

Opening balance	4,104,830	6,877,536	31,521	54,816	12,678,926	50,578	23,798,207
Closing balance	3,968,596	11,298,876	18,732	155,368	13,624,925	104,384	29,170,881

Included in tangible fixed assets were assets costing VND1,742,379 million which were fully depreciated as of 31 December 2019 (1/1/2019: VND1,071,631 million), but are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND4,311 million as of 31 December 2019 (1/1/2019: VND1,765 million).

As at 31 December 2019, tangible fixed assets with carrying value of VND3,602,299 million (1/1/2019: VND1,597,215 million) were pledged with banks as security for loans granted to the subsidiaries and VND10,976,925 million (1/1/2019: VND12,361,085 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 19).

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**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
<b>Cost</b>									
Opening balance	332,769	450,578	2,413,459	3,074,214	412,698	588,373	669,433	74,274	8,015,798
Additions	-	1,878	1,439	-	-	-	-	614	3,931
Increases from business combination (Note 5)	3,613,370	169,290	-	2,966,000	-	-	-	-	6,748,660
Transfers from construction in progress	-	12,406	-	-	-	-	-	-	12,406
Written off	-	(186)	-	-	-	-	-	-	(186)
Others	-	-	-	-	-	-	-	(2,766)	(2,766)
Closing balance	3,946,139	633,966	2,414,898	6,040,214	412,698	588,373	669,433	72,122	14,777,843
<b>Accumulated amortisation</b>									
Opening balance	56,074	207,542	762,690	858,626	73,398	127,569	506,526	17,816	2,610,241
Charge for the year	10,054	56,061	151,417	143,838	21,935	30,550	130,243	3,444	547,542
Written off	-	(183)	-	-	-	-	-	-	(183)
Others	-	-	-	-	-	-	-	(575)	(575)
Closing balance	66,128	263,420	914,107	1,002,464	95,333	158,119	636,769	20,685	3,157,025
<b>Net book value</b>									
Opening balance	276,695	243,036	1,650,769	2,215,588	339,300	460,804	162,907	56,458	5,405,557
Closing balance	3,880,011	370,546	1,500,791	5,037,750	317,365	430,254	32,664	51,437	11,620,818

Included in intangible fixed assets were assets costing VND54,182 million which were fully amortised as of 31 December 2019 (1/1/2019: VND34,893 million), but are still in active use.

As at 31 December 2019, intangible fixed assets with carrying value of VND465,011 million (1/1/2019: VND498,533 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**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Opening balance	2,171,342	1,838,001
Additions during the year	3,644,056	2,396,998
Increases from business combination (Note 5)	624,069	-
Transfers to tangible fixed assets	(3,073,256)	(2,031,131)
Transfers to intangible fixed assets	(12,406)	(2,456)
Transfers to long-term prepaid expenses	(72,887)	(29,279)
Written off	(346)	(791)
Disposals	(1,600)	-
	<hr/>	<hr/>
Closing balance	3,278,972	2,171,342
	<hr/>	<hr/>

As at 31 December 2019, construction in progress with carrying value of VND1,829,165 million (1/1/2019: VND1,799,047 million) were pledged with banks as security for long-term loans and bonds of the Company's subsidiaries (Note 19).

During the year, trial-run expense, borrowing costs and amortisation of land use rights capitalised into construction in progress amounting to VND100,075 million, VND117,394 million and VND1,164 million, respectively (2018: VND5,915 million, VND748,358 million and VND1,130 million, respectively).

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**13. Long-term prepaid expenses**

	Other mining costs	Prepaid land costs	Land compensation costs	Printing axles, tools and supplies	Goodwill from equitisation	Swine breeders	Others	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	1,428,326	458,075	1,031,623	65,095	21,941	57,697	101,293	3,164,050
Additions	175,641	4,556	-	35,045	-	67,202	69,199	351,643
Increases from business combination (Note 5)	-	454,878	-	1,301,741	-	-	653,798	2,410,417
Transfers from long-term receivables	-	-	49,060	-	-	-	-	49,060
Transfers from tangible fixed assets	-	-	-	193	-	-	30	223
Transfers from construction in progress	-	3,871	-	52,237	-	-	16,779	72,887
Transfers (to)/from short-term prepaid expenses	-	-	-	(349)	-	-	682	333
Amortisation for the year	(98,688)	(10,768)	(73,906)	(56,108)	(3,134)	(29,701)	(36,041)	(308,346)
Written off	-	-	-	(1,269)	-	(19,194)	(914)	(21,377)
Disposals	-	(85,825)	-	(13)	-	-	-	(85,838)
Reclassifications	-	(396)	-	(2)	-	-	398	-
Currency translation differences	-	-	-	62	-	-	-	62
Closing balance	1,505,279	824,391	1,006,777	1,396,632	18,807	76,004	805,224	5,633,114

As at 31 December 2019, prepaid land costs, swine breeders and tools and supplies with carrying value of VND225,779 million (1/1/2019: VND88,754 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**

	31/12/2019 VND million	1/1/2019 VND million
Deferred tax assets:		
Accrued expenses and provisions	185,051	234,274
Unrealised profits on intra-group transactions	23,707	20,933
Tax losses carried forward	30,527	38,380
Tangible fixed assets	1,358	1,674
	<hr/>	<hr/>
Total deferred tax assets	240,643	295,261
	<hr/>	<hr/>
Deferred tax liabilities:		
Tangible fixed assets	(678,218)	(639,785)
Intangible fixed assets	(1,773,297)	(711,661)
Unrealised losses on intra-group transactions	(3,900)	-
	<hr/>	<hr/>
Total deferred tax liabilities	(2,455,415)	(1,351,446)
	<hr/>	<hr/>
Net deferred tax liabilities	(2,214,772)	(1,056,185)
	<hr/> <hr/>	<hr/> <hr/>

