



MASAN CONSUMER CORPORATION
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ENGLISH TRANSLATION

**REPORT OF THE BOARD OF DIRECTORS
AT THE 2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

The Board of Directors (the “Board”) would like to report on the Board’s activities in 2015 as follows:

In 2015, Vietnam’s economy showed healthy signs of recovery, underpinned by long-term structural factors. Vietnam’s GDP grew 6.7%, against the official target of 5.8%, and was higher than the previous year’s growth. The country also achieved the lowest inflation rate in 15 years at 0.6%.

2015, a period when the Vietnamese economy was stabilizing, was a year of investment for Masan Consumer. We invested to increase our capacity, strengthen our brands, broaden our distribution, grow the team, and greatly enhance our information and reporting platform.

By redefining our categories, from sauce to seasoning, instant noodles to convenience foods, and going deeper into bottled beverages, we have increased our addressable market for consumer products by approximately 4 times, from USD1.1 billion two years ago to approximately USD5 billion (which does not include the USD18 billion meat category) in Vietnam.

Our focus on the consumption potential of Vietnam was validated in December 2015, when our parent company, MasanConsumerHoldings, signed strategic partnership agreements with Singha Asia Pte Ltd. (Singha), laying the foundation to win in Inland ASEAN. With Singha as a partner, Masan gains access to Thailand’s 65 million consumers, where the Company’s key categories such as fish sauce and Vietnamese coffee are appreciated for their unique flavor and origin.

The deal size was USD1.1 billion, making it the largest M&A deal in Vietnam’s corporate history, enabling Singha to own 25% of MasanConsumerHoldings and 33.3% of Masan Brewery, an affiliated company controlled by MasanConsumerHoldings. However, the partnership is much deeper and provides Masan Consumer many opportunities. Through this partnership, Masan and Singha gain exclusive access to each other’s distribution network and a broader portfolio of branded food and beverage products.

Inland ASEAN comprises of Vietnam, Thailand, Myanmar, Cambodia, and Laos, all neighboring countries that share very similar taste preferences (such as a fondness for fish sauce and a rice based diet) and are culturally alike (Buddhism). These similarities are important as food and beverage is a local game and the two market leaders from the region’s two most populated countries will be in a strong position to win consumer loyalty. The region’s 250 million consumer base immediately more than doubles Masan Consumer’s addressable market.

To support the growth of both our existing Vietnam business and the potential growth in other markets in Inland ASEAN, we have deepened our existing manufacturing footprint in 2015. We commissioned a new manufacturing hub for instant noodles and fish sauce in Nghe An province. Our instant noodles and fish sauce capacity are expected to increase by 20% and 40%, respectively, post full ramp up of this new facility. The new hub will shorten the distance between us and our customers in the North, improving delivery time and lowering logistics costs. The new hub also allows us to develop fresher and more distinctive products to meet the specific tastes of our consumers in the North.

Our best-in-class facilities, such as the new one in Nghe An, enable us to produce innovative consumer products of high quality, and launch new brands that consumers love. During 2015, we introduced various new brands to the market such as “Lovemi” instant noodles, “Vinacafé Chat”, and a new variant “Wake-Up Café Saigon Sua Dac”. These investments contributed nearly VND1,000 billion to revenues in 2015 and created sustainable growth opportunities for the future.

For our distribution network, in 2015, Masan Consumer increased points of sale to 190,000 for food products and 100,000 for beverage products. Much of this expansion came from our beverage business, which greatly enhanced our on-premise availability. Today, Vinacafe Bien Hoa is available on Vietnam Airlines’ flights and Vietnam Railways’ trains, further boosting its brand image.

In 2015, we increased our efficiency which resulted in improved margins. Due to economies of scale, better raw material procurement, improved supply chain management, and greater efficiency in production, our gross margin increased from 43% in 2014 to 45% in 2015. In terms of gross margin, the convenience foods category was the star performer during this period, with gross margins reaching approximately 40%.

We have also invested to increase our ownership in our key brands and acquired new brands to enlarge our brand portfolio. In early 2015, we became a major shareholder of Cholimex, which reflects our belief in the potential of the seasoning category. We also acquired Saigon Nutri Food to strengthen our convenience foods platform with a sausage snack portfolio and to begin our journey into the larger meat sector. In November 2015, we acquired a 65% stake in Quang Ninh Mineral Water, which when combined with Vinh Hao, makes Masan Consumer Vietnam’s largest local mineral water company. More recently, in the beginning of 2016, we increased our stakes in Vinacafe Bien Hoa and Vinh Hao to 60.16% and 84.23%, respectively.

