



**MAKING OUR
SAFE MEAT
VISION A REALITY**



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CEO LETTER



“ WE HAVE TAKEN A MAJOR STEP CLOSER TO ACHIEVING OUR VISION OF ULTIMATELY BEING A BRANDED MEAT COMPANY THAT CAN DIRECTLY REACH VIETNAMESE CONSUMERS IN 2018. ”

Dear Shareholders and members of the Masan Nutri-Science community,

On behalf of the Board of Directors, I would like to report on our business performance in 2017 and our prospects going forward.

2017 was a truly challenging year for millions of farming households, dealers, and businesses within the pig feed and farming industry. Masan Nutri-Science was not immune to such challenges. Vietnam faced the longest and most severe pig price crisis in its history. Approximately 50% of farmers had to give up pig farming or reduced their herd sizes which led to a 46% decline in pig feed sales by volume. The entire farming industry was materially affected by the drop in livestock pig prices. During the same period, consumers still had to continue paying high prices for meat products of subpar quality and questionable origin.

Despite these hardships, the Board of Directors, Management Board, and all Masan Nutri-Science employees kept going to execute on our strategy to build and own the three key pillars of a branded and highly productive meat business: **Feed – Farm – Food.**

In 2017, our animal feed business achieved net revenue of VND18,690 billion, gross profit of VND3,991 billion, and EBITDA of VND1,915 billion. Our financial performance was modest and lower than in previous years. However, we are proud of our performance as our decline was not as severe as the decline experienced by the overall market. During the crisis, we stayed close with farmers and sought solutions to help them stay in business, including investments in promotional activities and loyalty programs. In 2017, we even launched two new products to address the needs of our customers such as Bio-zeem “Xanh” for porkers, our “value-for-money” feed product which enabled farmers to save more on feed and Bio-zeem for broilers to serve the poultry feed category with increased productivity. I am proud to share that our commitment to keep going led to an increase in our pig feed exit market share (excluding the external feed market) to 35% by December 2017 compared to 30% in December 2016.

Within our farming operations, we commissioned our hi-tech pig farm in Nghe An which has a designed capacity of up to 250,000 porkers per annum. The farm in Nghe An is critical to our understanding of how to improve the productivity of the pig farming sector while maintaining the best sustainable practices. Most importantly, operating a farm is critical to our credibility with regards to producing traceable, safe and affordable meat products for end consumers.

In 2017, we also kick-started the development of our last link in the 3F value chain. As a result, we were able to begin the construction of a meat processing complex in Ha Nam in early 2018. The project’s designed capacity is 1.4 million porkers per annum with technology and equipment imported from Europe. With this project, we have taken a major step closer to achieving our vision of ultimately being a branded meat company that can directly reach Vietnamese consumers.

As a validation of our consumer-centric vision, KKR invested US\$150 million into Masan Nutri-Science to become a key partner in 2017. KKR is not just a source of growth capital, but an experienced investor in the consumer-agri-consumer sector who can connect us to their deep network of experts and partners to accelerate our growth.

Looking forward, 2018 appears to be another challenging year for livestock farming as livestock pig prices has not recovered as quickly as many expected. However we still believe that the big unmet need for quality meat products still exists and that the 3F model is the key to unlock Vietnam’s meat value chain potential. In 2018, Masan Nutri-Science still is determined to increase our market share and, more importantly, we aim to deliver our first fresh chilled meat products to the market by 4Q2018. This will be a major milestone towards achieving our objective: **“To be and be recognized as the leader in providing branded animal protein solutions across the value chain for everyone, every family, every day in Vietnam by driving productivity to global standards”.**

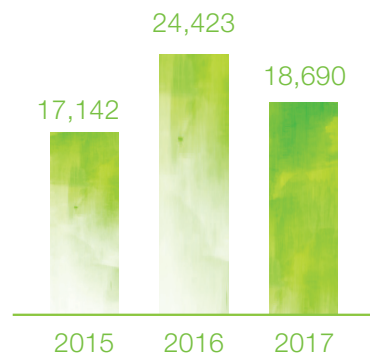
2017 was a challenging year and we must also prepare for an uncertain 2018. However, I believe that together, with our scale, capabilities, brands, innovations, and, most importantly, our people, Masan Nutri-Science is on the right track to better serve our Vietnamese consumers with quality meat products they can trust and enjoy.

Yours faithfully,

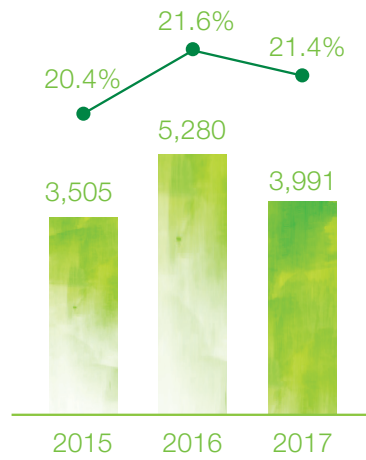
Pham Trung Lam
Chief Executive Officer of Masan Nutri-Science

2017 SCORECARD

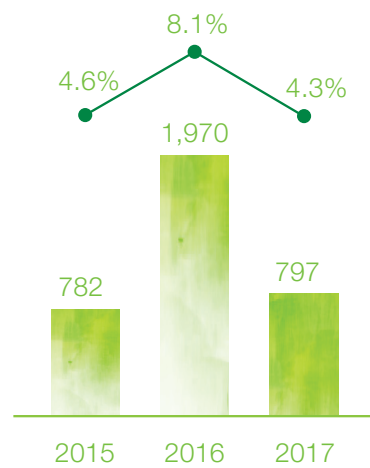
NET REVENUE
(VND BILLION)



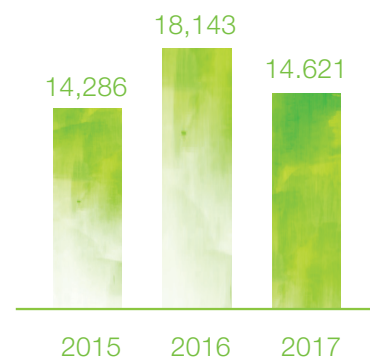
**GROSS PROFIT (VND BILLION)
& GROSS MARGIN**



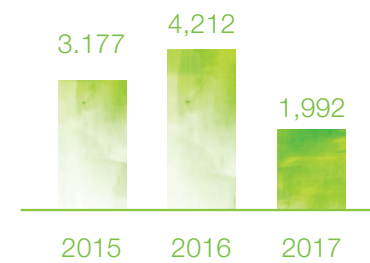
**NET PROFIT (VND BILLION)
& NET MARGIN**



TOTAL ASSETS
(VND BILLION)



CASH BALANCE⁽¹⁾
(VND BILLION)



1. Including short-term investments





OUR STORY

WHO WE ARE

Masan Nutri-Science (“MNS”) is Vietnam’s largest local 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\$9 billion opportunity.

In 2017, Masan Nutri-Science sold nearly 2 million tons of animal feed through its national network of over 4,500 dealers and 13 feed facilities. By implementing an FMCG approach to the feed business, Masan Nutri-Science has developed the successful umbrella brand “Bio-zeem”, allowing it to achieve 35% market share of the external pig feed market. With the success and cash flows of its feed business, Masan Nutri-Science has since gone on to develop an integrated branded plat-

form with the commissioning of its large-scale pig farm in Nghe An and the groundbreaking of its meat processing complex in Ha Nam, which is expected to start providing fresh chilled meat to Vietnamese consumers by the end of 2018.

We aim **to be and be recognized as the leader in providing branded animal protein solutions across the value chain for everyone, every family, every day in Vietnam by driving productivity to global standards.**

“ WE ARE THE FIRST INTEGRATED BRANDED MEAT PLATFORM IN VIETNAM.

”