**(ii) Movements of temporary differences during the year**

	1/1/2019 VND million	Increases from business combination (Note 5) VND million	Recognised in consolidated statement of income VND million	31/12/2019 VND million
Accrued expenses and provisions	234,274	-	(49,223)	185,051
Unrealised profits on intra-group transactions	20,933	-	(1,126)	19,807
Tax losses carried forward	38,380	-	(7,853)	30,527
Tangible fixed assets	(638,111)	(76,708)	37,959	(676,860)
Intangible fixed assets	(711,661)	(1,131,987)	70,351	(1,773,297)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,056,185)	(1,208,695)	50,108	(2,214,772)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**15. Goodwill**

	<b>VND million</b>
<b>Cost</b>	
Opening balance	1,115,851
Additions (Note 5)	3,578,372
	4,694,223
<b>Closing balance</b>	
	4,694,223
<b>Accumulated amortisation</b>	
Opening balance	596,312
Amortisation during the year	112,483
	708,795
<b>Closing balance</b>	
	708,795
<b>Net book value</b>	
Opening balance	519,539
Closing balance	3,985,428
	3,985,428

**16. Taxes**

**(a) Taxes receivable from State Treasury**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
Corporate income tax	13,545	11,496
Other taxes	9,976	11,454
	23,521	22,950
	23,521	22,950

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**(b) Taxes payable to State Treasury**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
Value added tax	149,782	92,151
Special consumption tax	21,366	12,206
Corporate income tax	463,143	272,640
Personal income tax	131,358	49,273
Import-export tax	125	623
Other taxes	4,230	2,968
	<b>770,004</b>	<b>429,861</b>

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

	<b>1/1/2019</b>	<b>Increases</b>	<b>Incurred</b>	<b>Paid</b>	<b>Net-off/</b>	<b>31/12/2019</b>
	<b>VND</b>	<b>from</b>	<b>VND</b>	<b>VND</b>	<b>Reclassified</b>	<b>VND</b>
	<b>million</b>	<b>business</b>	<b>million</b>	<b>million</b>	<b>VND</b>	<b>million</b>
	<b>million</b>	<b>combination</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
	<b>million</b>	<b>VND</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
Value added tax	92,151	-	4,085,252	(1,082,061)	(2,945,560)	149,782
Special consumption tax	12,206	-	207,047	(197,887)	-	21,366
Corporate income tax	272,640	-	790,583	(600,760)	680	463,143
Personal income tax	49,273	48,395	343,821	(310,131)	-	131,358
Import-export tax	623	-	358,938	(359,436)	-	125
Other taxes	2,968	338	606,576	(605,372)	(280)	4,230
	<b>429,861</b>	<b>48,733</b>	<b>6,392,217</b>	<b>(3,155,647)</b>	<b>(2,945,160)</b>	<b>770,004</b>

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**17. Accrued expenses**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
Accrual for construction work	989,525	110,873
Bonus and 13 <sup>th</sup> month salary	585,768	420,873
Advertising and promotion expenses	493,501	699,938
Interest expense	466,583	423,557
Sales discounts and customer support fee	385,443	400,892
Logistic expense	273,755	121,386
Consultant fee	126,172	10,754
Purchases not yet received invoices	108,698	87,051
Natural resource taxes and fees	71,039	10,034
Exhibition and market expenses	35,839	57,612
Information and technology expenses	19,671	24,223
Others	554,508	423,857
	<hr/>	<hr/>
	4,110,502	2,791,050
	<hr/>	<hr/>

**18. Other payables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
<b>Short-term</b>		
Trade union fees, social, health and unemployment insurance	44,769	11,927
Short-term deposits received	14,558	4,897
Dividends payable	32,495	29,123
Others	30,735	250,466
	<hr/>	<hr/>
	122,557	296,413
	<hr/>	<hr/>
<b>Long-term</b>		
Long-term deposits received	23,977	21,802
Others	156,962	2,002
	<hr/>	<hr/>
	180,939	23,804
	<hr/>	<hr/>

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**19. Borrowings and bonds**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
<b>Short-term borrowings and bonds (*)</b>		
Short-term borrowings	13,286,330	6,132,408
Current portion of long-term borrowings and bonds	5,053,855	3,111,371
	18,340,185	9,243,779
<b>Long-term borrowings and bonds (**)</b>		
Long-term borrowings and bonds	16,729,697	15,863,020
Repayable within twelve months	(5,053,855)	(3,111,371)
	11,675,842	12,751,649

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(*) <b>Short-term borrowings and bonds</b>	<b>Movements during the year</b>					
	<b>1/1/2019</b>	<b>Increases from business combination (Note 5)</b>	<b>Additions</b>	<b>Repayments</b>	<b>Unrealised foreign exchange gains</b>	<b>31/12/2019</b>
	<b>Carrying amounts and amounts within repayment capacity</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>Carrying amounts and amount within repayment capacity</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Short-term borrowings	6,132,408	3,575,757	27,324,045	(23,733,617)	(12,263)	13,286,330
Current portion of long-term borrowings and bonds	3,111,371	33,006	5,020,849	(3,111,371)	-	5,053,855
	9,243,779	3,608,763	32,344,894	(26,844,988)	(12,263)	18,340,185

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

	Currency	Annual interest rate	31/12/2019 VND million	1/1/2019 VND million
Secured bank loans	VND	5.5% - 9.6%	5,123,566	999,614
Secured bank loans	USD	3.3% - 6.3%	1,260,626	1,658,760
Unsecured bank loans	VND	4.3% - 6.5%	6,172,138	3,474,034
Unsecured loans from third parties	VND	9.0%	730,000	-
			13,286,330	6,132,408

As at 31 December 2019 and 1 January 2019, the bank loans were secured by the following assets of the Group:

- (i) 220 million shares of MSR (1/1/2019: 200 million shares);
- (ii) a part of shares of Vinhomes Joint Stock Company (1/1/2019: nil);
- (iii) a part of shares of Vincom Retail Joint Stock Company (1/1/2019: nil);
- (iv) fixed assets with carrying value of VND770,931 million; and
- (v) a part of inventories and short-term receivables of an indirect subsidiary.