Financially, Masan Consumer achieved revenue in 2015 of VND13,212 billion, up 1% compared to 2014 and reported net profit after tax of VND2,901 billion, a 15.3% decrease compared to 2014. The decrease is attributable to lower net financial income as Masan Consumer’s cash position declined due to dividends and share buyback activities of the previous two years. However, due to the aforementioned efficiency in operations, gross profit increased by 6,1% from VND5,604 billion in 2014 to VND5,948 billion in 2015.

ACTIVITIES OF BOARD OF DIRECTORS IN 2015

In 2015, Board of Directors participated in:

- Overseeing the activities of the Chief Executive Officer and other managers related to the daily operations of the Company;

- Coordinating closely with the Chief Executive Officer and Management Board to discuss strategy and issues of the Company;
- Deciding on restructuring the business model and organizational structure of the Company to be more efficient; and,
- Deciding on investment projects of the Company and its subsidiaries.

In 2015, there were no transactions between Masan Consumer Corporation and members of the Board of Directors of the Company.

In 2015, the Board of Directors received no compensation.

OUTLOOK IN 2016

In 2016, Vietnam's economy is expected to continue its recovery and grow. As a result, consumer confidence and spending are also expected to improve.

In 2016, we believe years of investing in our platform will begin to pay off, with increased capacity, a larger addressable market, a strong portfolio of brands, a deep distribution network, and a committed leadership team. Moreover, through the partnership agreements with Singha signed in late 2015, we have an opportunity to better serve the 250 million consumers of Inland ASEAN.

BUSINESS ENVIRONMENT

Our existing operations are focused primarily on Vietnam and our performance and the quality of our assets depend substantially on the Vietnamese economy. Going forward, growth may also derive from our expansion into Inland ASEAN, comprising Vietnam, Thailand, Myanmar, Cambodia, and Laos. The economic environment in Vietnam and Inland ASEAN overall may be significantly impacted by a variety of external factors, including economic developments throughout Asia and the rest of the world.

Macroeconomic factors that may have an impact on performance include personal expenditure and consumption, demand for products and services, 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.

In 2016, Vietnam's economy is expected to continue expanding, supported by domestic consumption which is expected to improve on the back of higher disposable incomes and a banking system with stronger asset metrics and reduced banking sector NPLs.

Internationally, there is a risk that the global economic recovery will be weaker than is currently expected. Not only could this be damaging to exports, but it would also have a follow-on effect on consumer and business spending in Vietnam, inhibiting economic growth. Additionally, Vietnam will continue to be vulnerable to movements in international commodity prices. Strong demand-side pressure and any unexpected depreciation of the Vietnamese Dong against the U.S. Dollar would make it more expensive to import goods, pushing up overall prices for goods and services.

VIETNAM'S FOOD AND BEVERAGE SECTOR

Vietnam's food and beverage sector is a fast evolving, highly attractive segment, underpinned by a rising middle class which is driving lifestyle changes. Food consumption growth forecasts over the next five years are the highest in ASEAN, fueled by low inflation, improved infrastructure and a fast growing retail sector.

One-third of the population will be defined as middle-class by 2020, as rapidly rising income levels grow at nearly 8.8%, driving per capita incomes beyond USD3,400 by the end of the current decade. Domestic consumer demand will be further supported by favorable demographics, greater urbanization and a rise in disposable incomes. Infrastructure which plays a key role in facilitating consumption, has been significantly improved in the past few years, while the retail market seems highly attractive to international retailers.

Vietnam has the third largest population in Southeast Asia, with nearly 66% of the population belonging to the working age group (15-64 years old). While Vietnam's demographic profile presents an excellent opportunity for the rise in domestic consumer demand, there are other trends allied to these demographic realities that could result in structural changes in the consumer market. These include greater demand for convenience foods, greater focus on quality and health aspects of products, market consolidation, greater preference for branded products, and demand for new products and variants.

The food and beverage sector in Vietnam has strong growth prospects as it is underpinned by the rising living standards of Vietnamese families. On a per capita basis, spending on packaged food and beverage in Vietnam is still relatively low compared to its emerging market peers, demonstrating the significant growth potential of the market. We expect future growth to be driven by the continuing change in urban consumer lifestyles as consumers place a higher importance on convenience, safety and health. In addition, rising consumption of branded FMCG products in rural Vietnam will drive market growth as access of rural consumers to products improves, backed by higher levels of disposable income.

Yours sincerely,

Ho Chi Minh City, April 11, 2016.

