



MASAN CONSUMER CORPORATION
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ENGLISH TRANSLATION

Ho Chi Minh City, April 10, 2017

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

- Pursuant to the functions and duties of the Supervisory Board according to the Law on Enterprises in 2014, Law on Securities in 2006 and Charter of Masan Consumer Corporation dated April 26, 2016 (the “Company”);
- Based on the 2016 Financial Statements of the Company audited by KPMG.

The Supervisory Board would like to report the General Shareholders’ Meeting on the reviewing results of the Company’s 2016 financial position and the management activities of the Board of Directors and Chief Executive Officer in 2016 as follows:

I. The Supervisory Board’s activities in 2016:

In 2016, the Supervisory Board:

1. Fulfilled its functions in supervising the activities of the Board of Directors (the “Board”) and CEO based on the Company’s Charter and legal regulations; checking the compliance of decisions by the Board and CEO.
2. Checking and monitoring the implementation of 2016 business plan; supervising the implementation of Annual General Meeting (AGM) resolutions.
3. Controlling the orders and procedures for issuing regulations, policies, procedures and other documents of the Company.
4. Checking the legality, rationality, integrity and prudence in the business management and operations, in accounting and reporting principles;
5. Reviewing the report of the independent auditor and reports of internal auditing systems for the Board of Directors’ approval. The business result and accounting figures have been checked carefully to ensure the accuracy and legality in bookkeeping. The Company’s and its subsidiaries’ financial statements have been audited by KPMG and ensured to reflect fairly and rationally the key financial aspects of the Company, and checked to comply with Vietnamese Accounting Principles, Vietnamese Accounting Practices and other principles according to legal regulations.

6. Reviewing the Company's annual and half-year business and financial statements, reports on the Board of Directors' management; reviewing documents for the AGM.
7. In 2016, the Supervisory Board had 2 meetings: (i) approving the reviewing results of 2015 financial statements audited by KPMG, and (ii) approving the reviewing results of 2016 half-year financial statements reviewed by KPMG.
8. In 2016, the Supervisory Board did not get compensation.

II. The Company's 2016 financial position:

Table 1: CONSOLIDATED BALANCE SHEET

Unit: VND 1,000

Figures	31/12/2016	31/12/2015	% (2016/2015)
Asset			
Current Assets	11,519,694,860	4,736,863,861	243%
Cash and equivalent	6,914,244,921	3,366,663,622	205%
Short-term Investments	1,732,948,841	-	NA
Short-term Receivables	2,121,205,427	524,172,872	405%
Inventories	715,921,028	790,231,722	91%
Other Current Assets	35,374,643	55,795,645	63%
Long-term Assets	5,858,131,386	12,853,782,649	46%
Long-term Receivables	24,757,902	7,123,035,720	0%
Fixed Assets	4,444,692,084	4,047,507,546	110%
Long-term work in progress	371,351,502	719,382,303	52%
Long-term Investments	249,391,859	254,802,293	98%
Other Long-term Assets	767,938,039	709,054,787	108%
TOTAL ASSETS	17,377,826,246	17,590,646,510	99%
Resources			
Liabilities	5,449,387,898	4,775,199,506	114%
Short-term liabilities	4,942,371,388	4,149,379,994	119%
Long-term borrowings and liabilities	507,016,510	625,819,512	81%
Owners' equity	11,928,438,348	12,815,447,004	93%
Share capital	5,381,601,170	5,351,601,170	101%
Share premium	5,088,056,395	5,088,056,395	100%
Other capital	(265,775,657)	(265,775,657)	100%
Treasury shares	(1,640,252,631)	(1,640,252,631)	100%
Foreign exchange differences	(2,253,725)	-	NA
Investment and development fund	22,731,973	22,731,973	100%
Undistributed profit after tax	2,434,650,312	2,984,708,427	82%
Non-controlling interests	909,680,511	1,274,377,327	71%
TOTAL RESOURCES	17,377,826,246	17,590,646,510	99%