**(\*\*) Long-term borrowings and bonds**

	31/12/2019 VND million	1/1/2019 VND million
Long-term borrowings (a)	2,908,420	841,621
Straight bonds (b)	13,821,277	15,021,399
	16,729,697	15,863,020

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

	Currency	Annual interest rate	Year of maturity	31/12/2019 VND million	1/1/2019 VND million
<b>a. Long-term borrowings</b>					
Secured bank loans	VND	7.6% - 10.8%	2021 - 2027	2,608,420	841,621
Unsecured loans from third parties	VND	9.0%	2021	300,000	-
				2,908,420	841,621
<b>b. Straight bonds</b>					
(including issuance costs)	VND	8.0% - 10.0%	2020 - 2024	13,821,277	15,021,399

**(a) Long-term borrowings**

As at 31 December 2019, long-term borrowings of the Group were secured over certain fixed assets, certain construction in progress and long-term prepaid expenses with carrying value of VND2,831,368 million (1/1/2019: VND1,597,215 million) (Note 10), VND217,136 million (1/1/2019: VND401,870 million) (Note 12) and VND225,779 million (1/1/2019: VND88,754 million) (Note 13), respectively.

**(b) Straight bonds**

The carrying amount of the bonds comprised the following:

	31/12/2019 VND million	1/1/2019 VND million
Straight bonds	13,950,000	15,200,010
Unamortised bond issuance costs	(128,723)	(178,611)
	13,821,277	15,021,399

- (i) VND2,100 billion (1/1/2019: VND2,100 billion) bonds with a maturity of 10 years (2024) 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 (1/1/2019: 59.3 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2019: VND1,300 billion) bonds with a maturity of 5 years (2021) 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 17.1 million shares (1/1/2019: 4.1 million shares) of ANCO and 24.64% share capital of MNS Feed (1/1/2019: nil);

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- (iii) VND700 billion (1/1/2019: VND700 billion) bonds with a maturity of 5 years (2021) 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 (1/1/2019: 14.4 million shares) of Proconco;
- (iv) VND3,600 billion (1/1/2019: VND5,600 billion) bonds with a maturity of 5 years (2020) 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 certain fixed assets and construction in progress with total carrying value of VND13,053,965 million (1/1/2019: VND14,256,795 million) of indirect subsidiaries of the Company;
- (v) VND1,000 billion (1/1/2019: VND1,000 billion) bonds with a maturity of 2 years (2020) at an interest rate of 9.5% per annum. The bonds were secured over 103.3 million shares (1/1/2019: 93.8 million shares) of MSR;
- (vi) VND500 billion (1/1/2019: VND500 billion) bonds with a maturity of 5 years (2023) 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 51.6 million shares (1/1/2019: 47 million shares) of MSR;
- (vii) VND1,000 billion (1/1/2019: VND1,000 billion) bonds with a maturity of 3 years (2021) 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 104.7 million shares (1/1/2019: 95.2 million shares) of MSR. As at 31 December 2019, VND250 billion bonds (1/1/2019: nil) were owned by the Company and eliminated in the consolidated financial statements;
- (viii) VND1,500 billion (1/1/2019: VND1,500 billion) bonds with a maturity of 5 years (2023) 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 154.8 million shares (1/1/2019: 140.8 million shares) of MSR;
- (ix) VND500 billion (1/1/2019: nil) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.6 million shares (1/1/2019: nil) of MSR. As at 31 December 2019, these bonds were owned by the Company and eliminated in the consolidated financial statements;
- (x) VND300 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 33.3 million shares (1/1/2019: nil) of MSR;
- (xi) VND200 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 22.2 million shares (1/1/2019: nil) of MSR;

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- (xii) VND500 billion (1/1/2019: nil) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.6 million shares (1/1/2019: nil) of MSR. As at 31 December 2019, these bonds were owned by the Company and eliminated in the consolidated financial statements;
- (xiii) VND100 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured by a number of MSR's shares which will be finalised before 31 March 2020 (1/1/2019: nil);
- (xiv) VND190 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured by a number of MSR's shares which will be finalised before 31 March 2020 (1/1/2019: nil);
- (xv) VND210 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 114.9 million shares (1/1/2019: nil) of MSR; and
- (xvi) VND1,500 billion (1/1/2019: nil) bonds with a maturity of 3 years (2022) at an interest rate of 10% 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. These bonds were unsecured.

As at 31 December 2019, the associates of the Group held VND216,617 million (1/1/2019: VND1,006,117 million) of the issued bonds.

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

## 20. Provisions

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
Provision for mining rights fee	430,392	466,446
Provision for mine rehabilitation	99,122	26,218
Provision for severance allowance	43,930	47,527
	573,444	540,191
	573,444	540,191

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Movements of provisions during the year were as follows:

	<b>Mining rights fee VND million</b>	<b>Mine rehabilitation VND million</b>	<b>Severance allowance VND million</b>	<b>Total VND million</b>
Opening balance	466,446	26,218	47,527	540,191
Provision made during the year	37,092	72,904	2,917	112,913
Provision used during the year	(3,511)	-	(4,826)	(8,337)
Provision written back during the year	(69,635)	-	(1,688)	(71,323)
Closing balance	430,392	99,122	43,930	573,444

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**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 of the Company VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
<b>Balance as at 1 January 2018</b>	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	-	-	-	-	-	(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	-
<b>Balance as at 31 December 2018</b>	11,631,495	11,084,417	(9,426,958)	-	4,402	16,193,388	29,486,744	4,592,934	34,079,678