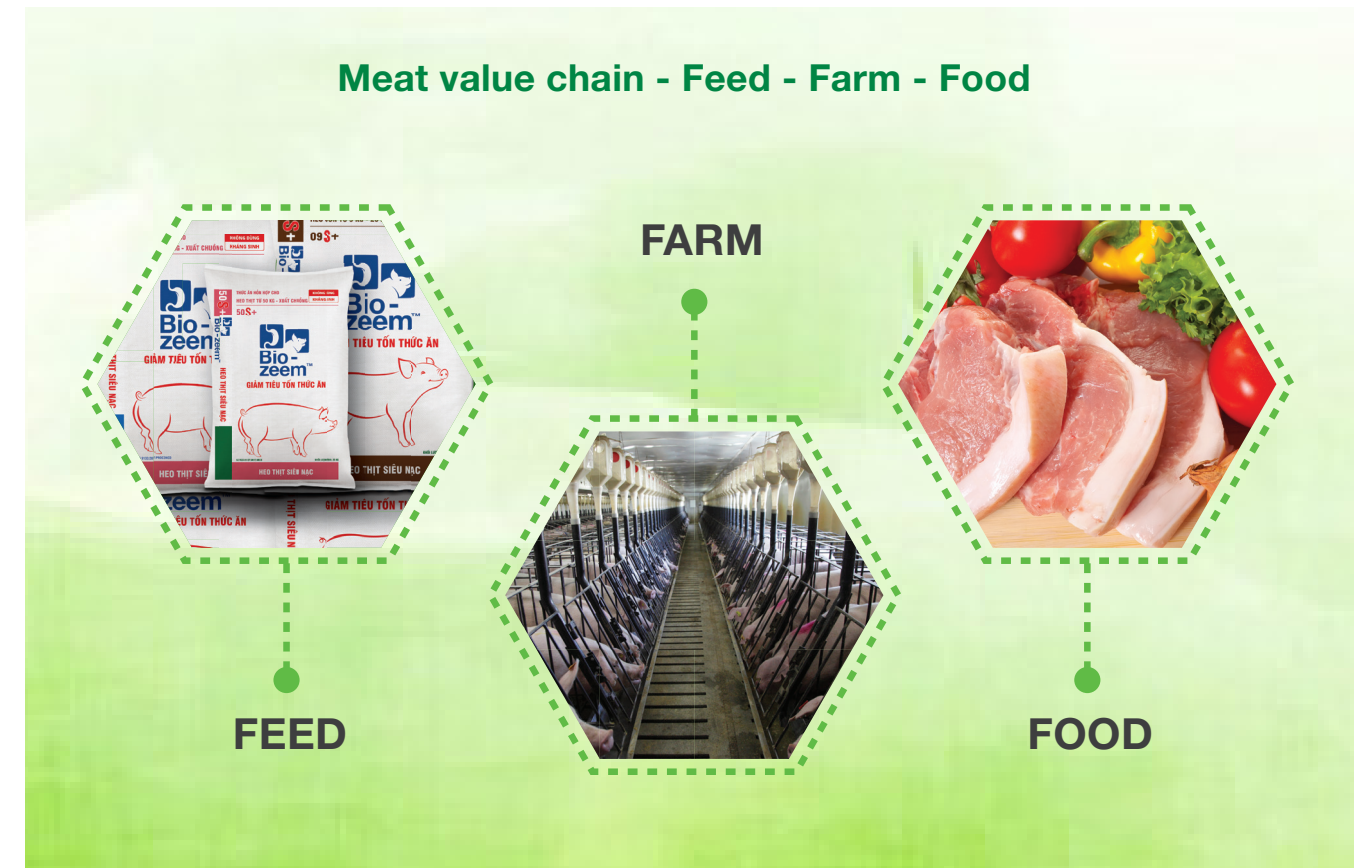
3F MODEL IS A MUST

Our strategy is to transform the inefficient US\$9 billion animal protein market by building a branded and productive Feed-Farm-Food (“3F”) platform. The 3F model is a must to make quality meat products more accessible (Vietnamese are paying nearly twice the price compared to US consumers on a per capita basis), and to meet the growing demand for branded, hygienic and traceable meat products.

Animal feed is our entry point as it accounts for over 33 percent of the productivity across the animal protein value chain. We have been able to quickly become the leading player in the animal feed space by applying our “consumer-centric” business model. We deeply interact with farmers to obtain deep insights and develop innovative products by bringing in international technology to address their big unmet needs and raise their productivity level. In addition, we

built the industry first power brand “Bio-zeem” to gain farmers’ trust and loyalty. We are applying the same approach as we move downstream which we believe will enable us to provide branded meat products to serve 90 million consumers.

Our transformation from a purely feed producer into a branded meat platform has significantly progressed this year by the commissioning of our hi-tech pig farm in Nghe An province and the groundbreaking of a world-class meat processing complex in Ha Nam province. With these facilities, we have the potential to win Vietnam’s northern market with our fresh chilled meat products. In a fragmented and unbranded market, our strategy is expected to allow us to consolidate market share and become the leading integrated meat player.



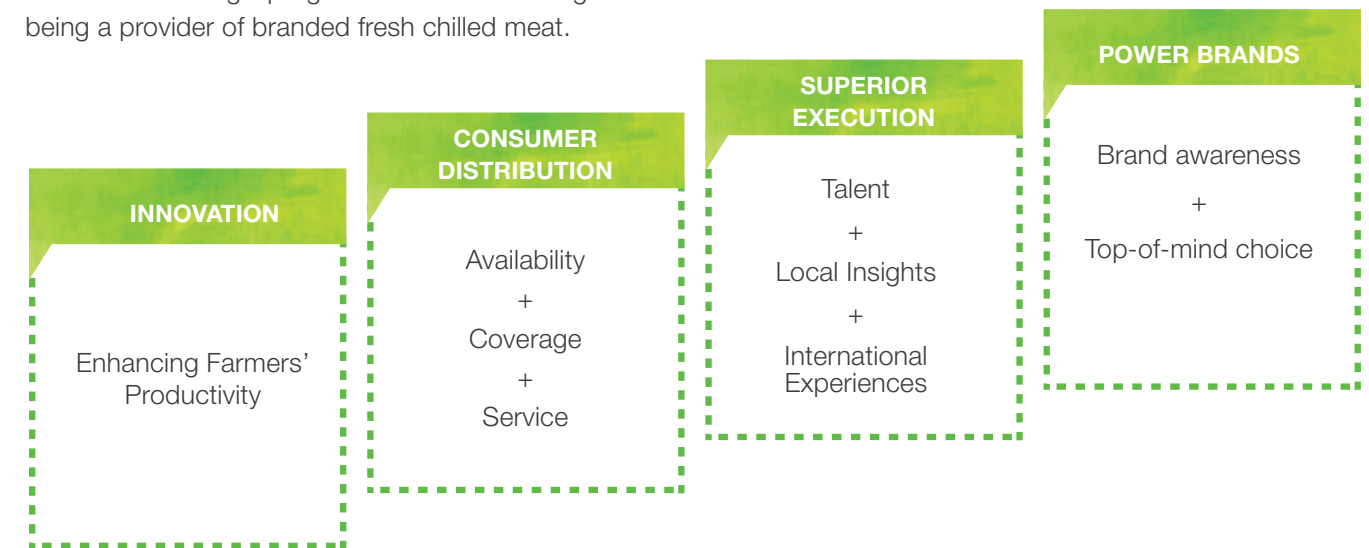
“ OUR VISION IS SIMPLE BUT AMBITIOUS: “TO ENRICH VIETNAMESE PEOPLE’S LIVES BY PROVIDING REAL, DELICIOUS AND AFFORDABLE ANIMAL PROTEIN FOR EACH AND EVERY MEAL. ”



PLATFORM FOR TRANSFORMATION

MNS has a unique business model to unlock and capture Vietnam’s animal protein value chain. We aim to become the first branded integrated meat platform in Vietnam with a focus to improve productivity across the entire animal protein value chain. MNS chose animal feed as our entry point and, since then, we have made strategic progress towards our end goal of being a provider of branded fresh chilled meat.

In order to achieve this, we have invested heavily in our operating platform: power brands, innovation, distribution network, production facilities, and, most importantly, talent.



POWER BRAND

We have also been able to apply our FMCG brand building model to the meat value chain. Three years after its launch, Bio-zeem today comprises over 60% of our animal feed sales. Launched in July 2015, Bio-zeem became the industry’s first power brand, achieving over 90% in terms of loyalty rate, brand awareness and top-of-mind choice within the commercial pig feed category. We were the first company in Vietnam to launch television advertising campaigns within the sector supported by direct brand activation activities with farmers. Combined with real innovation, 95% of farmers continued to use Bio-zeem products after initial trial¹.

The Bio-zeem brand equity is not only built on an innovative communication strategy but also through delivering a full service solution to farmers including technical assistance, farming workshops, and proof-of-product tests.



1. Nielsen.

OUR STORY

In 2017, the worst livestock pig price crisis in Vietnam's history demonstrated the strength of the Bio-zeem brand. During a period when the commercial pig feed market declined by approximately 48%, MNS' Bio-zeem sales only declined by roughly 30%. Today, Bio-zeem, a key umbrella brand in our product portfolio, accounts for over 60% of our pig feed sales. The strength of the Bio-zeem brand was key to our ability to grow our market share in the external pig feed market to 35% during such a challenging period. In support of farmers who are more cost conscious, we have launched our value-for-money Bio-zeem "Xanh" line of products for pigs.

Bio-Zeem "Xanh" offers superior productivity compared to other producers playing in the second tier segment. By introducing a "value-for-money" Bio-zeem range of products, Masan Nutri-Science is providing a solution to price sensitive farmers during the crisis and to protect and even grow our market share. In addition, Bio-zeem Xanh is also expected to drive the conversion of home-made feed users (many who down-traded during the crisis) into more productive commercial feed.



“ OUR PIG FEED EXIT MARKET SHARE IS 35%¹. ”

INNOVATION - MASAN WAY

Bio-zeem's success would not be possible if the products behind the brand did not deliver real innovations and benefits to farmers. Our innovations are developed in-house by Masan Institute of Nutri-Science ("MINS"), our research and development ("R&D") platform. The people at MINS relentlessly study and develop advancements in feed, breeding and farming technology. We regularly conduct market research and farm-test for all of our products.

For example, our Bio-zeem range of products include proprietary enzymes to strengthen a pig's immune system and improve the feed conversion ratio ("FCR"). These benefits were developed in collaboration with our European science partners and suppliers.