ON BEHALF OF THE BOARD

CHAIRMAN

(signed and sealed)

NGUYEN DANG QUANG

APPENDIX
BOARD RESOLUTIONS IN 2015

No.	Number of the Resolutions	Date	Main content
1	01/2015/NQ-HĐQT	13/01/2015	Approving to purchase Saigon Nutrifood of its subsidiary.
2	01A/2015/NQ-HĐQT- MSC	26/01/2015	Approving the authorization of Board member.
3	02/2015/NQ-HĐQT-MSC	30/01/2015	Approving to pledge shares of its subsidiary.
4	03/2015/NQ-HĐQT-MSC	30/01/2015	Approving the establishment a branch of the Company.
5	04/2015/NQ-HĐQT-MSC	30/01/2015	Approving the establishment a subsidiary of Masan Food Company Limited.
6	05/2015/NQ-HĐQT-MSC	30/01/2015	Approving the increase of charter capital of its subsidiary.
7	06/2015/NQ-HĐQT-MSC	25/02/2015	Appointment of Deputy Chief Executive Officer.
8	07/2015/NQ-HĐQT-MSC	11/3/2015	Approving the shareholders' book closing date for 2015 AGM.
9	08/2015/NQ-HĐQT-MSC	11/3/2015	Approving the internal transactions.
10	09/2015/NQ-HĐQT-MSC	04/4/2015	Approving the Capex budget.
11	10/2015/NQ-HĐQT-MSC	10/4/2015	- Approving the advance of 2015 earnings from its subsidiaries. - Approving the matters submitted for 2015 AGM's approval.
12	11/2015/NQ-HĐQT-MSC	13/5/2015	Approving the change of Company's name.
13	12/2015/NQ-HĐQT-MSC	14/5/2015	Approving the issuance of new shares under ESOP.
14	13/2015/NQ-HĐQT-MSC	11/6/2015	Approving the shareholders' book closing date for the rest 2014 dividends and advance 2015 dividends.
15	14/2015/NQ-HĐQT-MSC	19/6/2015	Approving the making a loan of the Company to another company.
16	15/2015/NQ-HĐQT-MSC	19/6/2015	Approving the securities of its subsidiaries to the internal loans.
17	16/2015/NQ-HĐQT-MSC	09/7/2015	Approving the Capex budget for investment projects.
18	17/2015/NQ-HĐQT-MSC	10/7/2015	Approving the increase of facility limit of the Company from a bank.

19	18/2015/NQ-HĐQT-MS	20/7/2015	Approving the increase of charter capital of the Company.
20	19/2015/NQ-HĐQT-MS	28/7/2015	Approving the change of Company's seal.
21	20/2015/NQ-HĐQT-MS	11/8/2015	Approving the change of its subsidiaries' name.
22	21/2015/NQ-HĐQT-MS	20/8/2015	Approving the internal transactions.
23	22/2015/NQ-HĐQT-MS	07/9/2015	Approving the facility limit of its subsidiary from a bank.
24	23/2015/NQ-HĐQT-MS	30/9/2015	Approving the Capex budget for investment project of its subsidiary.
25	24/2015/NQ-HĐQT-MS	16/10/2015	Approving the facility limit of its subsidiary from a bank.
26	25/2015/NQ-HĐQT-MS	19/10/2015	Approving the establishment a branch of the Company.
27	26/2015/NQ-HĐQT-MS	04/11/2015	Approving to purchase Quang Ninh Mineral of its subsidiary.
28	27/2015/NQ-HĐQT-MS	06/11/2015	Approving the increase of charter capital of its subsidiary.
29	28/2015/NQ-HĐQT-MS	13/11/2015	Approving the usage of earnings of its subsidiary.
30	29/2015/NQ-HĐQT-MS	13/11/2015	Approving the facility limit of its subsidiary from a bank.
31	30/2015/NQ-HĐQT-MS	26/11/2015	Approving to purchase Vinh Hao Mineral shares of its subsidiary.
32	31/2015/NQ-HĐQT-MS	26/11/2015	Approving the increase of charter capital of its subsidiary.
33	32/2015/NQ-HĐQT-MS	03/12/2015	Approving the shareholders' book closing date for collection shareholders' opinions in written.
34	33/2015/NQ-HĐQT-MS	09/12/2015	Approving the facility limit of the Company from a bank.
35	34/2015/NQ-HĐQT-MS	11/12/2015	Approving the increase of charter capital of its subsidiary.
36	35/2015/NQ-HĐQT-MS	11/12/2015	Approving the making internal loan(s) of the Company.
37	36/2015/NQ-HĐQT-MS	11/12/2015	Approving the making internal loan(s) of its subsidiaries.
38	37/2015/NQ-HĐQT-MS	31/12/2015	Approving the usage of 2015 earnings of its subsidiary.