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	Share capital VND million	Capital surplus VND million	Other capital 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
<b>Balance as at 1 January 2019</b>	11,631,495	11,084,417	(9,426,958)	4,402	16,193,388	29,486,744	4,592,934	34,079,678
Issuance of new shares	57,969	(60)	-	-	-	57,909	-	57,909
Transactions with NCI (Note 7)	-	-	-	-	7,679,439	7,679,439	(366,986)	7,312,453
Business combination (Note 5)	-	-	-	-	-	-	4,467,897	4,467,897
Net profit for the year	-	-	-	-	5,557,571	5,557,571	807,044	6,364,615
Dividends declared by subsidiaries	-	-	-	-	-	-	(393,817)	(393,817)
Share dividend declared by a subsidiary	-	-	863,268	-	(863,268)	-	-	-
Currency translation differences	-	-	-	6,631	-	6,631	1,561	8,192
Others	-	-	-	-	(8,178)	(8,178)	(342)	(8,520)
<b>Balance as at 31 December 2019</b>	11,689,464	11,084,357	(8,563,690)	11,033	28,558,952	42,780,116	9,108,291	51,888,407

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**22. Share capital and capital surplus**

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

	31/12/2019		1/1/2019	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	1,168,946,447	11,689,464	1,163,149,548	11,631,495
<b>Issued share capital</b>				
Ordinary shares	1,168,946,447	11,689,464	1,163,149,548	11,631,495
<b>Capital surplus</b>	-	11,084,357	-	11,084,417

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.

In 2018, the Company signed an agreement to grant SK Investment Vina I Pte. Ltd. ("SK"), a shareholder, 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 109,899,932 shares acquired on 2 October 2018 ("the Closing Date") 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 5<sup>th</sup> year from the Closing Date and remain exercisable until the 6<sup>th</sup> 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.

**Masan Group Corporation and its subsidiaries**  
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Movements of share capital during the year were as follows:

	<b>2019</b>		<b>2018</b>	
	<b>Number of shares</b>	<b>VND million</b>	<b>Number of shares</b>	<b>VND million</b>
Balance at beginning of the year	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Issuance of new shares at par for cash	5,796,899	57,969	5,775,574	57,755
Balance at end of the year	1,168,946,447	11,689,464	1,163,149,548	11,631,495

### **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 2019, the Company issued 5,796,899 shares to employees at par for cash.

### **24. Off balance sheet items**

#### **(a) Lease commitments (when the Group is the lessee)**

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND million</b>	<b>VND million</b>
Within 1 year	1,770,763	158,303
Within 2 to 5 years	4,944,618	136,125
More than 5 years	3,382,643	179,760
	10,098,024	474,188

**Masan Group Corporation and its subsidiaries**  
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**(b) Lease receivables (when the Group is the lessor)**

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

	<b>31/12/2019</b> <b>VND million</b>	<b>1/1/2019</b> <b>VND million</b>
Within 1 year	55,737	-
Within 2 to 5 years	105,416	-
	<hr/>	
	161,153	-
	<hr/>	

**(c) Capital expenditure**

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

	<b>31/12/2019</b> <b>VND million</b>	<b>1/1/2019</b> <b>VND million</b>
Approved and contracted	975,182	1,797,246
Approved but not contracted	1,062,454	1,299,287
	<hr/>	
	2,037,636	3,096,533
	<hr/>	

**(d) Foreign currencies**

	<b>31/12/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND million equivalent</b>	<b>Original currency</b>	<b>VND million equivalent</b>
USD	33,100,265	764,947	11,209,880	260,861
EUR	-	-	314	9
SGD	-	-	334	5
THB	64,860,758	48,775	83,683,037	58,076
		<hr/>		
		813,722		<hr/>
		<hr/>		318,951
				<hr/>

**Masan Group Corporation and its subsidiaries**  
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**(e) Final sales pricing adjustment**

As disclosed in Note 3(q), a subsidiary of the Company 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 the 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 2019 that have been recognised on a provisional basis is VND301 billion (2018: VND384 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:

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Total revenue		
▪ Sales of finished goods and others	38,818,747	39,378,747
Less revenue deductions		
▪ Sales discounts	1,408,827	1,144,682
▪ Sales returns	55,833	46,448
	1,464,660	1,191,130
	37,354,087	38,187,617

**26. Cost of sales**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Total cost of sales		
▪ Finished goods sold and other sales	26,350,514	26,229,665
▪ Allowance for inventories	62,425	76,543
	26,412,939	26,306,208
	26,412,939	26,306,208

**Masan Group Corporation and its subsidiaries**  
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**27. Financial income**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Interest income from:		
• Deposits	244,110	313,391
• Other loan investing activities	41,185	11,173
Settlement of past interest expense from the arbitration settlement (Note 36)	809,725	-
Foreign exchange gains	91,520	65,835
Gain from deemed disposal on dilution in an associate and others	1,643	1,511,394
	<hr/>	<hr/>
	<b>1,188,183</b>	<b>1,901,793</b>
	<hr/>	<hr/>

**28. Financial expenses**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Interest expense on loans/bonds from:		
• Banks	953,398	383,009
• Bondholders and others	912,617	2,284,522
Bond issuance costs	144,960	220,837
Foreign exchange losses	61,118	91,752
Others	128,469	110,794
	<hr/>	<hr/>
	<b>2,200,562</b>	<b>3,090,914</b>
	<hr/>	<hr/>

**29. Selling expenses**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Promotion and advertising expenses	2,004,770	2,414,846
Logistic expense	833,357	803,314
Staff costs	653,505	607,162
Exhibition expense	170,318	162,304
Outside services	48,590	39,234
Others	284,355	287,393
	<hr/>	<hr/>
	<b>3,994,895</b>	<b>4,314,253</b>
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**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
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**30. General and administration expenses**

	<b>2019</b> <b>VND million</b>	<b>2018</b> <b>VND million</b>
Staff costs	780,621	765,809
Amortisation of fair value uplift of fixed assets arising in business combination	507,265	513,827
Amortisation of goodwill	112,483	112,482
Depreciation and amortisation	101,591	97,430
Research and development expenses	26,878	15,437
System lease line and IT services	73,065	89,089
Office rental	89,169	79,298
Outside services	121,525	95,886
Others	290,811	246,130
	2,103,408	2,015,388
	2,103,408	2,015,388

**31. Other income**

	<b>2019</b> <b>VND million</b>	<b>2018</b> <b>VND million</b>
Income from arbitration settlement (Note 36)	1,212,835	-
Others	112,515	14,708
	1,325,350	14,708
	1,325,350	14,708