Aware that the overuse of antibiotics was becoming a public health concern, we were able to become Vietnam's first company to completely remove antibiotics from its animal feed portfolio. Due to MINS's efforts, we were able to do so while preserving the same level of productivity, animal health, meat quality, and disease tolerance.

In early 2017, we launched "Bio-zeem Mama", designed to increase the number of piglets per sow and thereby improving productivity. Bio-zeem Mama offers 3 variations: Bio-zeem Mama 00-01 for gilt, Bio-zeem Mama 00-02 for sow and Bio-zeem Mama 00-03 BioSelen 34567 for lactating sow. All three variations also contain organic BioSelen 34567 which improves reproductive health for gilts and sows and prepare them for service in just 7 days, adding 1 more piglet per litter. We believe this innovation will gain traction when livestock pig prices recovers and productivity becomes more of priority.

Even during a challenging environment for livestock pig prices, MNS kept going with its belief in innovation. Towards the end of 2017, we launched Bio-zeem "Xanh"



for pigs and "Bio-zeem Super" for broilers within our poultry category. These newly launched products also possess the unique enzymes to improve FCR, boosts resistance and reduces common diseases.

For Bio-zeem "Xanh", proof-of-productivity tests on 300 samples prove that our Bio-zeem "Xanh" enables farmers to sell their pigs 7 days earlier and Bio-zeem for poultry broiler improves FCR by 6%¹. Bio-zeem for poultry broiler is a breakthrough innovation for poultry feed which enable farmers to use up to 10% less feed, thus improving their profitability.

Our commitment to innovation and doing things differently is also reflected in the development of our hi-tech pig farm in Nghe An. The farm, the first of its kind in the province, applies latest the technologies in feeding control, temperature, lighting, energy usage and waste management.

MNS aims to provide fresh chilled meat to the end consumers, with the very first branded fresh chilled meat products are expected to roll out in late 2018. We are committed to enhance the productivity of Vietnam's animal protein industry with our 3F model and take part in making our safe meat vision for Vietnamese consumers a reality, being able to enjoy affordable fresh chilled meat in their daily meals.

This unique process is key to bring fresh chilled meat to the market, a completely new concept in Vietnam. Chilled meat is stored and distributed in refrigerators and is kept between 0-4°C during transportation. This technique helps minimize bacteria growth and maintain natural freshness for meat products. Fresh chilled meat can be stored up to 5 days before consumption. Producing, storing and selling fresh chilled meat is common and standardized across the world, but unheard of in Vietnam.

1. Management estimates.

1. As tested in Oct 2017 and Jan 2018 on sample size of 300.



LEADING DISTRIBUTION NETWORK

For our feed business, we own a strong distribution network of over 1,200 salesmen servicing over 4,500 dealers nationwide. A large portion of the dealers are exclusive. The distribution network is further solidified following the cooperation with VISSAN that owns a nationwide network, reaching 130,000 points of sale and more than 1,000 supermarkets and convenience stores, as well as a global export network.

Implemented from November 2017, the Distribution Management System (“DMS”) is the backbone of our distribution system. By investing in state-of-art sales management technology, we are now able to apply sales policies promptly across the nationwide distribution network, enhancing transparency and efficiency of incentive schemes, optimizing salesforce efficiency.

We have restructured our distribution system significantly in order to better serve our farmers across the country. With the proven capability to expand market share and a strong sales team, we are winning pig feed market and on-track to become the leading company in the meat value chain.

“ OUR DISTRIBUTION NETWORK CONSISTS OF OVER 1,200 SALESMEN AND TECHNICAL EXPERTS AND OVER 4,500 DEALERS. ”

WORLD-CLASS FACILITIES

Masan Nutri-Science operates 13 animal feed manufacturing facilities across Vietnam. Our total capacity as of the end of 2017 reached approximately 3.3 million tons per annum.

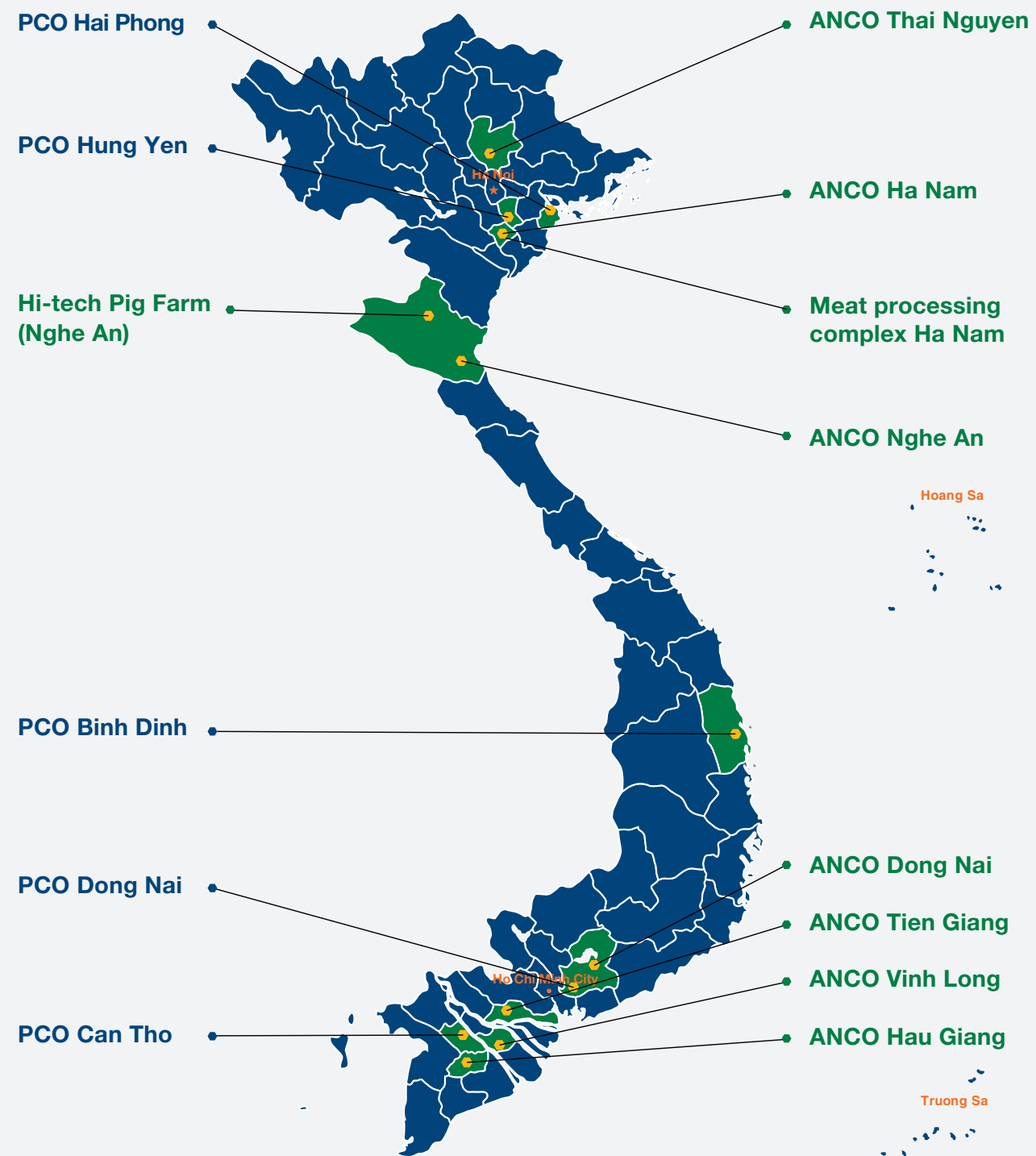
We have invested in the construction of a hi-tech pig farm in Nghe An, which will be completed in May 2018. This pig farm is nearly 200 hectares in size and is projected to produce up to 250,000 porkers per year once fully ramped up. This is MNS’ latest and largest-scale farm to date with world-class waste management system. The farm will supply pigs for further processing into branded fresh chilled meat products for end consumers.

In February 2018, MNS began building a meat processing complex in Ha Nam, the last puzzle piece to fully establish our integrated 3F (“Feed-Farm-Food”) model. Being a Vietnamese company with a complete 3F model, MNS is committed to satisfy consumer’s demand for tasty, safe and affordable meat in their daily nutrition consumption.

The project’s designed capacity is 1,400,000 heads per annum, equivalent to 140,000 tons of meat. The project value is over VND1,000 billion investment, with technology transferred from Denmark, and all its equipment and materials in direct contact with meat during processing meet the stringent hygiene requirements.



Phase 1 of our hi-tech pig farm-Masan Nutri-Farm in Nghe An province



Map of Masan Nutri-Science facilities across Vietnam



AN ENTREPRENEURIAL MANAGEMENT TEAM

In a rapidly changing business environment, we recognize the importance of developing agile, decisive and engaging leaders who can build strong teams and create inclusive environments where all employees can succeed.

At MNS, we are proud of our nearly 3,500 talents, our most valuable asset. Our team is spearheaded by executives who have held senior roles at large and successful companies such as Masan Consumer, Cargill, P&G, and Unilever. The leadership team have a mix of international experience and a proven track record of executing on transformative business plans in emerging markets.