Table 2: CONSOLIDATED INCOME STATEMENT**Unit: VND 1,000**

Figures in VND 1,000	2016	2015	% (2016/2015)
Revenue from sales of goods and provision of services	13,971,502,083	13,395,193,258	104%
Revenue deductions	(181,742,641)	(183,268,214)	99%
Net revenue	13,789,759,442	13,211,925,044	104%
Cost of sales	(7,539,940,955)	(7,264,239,572)	104%
Gross profit	6,249,818,488	5,947,685,472	105%
Financial Income	486,486,717	1,151,095,980	42%
Financial Expenses	(120,181,486)	(483,121,283)	25%
Share of profit in associates	6,648,043	14,377,237	46%
Selling Expenses	(2,619,544,147)	(2,451,004,233)	107%
General & Administration Expenses	(840,490,030)	(743,978,471)	113%
Net Operating Profit	3,162,737,584	3,435,054,702	92%
Other Income	3,946,391	4,260,888	93%
Other Expenses	(3,831,459)	(12,772,931)	30%
Accounting Profit Before Tax	3,162,852,516	3,426,542,659	92%
Income tax expense – current	(432,682,943)	(550,865,520)	79%
Income tax benefit/ (expenses) – deferred	60,942,674	25,040,546	243%
Net profit after tax	2,791,112,247	2,900,717,685	96%
Equity holders of the Company	2,679,382,871	2,822,340,170	95%
Non-controlling interests	111,729,376	78,377,515	143%
Basic Earnings per share	5,165	5,479	94%

Comments:

1. The Company's 2016 Financial Statements were prepared in compliance with VAS and audited by KPMG; the reported figures reflect fairly and rationally the financial situation of the Company. Accounting books have been well maintained to record clearly and sufficiently the business expenses and results in the reporting period.

In 2016, the Company's consolidated revenue was VND13,790 billion, obtaining 86% of the targets approved by the General Meeting of Shareholders, an increase of 4% versus 2015, supported by strong growth of the bottled beverages at a rate of 69%.

2016 also marked milestone of the Company when in October, Masan Consumer launched its first seasonings brand exclusively for the Thailand market, Chin-su Yod Thong fish sauce. This is the first small step to serve 250 million consumers of Inland ASEAN (including Vietnam, Thailand, Myanmar, Laos and Cambodia).

Profit after tax of the Company in 2016 was VND 2,791 billion, reaching 99.7% of the targets approved by the General Meeting of Shareholders and decreasing 4% versus to 2015. 2016 basic earnings per share was VND5,165.

2. In January and April of 2016, Masan Beverage Company Limited additional acquired 24.60% stake in Vinh Hao Mineral Water Joint Stock Company, increased its ownership in Vinh Hao up to 88.56%.
3. In February and December of 2016: Masan Beverage Company Limited also raised its stake in Vinacafé Bien Hoa Joint Stock Company up to 68.46%.
4. In May 2016: Vinacafé Bien Hoa Joint Stock Company acquired 85% stake in CDN Trading Production Corporation - a company operating in the coffee sector.
5. In June 2016: Masan Food Company Limited established a subsidiary named Nam Ngu Phu Quoc One Member Company Limited in Phu Quoc.
6. In July 2016: Masan Consumer (Thailand) Limited, a subsidiary of the company, was established in Thailand to serve 250 million consumers of Inland ASEAN.
7. In October 2016: Masan Food Company Limited raised its stake in Ma San PQ Corporation up to 99.99%.
8. The Company made ordinary and extraordinary reports and disclosures in compliance with disclosure regulations for large-scale public companies on the stock exchange. Quarterly, semi-annual and annual financial statements, management reports... were disclosed in a timely manner and posted on the Company's website, facilitating the provision of official information to shareholders and investors.

III. Review of the governance by the Board of Directors in 2016

1. In 2016, the Board of Directors fully observed the legal regulations and the Company's Charter, executed the AGM resolutions successfully.
2. The Board of Directors Meetings was held on a quarterly basis in accordance with the law and the Charter of the Company. In 2016, the Board of Directors worked actively and efficiently, closely co-ordinated with the CEO and Board of Management to determine directions and solve business requirements in a timely manner, leading to the impressive business results for the Company and great value for the shareholders in 2016.
3. Resolutions by the Board of Directors were issued in compliance with the functions and duties of the Board according to legal regulations and the Company's Charter.

IV. Review of the management by the CEO in 2016:

1. With the Board of Management, CEO carried out the decisions and resolutions of AGM and BOD in a timely and complete manner, and implemented the Company's business plan successfully; proactively prepared plans for managing and performing business operations, and developed the efficiency of the organizational and managerial structure of the Company.
2. The Board of Management co-ordinated closely and proactively in sourcing, directing business operations, and ensuring jobs and improving income for employees.

3. The Board of Management regularly held meetings to discuss business plans of the Company and its subsidiaries, give directions, correct and improve shortcomings.

V. Conclusion:

1. The Company's activities in 2016 basically comply with the provisions of law and the Charter of the Company;
2. In 2016, the Board of Supervisors has not found any abnormal signs in the business operation of the Company;
3. The business results and accounting data have been strictly checked to ensure the accuracy and legality of recording data.

We wish great success to the meeting.

ON BEHALF OF THE SUPERVISORY BOARD

Head of the Supervisory Board

(Signed and sealed)

Nguyen Quynh Lam