**Masan Group Corporation and its subsidiaries**  
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**32. Income tax**

**(a) Recognised in the consolidated statement of income**

	2019 VND million	2018 VND million
<b>Current tax expense</b>		
Current year	854,707	726,873
Over provision in prior years	(64,124)	(181)
	790,583	726,692
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	(51,794)	(104,373)
Write down of deferred tax recognised	1,686	-
	(50,108)	(104,373)
Income tax expense	740,475	622,319

**(b) Reconciliation of effective tax rate**

	2019		2018	
	%	VND million	%	VND million
Accounting profit before tax	100.0%	7,105,090	100.0%	6,243,824
Tax at the Company's income tax rate	20.0%	1,421,018	20.0%	1,248,765
Effect of different tax rates in subsidiaries	(6.1%)	(432,624)	(7.7%)	(483,689)
Effect of consolidation transactions	(1.0%)	(74,277)	(3.2%)	(197,822)
Non-deductible expenses	1.0%	78,498	0.6%	36,319
Effect of share of profits in associates net of tax	(6.1%)	(436,482)	(6.1%)	(382,868)
Unrecognised deferred tax assets	3.8%	270,940	6.5%	406,446
Over provision in prior years	(0.9%)	(64,124)	-	(181)
Tax losses utilised	(0.3%)	(24,160)	(0.1%)	(4,651)
Write down of deferred tax recognised	-	1,686	-	-
	10.4%	740,475	10.0%	622,319

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
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**(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.

**33. 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	2019 VND million	2018 VND million
<b>Associates</b>			
Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries	Loans received	1,367,341	1,651,044
	Loans repaid	1,498,588	1,406,719
	Bonds issued (acting as an agent) (*)	3,500,000	3,800,000
	Bonds repurchased (acting as an agent)	3,000,000	885,204
	Purchases of trading securities	2,004,711	2,016,734
	Sales of trading securities	754,711	504,274
	Interest expense	95,527	122,123
<b>Other related parties</b>			
Key management personnel	Remuneration to key management personnel	151,832	148,983
A member of a subsidiary's Members' Council	Sales of goods to a related party of this member	-	720,924
	Purchase goods from a related party of this member (**)	725,042	-

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
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As at and for the year ended 31 December 2019, the Company and its subsidiaries have current and term deposit accounts at 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.
- (\*\*) In 2018, NPM, a subsidiary, has sold goods to a related party of a member of its Members' Council and subsequently in 2019, NPM has purchased such goods from such related party. The transaction was approved by the Members' Council of NPM on 25 March 2019.

### 34. Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the net profit attributable to ordinary shareholders of VND5,557,571 million (2018: VND4,916,497 million) of the Company and a weighted average number of ordinary shares outstanding of 1,166,167,112 shares during the year (2018: 1,077,880,214 shares), calculated as follows:

#### (i) *Net profit attributable to ordinary shareholders*

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Net profit attributable to ordinary shareholders	5,557,571	4,916,497

#### (ii) *Weighted average number of ordinary shares*

	<b>2019</b>	<b>2018</b>
Issued ordinary shares at the beginning of the year	1,163,149,548	1,047,474,042
Effect of shares issued for cash	3,017,564	3,006,463
Effect of treasury shares reissued	-	27,399,709
Weighted average number of ordinary shares during the year	1,166,167,112	1,077,880,214

#### (b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

**Masan Group Corporation and its subsidiaries**  
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**35. Non-cash investing activities**

	<b>2019</b>	<b>2018</b>
	<b>VND million</b>	<b>VND million</b>
Cost of construction not yet paid	447,364	412,138
Depreciation and amortisation capitalised into construction in progress	-	1,389
	-	1,389

**36. Other disclosures**

**(i) *Claims against Jacobs E&C Australia PTY Limited (“Jacobs”)***

On 28 March 2019, a panel of three arbitrators appointed by the Singapore International Arbitration Center (the “Arbitral Tribunal”) has awarded NPM, a subsidiary of the Company, a partial final award as compensation for E&C Australia Pty Ltd (“Jacobs”)’s conduct (“Partial Final Award”). The case concerns the circumstances of the entry into and the performance of an engineering and procurement services agreement which was executed by NPM and Jacobs in 2011 for engineering, procurement and construction management of NPM’s mineral processing plant in Thai Nguyen Province, Vietnam.

In addition to the Partial Final Award, the Arbitral Tribunal also had claims before it in relation to interest and cost.

In August 2019, NPM and Jacobs settled the international arbitration case for USD130 million. Jacobs paid to NPM in September 2019. As part of the settlement, NPM has unconditionally waived its right to the Partial Final Award and all claims and actions in relation to the international arbitration case.

The compensation received by NPM had been treated in accordance with the nature of the compensation as follows:

- reduction of fixed assets costs (due to over payments for over claims of construction related costs or other construction or rectification costs that should not be incurred in the first place);
- financial income; and
- other income.

**(ii) *Agreement to acquire the tungsten business***

On 17 September 2019, MTC signed an agreement to acquire the tungsten business of H.C Starck Group GmbH (“HCS”). HCS is a leading manufacturer of high-tech tungsten metal powders and carbides (midstream tungsten products) with global operation and modern automated manufacturing processes. The agreement is undergoing certain regulatory approvals and the acquisition shall be executed once the legal procedures are completed.

**37. Post balance sheet events**

Subsequent to year end, MCH, a subsidiary of the Company, acquired 0.32% equity interests in MSC for a total consideration of VND162,964 million. As a result of this transaction, the Company’s equity interest in MSC has increased from 56.8% to 57.0%.

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Subsequent to year end, MH, a subsidiary of the Company, acquired 1.2% equity interests in MML for a total consideration of VND300,002 million. As a result of this transaction, the Company's equity interest in MML has increased from 87.3% to 88.5%.