Supplementing our experienced executives is a team of young, forward-thinking and flexible professionals who are agents of change that can initiate and realize innovative business ideas to create maximum value to shareholders. We are an entrepreneurial management team with best-in-class risk management practices and a proven execution track record.

In fact, our dedicated team of professionals have been essential to our transformation journey from the largest local animal feed player to an integrated branded meat platform.



SUSTAINABILITY

REPORT





DOING WELL BY DOING GOOD

Masan Nutri-Science (“MNS”) follows the objective: **“to be and be recognized as the leader in providing branded animal protein solutions across the value chain for everyone, every family, every day in Vietnam by driving productivity to global standards.”**

If we can achieve this objective, then what we do is not a job, but a purpose: to serve and better the lives of millions of Vietnamese consumers. Our purpose is not only reflected in our business objective but also in our belief in sustainability, which takes into account our overall impact on the environment, our communities and the larger society.

PRODUCTS AND PROCESSING

Responsible procurement

The majority of raw materials used in the manufacturing of our products are commodities. We usually apply take-or-pay contracts with fixed prices up to a year from suppliers. Costs from our imported raw materials take up to 80% of our total material cost (including raw materials we imported directly or through a intermediary).

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 whose long-term performance record with us demonstrates reliability over time are considered “approved suppliers” and will continue to be engaged under annual contracts.

The main materials in Masan Nutri-Science’s finished products include rice bran, soybean residue, corn, rapeseed oil cake and meat powder from both domestic and foreign sources. Soybean residue and corn are imported from various countries in the world based on the quality and price offered by world’s leading suppliers. Rice bran is mostly procured from domestic suppliers. Materials purchased from abroad are based on agreements signed six months in advance with adjustments to price based on energy, protein and nutrient

costs. Domestic materials are purchased by a central department and allocated to each factory. Short-term agreements and prices are usually reviewed weekly for market fluctuation.

Our materials are closely monitored in terms of quantity as well as quality. Our warehouses are inspected regularly, and our product quality is strictly controlled.

Safety

We are committed to the well-being of our employees. We are responsible for providing our employees with sufficient protective equipment, occupational safety and hygiene, and comfortable working conditions. We have also carried out safety trainings in order to promote positive safety habits, not only to be applied at work but also for daily activities.



ENVIRONMENT

At Masan Nutri-Science, we are investing VND200 billion to complete the most advanced water treatment system for our high-tech pig farm in Nghe An. Not only will we be able to purify waste water to reach the highest standard of Class A, we also will be able to re-circulate 70% of the treated water for farm use. The farm is also able to produce biogas from its operations and generate enough electricity to be self-sufficient.

At our meat processing complex in Ha Nam, we will be investing in a state-of-the-art waste treatment plant to meet Class A waste water standard. At the same time, we will make sure there is enough green space surrounding the complex to create a green and friendly working environment



Masan Nutri-Farm's waste treatment plant in final stage of construction

TALENT SUSTAINABILITY

Qualification	Percentage
Post graduate	1%
University graduate	42%
College graduate	12%
Intermediate college graduate	15%
High school graduate	17%
Secondary school graduate	13%
Total	100%

Note: 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.



At MNS, our talents are the keys to our success. We have total of 3,565 employees. We are proud to be one of the best places to work in Vietnam thanks to our long-term strategy to attract and retain talents to ensure sustainable growth.

Our philosophy is to improve and material and spiritual lives of Vietnamese consumers and also our employees'. Our responsibility is to offer our employees stable income and build their careers. We also have long-term plans to prepare our best employees for future executive roles through rigorous training sessions. We ask our employees to look at problems differently to quickly realize their potential and maximize their growth opportunities. While capturing the best talents in the industry, we understand that growth comes from the physical, mental and emotional well-being of employees across all functions.

We reward our employees fairly and proportionally with their performance and contribution to our businesses. Our key talents are also shareholders, who promote an entrepreneurial culture and long-term thinking.

We invest in continuing education and training programs for qualified and/or applicable employees. These programs provide employees with opportunities to enhance his or her skills and knowledge. In addition, each of our facilities provides specific localized instruction to employees, depending upon his or her role. In 2017, we organized 21 training courses for 507 employees to improve their leadership as well as technical skills.

We also maintain accident and health insurance for all employees. They are also entitled to standard working hours, rest break and annual leave as regulated by the Labor Code.

CORPORATE SOCIAL RESPONSIBILITY

HEALTHCARE

Masan Nutri-Science donated VND650 million to the Disabled People, Orphan and Disadvantaged Patient Association of Quang Nam to organize 69 cataracts surgeries and 27 heart surgeries for disadvantaged patients in Quang Nam province.

EDUCATION

In the latter half of 2017, MNS paid special attention to children of pig farmers who were adversely impacted by the pig price crisis, affecting their daily lives and income source. We gave away scholarships to encourage these children to continue their education and build the foundation for their future successes.

In 2017, MNS also donated VND1 billion to the Saigon Times Foundation – Pham Phu Thu scholarship. Our



goal is to support and provide equal opportunity for the country's youth, many of whom still live in poverty but desire to continue with their education. Until now, MNS has provided 400 scholarships for disadvantaged students across many parts of Vietnam, namely Ben Tre, Long An, Hau Giang, Ha Nam, Quang Nam, Nghe An and Thai Nguyen provinces.



PHILANTHROPY

2017 was an unfortunate year for pig farmers as a result of the unprecedented pig price crisis. During this challenging period, people in Central Vietnam also suffered from devastating storms, making their lives the more difficult.

In addition to our support package to farmers and dealers nationwide, MNS prepared 900 care packages for victims affected by the Level 12 typhoon Damrey. Recipients included people from Hiep Hoa Bac, Hiep Hoa Trung, Hiep Hoa Nam communes in Dong Hoa district, Phu Yen province; Van Phu and Van Thang communes in Van Ninh district, Khanh Hoa province; Dien Thang Trung, Dien Phuoc communes in Dien Ban town, Quang Nam province and Hoa Tien commune in Hoa Vang district, Da Nang City.

We also gave 1,200 care packages to needy patients, disadvantaged students, lonesome elderlies, disabled children and orphans in impoverished communes in Thai Nguyen, Quang Nam, Dong Nai and Long An provinces.

Innovation and Entrepreneur Day 2017”, and VND1 billion to the Disabled People, Orphan and Disadvantaged Patient Association of Quang Nam province.

COMMUNITY DEVELOPMENT

In animal protein business, Masan Nutri-Science has cooperated with the Ha Nam government officials to scale up Masan's farming model at Binh Luc district and surrounding communes according to Ha Nam's planned contract farming areas. This will help achieve the following goals: create a designated farming area outside of the residential area, build upon existing farming areas with a multi-goal development plan (leveraging existing local pig farming expertise, promoting sustainable development, and providing stable income for farmers), create model farms based on Masan's standards that can be replicated, and promote clean pig farming practices. As a result, Masan is setting the bar higher for the pig farming business in Ha Nam, applying the latest technology in order to create a more sustainable and productive meat value chain.

AWARDS

ANCO and Proconco were awarded “Vietnam Top Quality Products” in 2018 for their contributions to serve and bring better feed products to Vietnamese farmers.

Masan Nutri-Science received the following recognitions: “Excellent Company in 2017” by the People's Committee of Ha Nam, “Certificate of Fulfilling Tax Duties in 2017” by The General Department of Taxation, “Heart of Gold Certificate” by the People's Committee of Quy Hop district, Nghe An province.

Vietnam Investment Review and AVM Vietnam recognized KKR's investment in Masan Group and Masan Nutri-Science as “Best M&A Deal in 2017.”



We also donated 50 cows worth over VND1 billion to disadvantaged cow farmers in Loc Giang and An Ninh Tay communes, Long An province. We also sponsored VND200 million for the “Dong Nai University Students



FINANCIAL

STATEMENTS

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Masan Nutri-Science 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 2017.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Company’s Board of Management:

- (a) the consolidated financial statements set out on pages 31 to 37 give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated results of operations and its 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; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Pham Trung Lam
Chief Executive Officer

Ho Chi Minh City, 8 March 2018

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS MASAN NUTRI-SCIENCE CORPORATION (formerly known as Masan Nutri-Science Company Limited)

We have audited the accompanying consolidated financial statements of Masan Nutri-Science Corporation (formerly known as Masan Nutri-Science Company Limited) (“the Company”) and its subsidiaries (collectively “the Group”), which comprise the consolidated balance sheet as at 31 December 2016, 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 15 March 2017, as set out on pages 31 to 37.