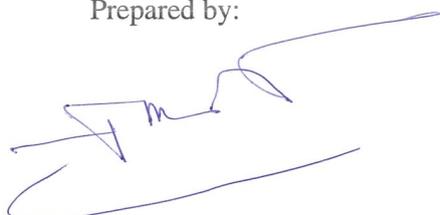
Subsequent to year end, HPC, a subsidiary indirectly owned by the Company, successfully acquired 11,703,630 shares (equivalents to 52.25% equity interests) of Net Detergent Joint Stock Company ("NET") which is one of the local home care manufacturers. Such transaction resulted in NET became a subsidiary indirectly owned by the Company.

Subsequent to year end, the Company issued VND3,000 billion bonds with a maturity of 3 years at an interest rate of 9.3% per annum in the first year and 2.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods.

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.

20 March 2020

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



# GENERAL 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 24 years.

We are a holding company, with controlling economic interests in Masan Consumer Holdings (“MCH”), Masan MEATLife (“MML”), Masan Resources (“MSR”), and VCM Services and Trading Development JSC (owner of 100% of VinCommerce General Commercial Services Joint Stock Company with “VCM” and “VinCommerce” used interchangeable in this report for as ease of reference to our grocery retailing platform), representing an economic interest of 60%, 87.27%, 95.99%, and 58.6% respectively, as of 31 December 2019. Our consolidated ownership percentage of Techcombank’s charter capital is 20% as of 31 December 2019.

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 one of the largest local animal feed player in Vietnam. Masan Nutri-Science's objective is 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, Masan Beverage acquired control of Quang Ninh Natural Mineral Water Limited, owner of the Quang Hanh brand which, together with Vinh Hao, made Masan Vietnam's largest local mineral water company and strengthened our bottled beverage platform
- 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

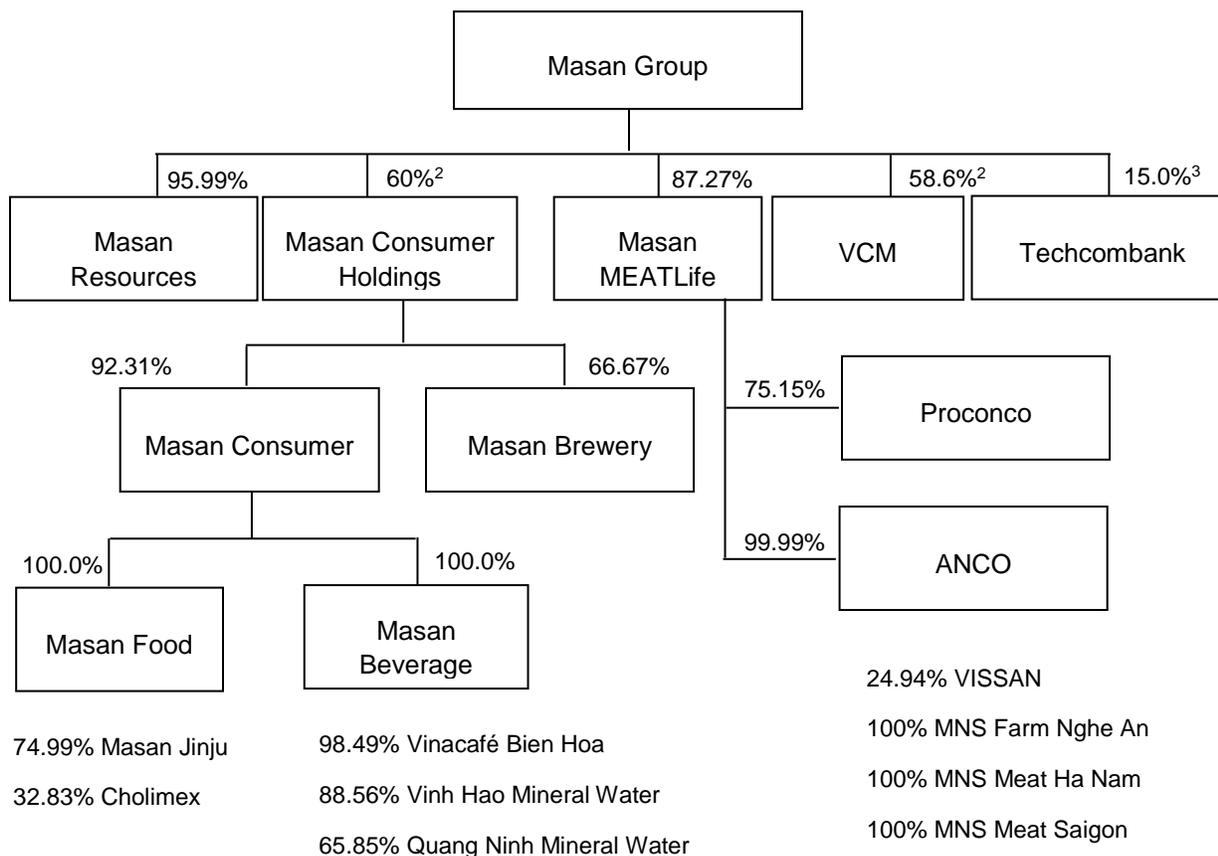
platform more than doubled across all categories. As part of the partnership, Singha had the right to invest up to US\$1.1 billion into MCH and our beer business, making the deal the largest corporate M&A deal in Vietnam's history. The first closing occurred the following month with the funding of US\$650 million.

- In December 2015, 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 US\$30 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".
- In July 2019, Masan Nutri-Science was renamed Masan MEATLife to reflect its successful transformation into a branded consumer meat player.
- In September 2019, Masan Tungsten Limited Liability Company, a wholly owned subsidiary of Masan Resources Corporation, signed an agreement to purchase the Tungsten business of H. C. Starck Group GmbH. This transaction is a strategic step in executing Masan Resources' vision to become a leading vertically integrated high-tech industrial materials platform in the world.
- In December 2019, Masan Group Corporation and VinGroup completed the merger of MCH with VinCommerce and VinEco through a share swap structure. The merger is expected to optimize operations of both groups, and will create a new Consumer Goods & Retail group with superior competitive advantage and size in Vietnam. Masan Group is the majority shareholder (70%) of the combined entity, which shall hold 85.7% of Masan Consumer Holdings and 83.7% of VinCommerce.
- In December 2019, more than 324.3 million shares of Masan MEATLife Joint Stock Company (MML) were listed on UPCoM. In addition to promoting greater transparency for shareholders, the UPCoM listing will also be a strategic step towards MML's ultimate goal of doing an international style IPO on the HOSE in 2022-2023.
- In December 2019, Masan HPC, a wholly-owned home and personal care subsidiary of Masan Consumer Corporation, launched a tender offer to acquire up to 60% shares of Net Detergent JSC (NETCO) at price of VND48,000 per share. The transaction aligns with Masan's 5-Year strategic game plan to broaden its product portfolio to better serve 100 million Vietnamese consumers.

## Corporate Structure

As of 31 December 2019<sup>1</sup>



1. This chart represents economic interests and does not include other subsidiary and intermediary holdings companies.

2. The Company's effective interest in MCH and VCM of 60% and 58.6%, respectively, reflects the dilution of its current direct owner interest of MCH and VCM of 85.7% and 83.7% due to its commitment to issue 30% of a to-be-established direct subsidiary that will own the current shares of MCH and VCM, to the previous owners of the 83.7% stake in VCM.

3. The Company holds 15% of Techcombank's charter capital directly, but its total economic interest is 20% when including indirect ownership through a subsidiary.

### 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, Komi, Heo Cao Boi, Ponnies, Vinacafé, Wake-up, Wake-up 247, Compact, Vinh Hao, Quang Hanh, Vivant, Faith, Red Ruby and

Su Tu Trang. With the recent acquisition of NETCO, Masan Consumer is now also present in the home and personal care space.

### **MASAN MEATLIFE**

Masan MEATLife is Vietnam's one of the 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.

From its origin as a leading animal feed company, where today its "Bio-zeem" feed brand is a market leader known for its productivity, Masan MEATLife (formerly known as Masan Nutri-Science) has since transformed into a branded consumer meat business, being the first in Vietnam to launch chilled meat products using European processing technology and standards under 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.

### **VCM/VINCOMMERCE**

VinCommerce is the largest modern retail platform in Vietnam with more than 132 supermarkets (VinMart) and 2,900 mini-marts (VinMart+) in 50 provinces and cities. VinCommerce also owns 14 high-tech farms VinEco which provide products of international quality standards. Via the VinID super app, VinCommerce is a pioneer in terms of omni-channel strategy with access to 8.7 million customers.

VinCommerce has continuously achieved prestigious domestic and international awards, such as Top 10 most prestigious retailers in Vietnam in 2017, 2018, 2019; Asian Green Retailers 2019; and Asian Responsible Business 2019.

### **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.

# Capital Structure<sup>1</sup>

▪ <b>FY2019 EBITDA<sup>2</sup> (VND billion)</b>	:	10,077
▪ <b>Cash and Cash Equivalents (VND billion)<sup>3</sup></b>	:	7,585
▪ <b>Total Straight Debt (VND billion)</b>	:	30,016
▪ <b>Net Debt (VND billion)</b>	:	22,431
▪ <b>Number of issued shares</b>	:	1,168,946,447
▪ <b>Charter Capital (VND billion)</b>	:	11,689
▪ <b>Total Equity (VND billion)</b>	:	51,888

1. Balance sheet numbers are all as of 31 December 2019.

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

<b>Approval</b>	<b>General Meeting of Shareholders</b>	
<b>Validation</b>	Board of Directors	Supervisory Board
<b>Strategic Management</b>	Management Board <ul style="list-style-type: none"> <li>▪ Chief Executive Officer</li> <li>▪ Deputy Chief Executive Officers</li> <li>▪ Chief Financial Officer</li> <li>▪ Chief Accountant</li> </ul>	
<b>Execution</b>	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 Corporate 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 four non-executive members. 1/3 of members of the Board of Directors are independent 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. Dr. Nguyen Dang Quang is directorship member in 05 other companies, specifically he is the Chairman of Masan Corporation, VCM and VinCommerce, a board member of Masan Consumer, 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. Mr. Nguyen Thieu Nam is directorship member in other 04 other companies, specifically he is a board member of Masan Corporation, Quang Ninh Mineral Water, Baltic Titan Corporation, and First Vice Chairman of Masan Resources.

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.

Ms. Nguyen Hoang Yen is directorship member in other 05 other companies, specifically she also serves as Chairwoman of Masan PQ Corporation, a board member 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. Woncheol Park, Member**

Mr. Woncheol Park is a Managing Director at SK South East Asia Investment Pte. Ltd., SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd. and an Executive Vice President at SK SUPEX Council. He was previously the Head of Energy Infrastructure Investment Division at Hana Alternative Asset Management, and was at GS Energy and OCI, responsible for renewable energy, power and LNG businesses. He also worked at Boston Consulting Group as a strategy consultant. Mr. Park graduated from Seoul National University with a Bachelor of Chemical Engineering. Mr. Park also holds a PhD and Masters in Chemical Engineering from Seoul National University and a Master of Business Administration from the University of Chicago (Booth).

▪ **Mr. Nguyen Doan Hung, Independent Member**

Mr. Nguyen Doan Hung is a board member of Phu Hung Securities Corporation. He held previously various senior positions when working for State Bank of Vietnam, including Head of Research, Establishment and Development of Capital Markets; Head of Office of Governor, Director General of Foreign Exchange Management Department. He also used to be Vice Chairman of State Securities Commission of Vietnam and independent board member of Techcombank. Mr. Nguyen Doan Hung holds a Bachelor's degree in English from Ha Noi Foreign Language University and Master's degree in Finance Management from London University.