BOARD OF MANAGEMENT’S RESPONSIBILITY

The Company’s Board of Management is responsible for the preparation and fair presentation of these consolidated 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 the Group as at 31 December 2016 and of its consolidated results of operations and its 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.: 16-01-937(b)



Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 0304-2013-007-1
Deputy General Director

Ho Chi Minh City, 15 March 2017

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 0863-2013-007-1

As at 31 December 2017

CONSOLIDATED BALANCE SHEET

	Code	Note	31/12/2017 VND	01/01/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,605,360,258,462	8,621,977,042,377
Cash and cash equivalents	110	4	1,991,970,213,930	4,212,026,690,424
Cash	111		109,370,213,930	150,676,690,424
Cash equivalents	112		1,882,600,000,000	4,061,350,000,000
Short-term financial investments	120		-	130,000,000
Held-to-maturity investments	123	5(a)	-	130,000,000
Accounts receivable – short-term	130	6	721,641,491,479	968,365,057,664
Accounts receivable from customers	131		671,229,135,033	805,672,598,710
Prepayments to suppliers	132		149,097,590,249	170,126,014,218
Other short-term receivables	136		11,098,412,136	25,702,135,096
Allowance for doubtful debts	137		(109,783,645,939)	(33,135,690,360)
Inventories	140	7	1,849,586,764,502	3,413,854,116,329
Inventories	141		1,853,364,528,554	3,427,916,241,324
Allowance for inventories	149		(3,777,764,052)	(14,062,124,995)
Other current assets	150		42,161,788,551	27,601,177,960
Short-term prepaid expenses	151		20,491,857,353	22,683,769,965
Deductible value added tax	152		10,801,548,703	3,142,409,329
Taxes receivable from State Treasury	153		10,868,382,495	1,774,998,666

CONSOLIDATED BALANCE SHEET

	Code	Note	31/12/2017 VND	01/01/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,015,783,621,934	9,520,834,493,427
Accounts receivable – long-term	210	6	1,106,971,584,203	809,164,859,517
Long-term loans receivable	215		1,033,400,000,000	765,700,000,000
Other long-term receivables	216		73,571,584,203	43,464,859,517
Fixed assets	220		5,684,620,050,544	5,818,935,026,371
Tangible fixed assets	221	8	1,719,343,192,325	1,640,941,510,106
Cost	222		2,323,582,324,487	2,001,476,136,112
Accumulated depreciation	223		(604,239,132,162)	(360,534,626,006)
Intangible fixed assets	227	9	3,965,276,858,219	4,177,993,516,265
Cost	228		4,914,511,493,315	4,802,313,807,462
Accumulated amortisation	229		(949,234,635,096)	(624,320,291,197)
Long-term work in progress	240		600,473,709,906	312,334,484,067
Construction in progress	242	10	600,473,709,906	312,334,484,067
Long-term financial investments	250		2,178,564,569,125	2,183,467,353,574
Investments in associates	252	5(b)	2,161,836,849,125	2,161,821,353,574
Equity investments in other entities	253	5(c)	21,646,000,000	21,646,000,000
Allowance for diminution in the value of long-term financial investments	254	5(c)	(4,918,280,000)	-
Other long-term assets	260		445,153,708,156	396,932,769,898
Long-term prepaid expenses	261	11	314,288,716,851	236,204,327,532
Deferred tax assets	262	12	130,864,991,305	160,728,442,366
TOTAL ASSETS (270 = 100 + 200)	270		14,621,143,880,396	18,142,811,535,804

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

CONSOLIDATED BALANCE SHEET

	Code	Note	31/12/2017 VND	01/01/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,078,301,281,472	13,727,830,582,212
Current liabilities	310		3,331,284,168,377	7,378,598,366,793
Accounts payable to suppliers	311	13	855,207,343,919	1,257,555,401,679
Advances from customers	312		34,349,137,471	26,410,007,109
Taxes payable to State Treasury	313	14	51,134,924,736	115,455,828,731
Payables to employees	314		-	199,833,796,781
Short-term accrued expenses	315	15(a)	844,214,390,118	1,472,676,153,904
Other short-term payables	319	16	12,051,779,459	1,365,518,070,704
Short-term borrowings	320	17(a)	1,528,595,549,654	2,935,418,064,865
Bonus and welfare funds	322	18	5,731,043,020	5,731,043,020
Long-term liabilities	330		2,747,017,113,095	6,349,232,215,419
Long-term accrued expenses	333	15(b)	-	37,163,699,303
Long-term borrowings and bonds	338	17(b)	2,115,031,922,047	5,629,858,333,332
Deferred tax liabilities	341	12	595,887,645,949	650,371,862,664
Long-term provisions	342	19	36,097,545,099	31,838,320,120
EQUITY (400 = 410)	400		8,542,842,598,924	4,414,980,953,592
Owners' equity	410	20	8,542,842,598,924	4,414,980,953,592
Share capital	411	21	2,162,182,990,000	2,000,010,000,000
Shares with voting rights	411a		2,162,182,990,000	2,000,010,000,000
Capital surplus	412		3,200,196,495,149	-
Other capital	414	22	(175,543,000,000)	(175,543,000,000)
Undistributed profits after tax	421		1,499,493,156,918	870,464,655,231
Undistributed profits brought forward	421a		870,464,655,231	-
Net profit for the current year	421b		629,028,501,687	870,464,655,231
Non-controlling interests	429		1,856,512,956,857	1,720,049,298,361
TOTAL RESOURCES (440 = 300 + 400)	440		14,621,143,880,396	18,142,811,535,804

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

8 March 2018

Prepared by:


Tran Quang Be
Chief Accountant

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer

Pham Trung Lam
Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME

	Code	Note	2017 VND	2016 VND
Revenue from sale of goods	01	24	19,668,777,852,594	25,958,089,844,388
Revenue deductions	02	24	978,293,029,703	1,535,425,229,861
Net revenue (10 = 01 - 02)	10	24	18,690,484,822,891	24,422,664,614,527
Cost of sales	11	25	14,699,262,984,653	19,142,426,195,124
Gross profit (20 = 10 - 11)	20	26	3,991,221,838,238	5,280,238,419,403
Financial income	21	27	191,198,427,849	239,199,881,049
Financial expenses	22		508,607,726,767	572,848,731,951
<i>In which: Interest expense</i>	23		491,384,792,041	558,191,657,845
Share of profit in associates	24	28	1,896,343,951	3,514,455,999
Selling expenses	25	29	1,916,363,677,645	2,159,404,944,719
General and administration expenses	26		804,895,471,428	674,672,371,224
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		954,449,734,198	2,116,026,708,557
Other income	31	30	13,373,393,310	178,428,039,294
Other expenses	32	31	11,641,650,962	8,300,343,563
Results of other activities (40 = 31 - 32)	40		1,731,742,348	170,127,695,731
Accounting profit before tax (50 = 30 + 40)	50		956,181,476,546	2,286,154,404,288
Income tax expense – current	51	32	183,846,487,617	434,756,416,772
Income tax benefit – deferred	52	32	(24,620,765,654)	(118,554,304,634)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		796,955,754,583	1,969,952,292,150

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

CONSOLIDATED STATEMENT OF INCOME

	Code	Note	2017 VND	2016 VND
Net profit after tax (brought forward from previous page)	60		796,955,754,583	1,969,952,292,150
Attributable to:				
Equity holders of the Company	61		629,043,627,720	1,538,230,348,885
Non-controlling interests	62		167,912,126,863	431,721,943,265
Earnings per share				
Basic earnings per share	70	33	2,977	7,691

Prepared by:


Tran Quang Be
 Chief Accountant

8 March 2018

Approved by:


Nguyen Thi Minh Hang
 Chief Financial Officer


Phạm Trung Lam
 Chief Executive Officer

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

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

	Code	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	956,181,476,546	2,286,154,404,288
Adjustments for			
Depreciation and amortisation	02	589,746,521,472	538,318,867,482
Allowances and provisions	03	87,291,854,918	22,644,381,396
Foreign exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(1,993,234,264)	3,486,129,935
Profits from investing activities	05	(174,657,573,293)	(230,638,693,669)
Interest expense	06	491,384,792,041	558,191,657,845
Operating profit before changes in working capital	08	1,947,953,837,420	3,178,156,747,277
Change in receivables and other current assets	09	127,918,421,801	(232,014,403,545)
Change in inventories	10	1,574,551,712,770	(964,117,267,774)
Change in payables and other liabilities	11	(1,265,595,626,795)	792,084,504,827
Change in prepaid expenses	12	(71,766,290,590)	(16,809,165,221)
		2,313,062,054,606	2,757,300,415,564
Interest paid	14	(523,641,479,216)	(512,253,998,831)
Corporate income tax paid	15	(260,624,163,999)	(457,461,056,807)
Other payments for operating activities	17	(1,459,801,147)	(396,600,000)
Net cash flows from operating activities	20	1,527,336,610,244	1,787,188,759,926

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

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

	Code	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(653,731,920,608)	(746,032,512,541)
Proceeds from disposals of fixed assets	22	7,857,873,857	6,505,129,702
Payments for granting loans	23	(1,460,000,000,000)	(5,889,400,000,000)
Placement of term deposits	23	-	(668,130,000,000)
Receipts from collecting loans	24	1,192,300,000,000	6,699,600,000,000
Withdrawal of term deposits	24	130,000,000	672,000,000,000
Payments for investments in subsidiaries and associates	25	-	(4,043,372,743,600)
Collections from disposals of investments in associates	26	-	7,650,000,000
Receipts of interest and dividends	27	151,359,911,456	184,352,152,800
Net cash flows from investing activities	30	(762,084,135,295)	(3,776,827,973,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	3,364,197,925,703	
Proceeds from borrowings and bonds	33	10,448,041,713,315	13,771,907,010,188
Payments to settle loan principals and bonds	34	(15,415,806,816,278)	(10,712,923,381,885)
Payments of dividends	36	(1,381,742,589,000)	(30,052,749,879)
Net cash flows from financing activities	40	(2,985,309,766,260)	3,028,930,878,424
Net cash flows during the year (50 = 20 + 30 + 40)	50	(2,220,057,291,311)	1,039,291,664,711
Cash and cash equivalents at the beginning of the year	60	4,212,026,690,424	3,172,750,783,623
Effect of exchange rate fluctuations on cash and cash equivalents	61	814,817	(15,757,910)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	1,991,970,213,930	4,212,026,690,424

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

Prepared by:


Tran Quang Be
Chief Accountant

8 March 2018

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer

Pham Trung Lam
Chief Executive Officer



MANAGEMENT

REPORT

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VIETNAM'S MEAT SECTOR IN 2017



Total meat consumption in Vietnam is estimated to be worth US\$9 billion. Processed meat represents approximately 1% of total meat consumption, which is significantly lower than that of other Asian countries, such as China, where the proportion is approximately 14%. As income levels rise, protein consumption in Vietnam is expected to increase, and with greater focus on safety, health and branding, we expect to see a move towards packaged meat. The meat sector in Vietnam is fragmented, providing an opportunity for a first-mover to set a trend and consolidate the sector.