▪ **Mr. David Tan Wei Ming, Independent Member**

Mr. David Tan is a Managing Director at TPG Capital Asia. David was previously a Director at KKR Asia. He was previously a board member at Masan Consumer and Masan MEATLife. Through his career in private equity over the last 12 years, he has extensive experience in supporting businesses across a wide spectrum of sectors in Southeast Asia grow into market leading businesses. Mr. David Tan holds Bachelor of Science in Economics and Bachelor of Arts.

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 2019, the personal ownership of the Company shares of the members of the Board of Directors is as follows:

<b>Board of Directors</b>	<b>Position</b>	<b>Number of shares</b>	<b>Percent (%)</b>
Dr. Nguyen Dang Quang	Chairman	15	0.00
Mr. Nguyen Thieu Nam	Member	296,749	0.03
Ms. Nguyen Hoang Yen	Member	42,415,234	3.63
Mr. Woncheol Park	Member	0	0
Mr. Nguyen Doan Hung	Independent Member	0	0
Mr. David Tan Wei Ming	Independent Member	0	0

## **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.

## **ACTIVITIES OF THE BOARD**

The Board had 13 meetings in person and through collection of written opinions during 2019. The members of the Board mainly were involved with the discussion and approval of the following items:

- Simplifying the capital 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, including injection of capital to a subsidiary company;
- Restructuring the Company's debts;
- Implementing the issuance of new shares under the ESOP;
- Creating a new consumer goods & retail group by entering into share swap transaction with VinGroup; 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<sup>1</sup>**

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 2019, the personal ownership of the Company shares of the Management Board members is as follows:

<b>Management Board</b>	<b>Position</b>	<b>Number of shares</b>	<b>Percent (%)</b>
Dr. Nguyen Dang Quang	CEO	15	0.00
Mr. Nguyen Thieu Nam	Deputy CEO	296,749	0.03
Mr. Michael Hung Nguyen	Deputy CEO	2,427,428	0.21
Mr. Nguyen Anh Nguyen	Deputy CEO	926,695	0.07

<sup>1</sup> On April 13, 2020 the Board of Directors approved Mr. Nguyen Anh Nguyen's resignation. The resignation is effective from April 30, 2020.

## 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. 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 Chief Accountant of Masan Consumer, Vinacafé, Masan Food, Masan Beverage and Masan HPC.

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 2019, the personal ownership of the Company shares of the Supervisory Board members is as follows:

Supervisory Board Members	Number of shares	Percent (%)
Mr. Nguyen Quynh Lam	1,708,333	0.15
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 2019. 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. The members who have recently been appointed at the 2019 Annual General Meeting of Shareholders (April 2019) but have not participated in corporate governance training programs shall join corporate governance training programs in a suitable timing.

## 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 2019, Masan Group's charter capital was VND11,689,464,470,000

### Shareholdings Structure as of 31 December 2019

#### SHARES:

Total number of issued shares and type of shares of Masan Group: 1,168,946,447 ordinary shares.

Number of treasury shares: 0 share

Number of outstanding voting shares: 1,168,946,447 shares which are freely transferable.

#### SHAREHOLDERS STRUCTURE:

On the basis of percent ownership:

- Major shareholders include:

No.	Shareholders	No. of shares	Percent
1	Masan Corporation	365,215,870	31.24
2	Sunflower Construction Company Limited	154,756,706	13.24
3	SK Investment Vina I Pte. Ltd.	109,899,932	9.40
4	ARDOLIS INVESTMENT PTE. LTD.	65,930,342	5.64

<b>Total</b>	<b>695,802,850</b>	<b>59.52%</b>
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### **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 2019, Masan Group has 9,283 shareholders, of which 9,040 individual shareholders holding 191,058,887 shares representing 16.34%; and 243 are institutional shareholders holding 977,887,560 shares, representing 83.66%.

On the basis of domestic and foreign shareholders: As of 31 December 2019, Masan Group has 8,250 domestic shareholders holding 713,329,057 shares representing 61.02%; and 1,033 foreign shareholders holding 455,617,390 shares, representing 38.98%.

### **CHANGE OF THE CHARTER CAPITAL**

In 2019, the Company increased its charter capital from VND11,631,495,480,000 to VND 11,689,464,470,000. The increase of charter capital was result of the issuance of new shares under ESOP.

There was no transaction of treasury shares of the Company in 2019.

## **Shareholdings and Changes In Shareholdings Of The Board Of Directors During 2019**

	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>Increase/ Decrease</b>
Dr. Nguyen Dang Quang, Chairman	0.00%	0.00%	0%
Mr. Nguyen Thieu Nam, Member	0.03%	0.01%	0.02%
Ms. Nguyen Hoang Yen, Member	3.63%	3.65%	(0.02%)
Mr. Woncheol Park, Member	0%	0%	0%
Mr. Nguyen Doan Hung, Independent Member	0%	0%	0%
Mr. David Tan Wei Ming, Independent Member	0%	0%	0%

## Information Related to Trading and Transfer of Shares of Internal Shareholders

In 2019, 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 2019		Number of shares owned as of 1 January 2019		Reason for the increase, decrease (transfer, purchase, conversion, ...)
		Number of shares	Percent	Number of shares	Percent	
1	Mr. Tran Phuong Bac	25,728	0.0022%	18,700	0.0016%	Transfer and receipt of ESOP shares

## Equity Information

	<b>As of 31 December 2019</b>
Charter capital (VND billion)	11,689
Share price (VND)	56,500
52-week high share price (VND)	91,300
52-week low share price (VND)	51,600
Number of shares issued (share)	1,168,946,447
Number of ordinary shares (share)	1,168,946,447
Number of preference shares (share)	0
Number of treasury shares (share)	0
Market Capital (VND billion)	66,045
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
KPI	Key Performance Indicators
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 MEATLife or MML	Masan MEATLife 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
VCM	VCM Services and Trading Development Joint Stock Company, which wholly owns VinCommerce, operator of VinMart supermarkets and VinMart+ minimarkets. As such, VCM is also used interchangeably to refer to VinCommerce
VinCommerce	VinCommerce General Commercial Services Joint Stock Company
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

# Contacts

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