Pig farming plays an integral part in Vietnam's meat sector, as 70% of meat consumed in Vietnam is pork. Between 2013 and 2016, Vietnam's local pig population grew at an annual pace of 11%, leading to a supply of 54 million pigs, according to International Livestock Research Institute. Domestic pork demand accounts

for around 75% of Vietnam's pork output, while the rest of the output is exported to neighboring markets. China imports large numbers of Vietnam's live pigs through documented and undocumented trade along the Vietnamese border with China's Guangxi and Yunnan provinces.

“ PIG FARMING PLAYS AN INTEGRAL PART IN VIETNAM'S MEAT SECTOR, AS 70% OF MEAT CONSUMED IN VIETNAM IS PORK. BETWEEN 2013 AND 2016, VIETNAM'S LOCAL PIG POPULATION GREW AT AN ANNUAL PACE OF 11%, LEADING TO A SUPPLY OF 54 MILLION PIGS. ”

Vietnam's pig exports to China nearly doubled from approximate daily sales of 17,000 pigs in 2013 to around 33,000 pigs by early 2016. The increase added up to 12 million live pigs in sales for the entire 2016. Due to a dramatic increase in the Chinese pig imports, Vietnamese swine farms rushed to increase the sow herd and overlooked previous incidents when the borders were closed due to various reasons, though mainly for inferior meat quality.

Vietnam's sow population was 3.7 million sows in 2014, and peaked at 4 million animals within two years. In mid-2016, China reduced pig trading with Vietnam, and ex-farm price plummeted to approximately VND40,000 per kilogram in December 2016 and lower than VND30,000 during 2017. As a result, many small-scale farms decided to reduce their sow numbers or even stop replenishing their sow inventory and halt production until the price recovered. Medium and large-sized farms were generally better placed to withstand these difficult times as they have lower break-even price and stronger financial backing.

Due to a reduction in porkers supply, the market is expected to recover in 2018. It is also worth noting that

semi-industrial and industrial farms will account for a larger share of total pig supply in the coming years and this shift may occur more quickly than expected.

Production of meat in Vietnam is driving the demand for animal feed. The Vietnamese feed market has a positive outlook, with pig farming and poultry farming among the largest segments by revenues. However, in 2017, the commercial pig feed market is estimated to have declined from 6.3 million tons to 3.4 million tons due to severe decline in pig prices.

The severity of the pig feed market decline (driven by both a smaller pig population and farmers using non-commercial feed to save on costs) led to a drop in net revenue at Masan Nutri-Science in 2017. During this period, Masan Nutri-Science incurred additional expenses to support farmers with vaccination/educational programs to win market share and develop brand loyalty. In addition, We helped our dealers with loyalty programs. Combined with the launch of the value-for-money Bio-zeem "Xanh" brand, we were able to increase our exit market share to 35% by December 2017. Bio-zeem "Xanh" is also expected to help win back and/or convert farmers are using homemade feed.



REALIZING VIETNAM'S MEAT POTENTIAL

At first glance, Vietnam's meat industry appears to have reached its potential with a total market size of US\$9 billion. However, Vietnam is still far away from realizing the full potential of this sector. The animal protein sector is not only fragmented, but also inefficient and unproductive compared to the developed world. To be more specific, Vietnamese farmers require 3.5 to 4 kilograms of feed on average to produce 1 kilogram of pork, versus 2.5 kilograms in the United States.

The result is that Vietnamese consumers pay 1.5 to 2 times the price of meat products compared to the United States, while GDP per capita of a Vietnamese is one one-tenth of an American. Affordability is a key issue. At a grass root level, millions of Vietnamese do not have the appropriate levels of protein required for good health on a daily basis. In particular, the rural population which accounts for almost 70% of Vietnam population consume less than half of what is recommended by WHO. Vietnam's meat consumption per capita is 40 kilograms which is substantially lower than

“ VIETNAMESE CONSUMERS PAY 1.5 TO 2 TIMES THE PRICE FOR MEAT-PRODUCTS COMPARED TO CONSUMERS IN THE UNITED STATES ”

China (60 kilograms), Korea (65 kilograms), the EU (75 kilograms) and the United States (over 100 kilograms). So, what are the keys to transforming and unlocking the animal protein sector?

First, Vietnam needs to invest in innovation to close the aforementioned productivity gap across the entire value chain. This requires a fully integrated 3F (Feed-Farm-Food) business model in order to ultimately transfer the benefits to the end consumers. Vietnamese will not only benefit from lower prices, but they will be guaranteed safe, traceable and affordable animal protein products.

Second, consumers require more value-added meat products. Today, processed and value-added products contribute less than 1% to the meat sector. Innovative products will drive meat consumption in Vietnam and in particular in the rural where 70% of the population reside. This has been a driving force in China's meat consumption growth as manufacturers have been able to provide value-added products that serve the daily animal protein needs of consumers at price points much lower than fresh meat.

Third, consolidation will be critical as Vietnam's meat value chain is highly fragmented and small in scale. There are over 200 feed companies and over 9 million farming households but only about 18,000 farms of medium and large scales. The government has introduced robust strategies to develop the industry in order to increase farming scale. Scale will directly lead to livestock productivity while improving profits across the value chain and make animal protein products much more affordable.

Global meat value chain players also recognize the current challenges and the big value creation opportunity. With free trade agreements coming into effect in the near future, Vietnam's market is becoming more accessible to competitors from abroad. Competition will be fierce, but there is an opportunity for local companies, such as MNS, to transform the market and capture the value.

Vietnam's meat value chain industry has great potential for growth, but will be realized only if we could resolve existing limitations.

Towards this end, MNS looks forward to delivering fresh chilled meat products by the end of 2018. Not only has our farm in Nghe An started operations, we have already broken ground on our meat processing complex in Ha Nam. With the near completion of our 3F platform, Masan Nutri-Science is a step closer to directly serving Vietnamese consumers with traceable, branded fresh chilled meat.



DISCUSSION AUDITED RESULTS

PERFORMANCE HIGHLIGHT

Indicators	2017	2016
Liquidity ratios		
Current ratio	1,4x	1,2x
Quick ratio	0,8x	0,7x
Capital structure		
Total liabilities/Total asset	0,4x	0,8x
Total liabilities/Total equity	0,7x	3,1x
Total debt/EBITDA	3,2x	4,5x
Profitability ratio		
Net margin	4,3%	8,1%
ROE	13,4%	56,2%
ROA	3,8%	9,5%

DISCUSSION ON AUDITED RESULTS

Revenue

Due to a severe decline in livestock pig prices, the worst in over a decade, the commercial pig feed market declined by 48% from 6.3 tons in 2016 to 3.4 million tons in 2017. In the first half of 2017, China began enforcing its ban on importing of live pigs from Vietnam, leading to a prolonged pig crisis with average pig prices falling below VND30,000 per kilogram. Average pig prices have hovered around VND30,000 since mid-January 2018, signaling a bottom and the possibility of a recovery. As a result of these developments, net revenue decreased by 23.5% to VND18,690 billion in 2017 from VND24,423 billion in 2016.

In terms of volumes, in 2017, MNS sold 1.9 million tons compared to 2.5 million tons, a decrease of 24%. Our umbrella brand Bio-zeem accounted for 35% of consolidated sales in 2017. In response to the crisis, we launched Bio-zeem "Xanh", a "value-for-money" product to convert farmers using home-made feed into more productive branded commercial feed products.

Cost of Goods Sold

Cost of goods sold decreased by 23.2% to VND14,699 in 2017 mainly due to lower revenue. Cost of goods sold (as a percentage of net sales) remained relatively flat at 78.6 % in 2017 compared to 2016.

Gross Profit & Gross Margin

Our gross profit decreased 24.4% from VND5,280 billion in 2016 to VND3,991 billion in 2017. Our gross margin slightly decreased by 0.2% from 21.6% in 2016 to 21.4% in 2017. This was due to lower revenue in 2017 and greater contribution from Bio-zeem "Xanh", a lower margin product line introduced in November 2017.

Selling, General & Administrative Expenses

Selling, general and administration expenses were down 4.0% in 2017 to billion VND2,721 compared to VND2,834 billion in 2016. Selling, general and administration expenses as a percentage of net sales increased from 11.6% in 2016 to 14.6 % in 2016. The increase was due to higher selling expenses to support farmers and distributors throughout the pig crisis.

Net Profit After Tax and Minority Interest

In 2017, MNS reported net profit after tax of VND629 billion, down 59.1% compared to VND1,538 billion in 2016, with a net profit margin of 3.4%. Margin compression was mainly driven by lower sales to cover fixed costs and higher selling expenses incurred to support farmers and dealers.

Cash and Cash Equivalents

MNS had a consolidated cash position of VND1,992 billion as of 31 December 2017 compared to VND4,212 billion as of 31 December 2016, a decrease of 52.7%. This was mainly due to lower net revenue and profit, debt repayments, offset the by the cash inflow from KKR's capital injection.

Fixed Assets

As of 31 December 2017, fixed assets was slightly lower at VND5,685 billion from VND5,819 billion as of 31 December 2016. The decrease was mainly due to higher amortization of VND286 billion in 2017.

Total Assets

As of 31 December 2017, MNS total assets were VND14,621 billion, down 19.4% from VND18,143 billion as of 31 December 2016 due to the decrease in cash and lower inventories.

Borrowings

As of 31 December 2017, short-term and long-term borrowings decreased by 57.5% to VND3,644 billion from VND8,565 billion as of 31 December 2016. The decrease in borrowings was mainly due to ongoing efforts to pay down more expensive debts in 2017.

Owner's Equity

Our owner's equity increased to VND8,543 billion as of 31 December 2017 from VND4,415 billion in the same period in 2016, a 93.5% increase. This increase was mainly due to the issuance of 16,216,297 primary shares to KKR, a private equity firm, for a 7.5% equity interest in MNS.

2018 OUTLOOK

	Plan 2018		Actual 2017	Growth Rate	
	Low End	High End		Low End	High End
Net Sales Volume (Thousand Tons)	1.754	2.033	1.953	-10%	4%
Net Sales (VND billion)	17.000	19.500	18.690	-9%	4%
Net Profit after Tax Post-MI (VND billion)	250	650	797	-69%	-18%



GENERAL

CORPORATE

INFORMATION

MASAN NUTRI-SCIENCE'S CORPORATE HISTORY AND STRUCTURE

CORPORATE HISTORY

Masan Nutri-Science was incorporated on 7 October 2011 under the name Công ty TNHH MTV Hoa Kim Ngân (English name: Honeysuckle Company Limited). Today, Masan Nutri-Science, a subsidiary of Masan Group, is Vietnam's 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\$9 billion opportunity.

In 2017, Masan Nutri-Science sold nearly 2 million tons of animal feed through its national network of over 4,500 dealers and 13 feed facilities. Growth was driven by animal feed brand "Bio-zeem" and integration and turnaround of Proconco and ANCO by implementing an FMCG approach to an agricultural business. In the same year, Masan Nutri-Science advanced its feed-farm-food (3F) model with the groundbreaking of a scale and high technology pig farm in Nghe An. In early 2018, Masan Nutri-Science further its objective of becoming a branded meat player with the groundbreaking of its meat processing complex in Ha Nam province.

Key events in our company history include:

- In November 2012, Công ty TNHH MTV Hoa Kim Ngân (English name: Honeysuckle Company Limited) was incorporated;
- In October 2011, Honeysuckle Company Limited changed its name into Sam Kim Company Limited;
- In July 2014, Sam Kim Company Limited acquired 70% stake at ANCO;
- In late 2014, Sam Kim Limited acquired Shika, a company with a 40% stake in Proconco;
- In January and February 2015, through a subsidiary, Sam Kim Limited acquired an additional 13.06% stake in Proconco;
- In April 2015, Masan Group acquired Sam Kim, the controlling shareholder of Proconco and ANCO. The acquired company was subsequently renamed Masan Nutri-Science Company Limited. The acquisition of Masan Nutri-Science immediately made Masan Vietnam's largest local animal feed player with a leadership position in the pig feed segment. Masan Nutri-Science is the Company's first step to transform Vietnam's animal protein industry and ultimately reach consumers with branded meat products;
- In March 2016, Masan Nutri-Science was converted into a joint stock company and was renamed as Masan Nutri-Science Corporation; ANCO acquired a 14% stake in VISSAN;
- In May 2016, Masan Nutri-Science increased its direct ownership in ANCO from 70% to 99.99%;
- In June 2016, ANCO increased its stake in VISSAN to 24.94%;
- In June 2016, Masan Nutri-Farm (N.A) was established;
- In November 2016, Masan Nutri-Farm (N.A) broke ground the high-tech pig farm in Nghe An;
- In April 2017, KKR entered into definitive agreements to invest US\$150 million to purchase a 7.5% in Masan Nutri-Science;
- In August 2017, MNS Meat Processing was established;
- 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.

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

Approval	General Meeting of Shareholders	
Validation	Board of Directors	Supervisory Board
Strategic Management	Management Board <ul style="list-style-type: none"> ▪ Chief Executive Officer ▪ Chief Financial Officer ▪ Chief Accountant 	

BOARD OF DIRECTORS

The Board of Directors (the "Board") is elected by shareholders to oversee the activities of MNS. 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 the activities of the Board of Directors and the Management Board.

MANAGEMENT BOARD

The Management Board's primary responsibilities include strategic management, resource allocation at the senior management level, financial accounting and controls, capital management, governance, and internal control.

BOARD OF DIRECTORS

BOARD RESPONSIBILITY AND DELEGATION OF AUTHORITY

The Board of Directors is chaired by the Chairman.

Members of the Board of Directors include:

- **Mr. Danny Le – Chairman of the Board of Directors**

Danny Le is Head of Strategy and Development at Masan Group. He is also a member of the board of directors at various subsidiaries of Masan Group. Danny Le played a critical role in the transformation of Masan Nutri-Science from a pure feed platform into a branded integrated meat platform. He is responsible for the strategic direction of Masan Nutri-Science and forged a partnership with global investment firm KKR. Prior to joining Masan Group, Danny advised financial institutions at Morgan Stanley, New York, working with multinational clients to execute M&A, capital markets and privatization transactions.

Mr. Danny Le has a Bachelor's degree from Bowdoin College, USA.

- **Mr. Yew Kean Lai - Vice Chairman**

Mr. Yew Kean Lai is one of the founders of and was Chairman of Agro Nutrition International Joint Stock Company (ANCO) from 2004 to 2014. He was responsible for ANCO's successful product formulation and today leads MNS' research and development activities.

Mr. Yew has a Bachelor of Science from University of Malaya, Malaysia.

GENERAL CORPORATE INFORMATION

■ Mr. Pham Trung Lam - Member

Mr. Pham Trung Lam is CEO of Masan Nutri-Science, Proconco and ANCO. He has been instrumental to the successful integration and transformation of ANCO and Proconco, merging them to become MNS and a leader of Vietnam's animal feed industry. Prior to Masan Nutri-Science, he led the building of Masan Consumer's sales platform, which is today's largest FMCG distribution network in Vietnam.

Before joining Masan, he was with Unilever and Nestlé Vietnam.

Mr. Lam has a Bachelor in Business Administration from Economics University.

■ Mr. David Tan Wei Ming, Member

Mr. David Tan Wei Ming is a Director at KKR Southeast Asia. He supports deal origination and execution, supports KKR's Southeast Asian practice, and manages portfolio companies. Before joining KKR, he was with UBS Investment Bank and supported execution of capital raising activities for leveraged finance and financial sponsor transactions.

Mr. Tan has a dual degree in Economics and History from University of Pennsylvania, USA.

The Chairman plays an important leadership role and is involved in:

- Chairing meetings of the Board and providing its effective leadership;
- Maintaining dialogue with the Management Board and providing appropriate strategic input; and
- Monitoring the performance of the Board.

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

In 2017, the Board mainly were involved with the discussion and approval of the following items:

- Simplifying the Company's capital structure and corporate structure;
- Refinancing the Company's debts;
- Establishing the Company's subsidiaries and branches;
- Restructuring and merging subsidiaries to simplify the Company's corporate structure;
- Issuing new shares to a strategic investor;
- Deciding business development plans and annual budgets for each of our businesses and subsidiaries; and
- Other activities.

MANAGEMENT BOARD

The Management Board is responsible for implementation 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 three executives, the Chief Executive Officer, Chief Financial Officer and Chief Accountant. Members of the Management Board include:

■ Mr. Pham Trung Lam – Chief Executive Officer

For profile, please see Board of Directors section

■ Ms. Nguyen Thi Minh Hang – Chief Financial Officer

Ms. Nguyen Thi Minh Hang has 24 years of experience in finance and accounting at various commercial and manufacturing companies. She was formerly Chief Financial Officer at ScanCom, International Vietnam; and Chief Financial Officer at Triumph International.

Ms. Hang has a Master's Degree in International Accounting from Swinburne University, Australia. She is also a Chartered Professional Accountant (CPA) of Australia.

■ Mr. Tran Quang Be – Chief Accountant

Mr. Tran Quang Be has more than 20 years of experience in financial accounting within the animal feed industry.

He has a bachelor's degree in Audit Accounting from Ho Chi Minh City University of Economics.

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:

■ Ms. Doan Thi My Duyen – Head of the Supervisory Board

Ms. Doan Thi My Duyen is the Head of the Supervisory Board at MNS and Deputy CFO and Chief Accountant of Masan Group. She 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).

■ Ms. Dao Thi Mai Hoa – Member¹

Ms. Dao Thi Mai Hoa was a member of the Supervisory Board of MNS and Senior Associate of Business Development at Masan Group. She has nearly 10 years of experience in the investment and finance industry. She was formerly with SSI Securities company and Savills Vietnam.

Ms. Hoa has a Bachelor's degree in Business Administration, a major in Finance from the National University of Singapore, Singapore.

GENERAL CORPORATE INFORMATION

■ Mr. Nguyen Hoang Tung – Member²

Mr. Nguyen Hoang Tung was a member of the Supervisory Board of MNS and Chief Financial Officer of Masan Consumer Holdings. Prior to joining Masan Group, he held senior financial positions at various corporations in Canada. He holds an MBA in Strategic Planning and a Master in International Accounting. He is also a Chartered Professional Accountant (CPA) of Canada.

■ Ms. Pham Quynh Nga - Member

Ms. Pham Quynh Nga is a member of the Supervisory Board of MNS. She is also primarily responsible for Masan Group's financial reporting, building and developing Group's financial forecasting model, and monitoring the Masan Group's consolidated budget on monthly basis. Prior to joining Masan, she worked at KPMG in its accounting and auditing division.

Ms. Pham Quynh Nga graduated from RMIT Vietnam with a Bachelor of Business (Accountancy). She is also qualified Certified Practising Accountant (CPA) of Australia.

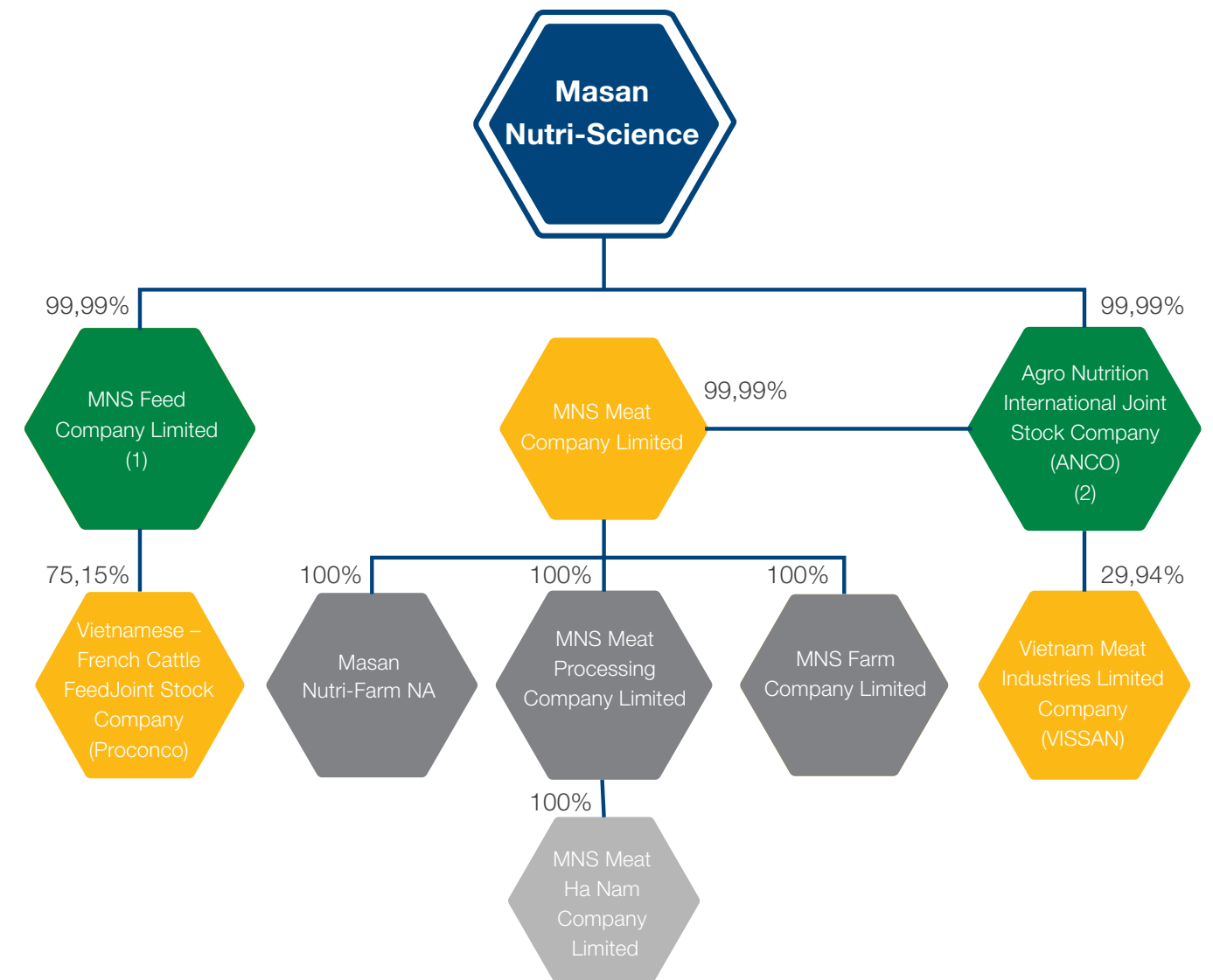
ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board oversees activities of the Board and the Management Board in compliance with the Company's Charter and relevant laws. Particularly, the Supervisory Board participates in regular and extraordinary meetings of the Board and shareholders' meetings.

SHAREHOLDER INFORMATION

As of 31 December 2017, the Company's charter capital is VND 2,162,182,990,000; and is divided into 216,218,299 common shares.

CORPORATE STRUCTURE



1 and 2: The Company has received resignation letters from Ms. Dao Thi Mai Hoa and Mr. Nguyen Hoang Tung from their positions as members of Supervisory Board. Their resignation shall be approved at the 2018 Annual General Meeting of Shareholders.

1. 2 subsidiaries of MNS Feed Company Limited are not included in this chart;
2. 4 subsidiaries of ANCO are not included in this chart.

SUBSIDIARIES & ASSOCIATES

AGRO NUTRITION INTERNATIONAL JOINT STOCK COMPANY (ANCO)

ANCO was formerly established in 2003 as the Agro Nutrition International Joint Venture - a joint venture between Vietnam and Malaysia. In 2009, the JV was officially converted into a Joint Stock Company as Agro Nutrition International JSC (ANCO). The lines of business stated in ANCO's business registration certificate include animal and aqua feed manufacturing, import and export of animal feed and aquaculture, and distribution of feed. ANCO owns several brands and well-known for its pig feed portfolio covering the full range of a pig's development phases.

As part of MNS ongoing restructuring to become more of a branded meat player, ANCO will focus more on pig farming and producing branded fresh meat, with its feed-related assets being transferred to MNS Feed Company Limited, a wholly owned subsidiary of MNS.

MASAN NUTRI-FARM NA

Masan Nutri-Farm is MNS's large-scale, hi-tech pig farm in Nghe An province. With nearly 200 hectares of land for the project, the farm is expected to be the largest pig farm in the province. Masan Nutri-Farm is expected to produce up to 250,000 pigs per when fully ramped up.

VIETNAMESE – FRENCH CATTLE FEED JOINT STOCK COMPANY (PROCONCO)

Proconco was established on 2 April, 1991 as Vietnamese French Production of Animal Feed Joint Venture. Proconco completed its transformation into a joint stock company in 2008. The lines of business stated in Proconco's business registration certificate include animal and aqua feed production, breeding and purchasing pigs, chickens, aquaculture, production of plastic packaging, leasing factories.

Proconco has achieved ISO 9001-2000 certification and HACCP, and was voted as Vietnam High Quality Products for many years. Feed products for cattle, poultry and aqua with brand "Con Cò" have always been highly trusted by farmers. The "Con Cò" brand is one of the oldest and most premium brands in the animal feed industry in Vietnam. In addition, Proconco also has other brands such as Delice, Porcy, and Ami.

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
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
FCR	Feed Conversion Ratio
FMCG	Fast-moving Consumer Goods
GDP	Gross Domestic Product
JSC	Joint Stock Company
M&A	Mergers and Acquisitions
Masan	A term referring to Masan Nutri-Science, inclusive of subsidiaries and affiliates, as a whole
Masan Group or the Group	Masan Group Corporation
Masan Nutri-Farm NA	Masan Nutri-Farm (N.A) LLC
Masan Nutri-Science or MNS	Masan Nutri-Farm (N.A) LLC
MNC	Multinational Company
MNIS	Masan Institute of Nutri-Science
Proconco	Vietnamese-French Cattle Feed JSC
R&D	Research and Development
SG&A	Selling, General and Administration expenses
The Board	The Board of Directors
US\$	U.S. Dollar
VISSAN	Vissan Joint Stock Company
VND	Vietnamese Dong



“Feed - Farm - Food”



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