



**OUR JOURNEY IS
THE CONSUMERS'
JOURNEY**

M A S A N



Annual Report 2019



Table of Contents

CEO's Letter	10
2019 Scorecard	13
Our Story	14
Sustainability Report	20
Financial Report	24
Management Report	82
General Corporate Information	88

Modern retail is a game-changing trend that is transforming the consumer journey

MEAT Deli
Thịt sạch
CÔNG NGHỆ THỊT MẬT CHÂU ÂU



We develop branded meat products
to serve nearly 100 million
Vietnamese consumers



We always apply the
“consumer-centric”
approach throughout
the value chain



CEO's Letter



Dear Shareholders and Community of Masan MEATLife ("MML"),

On behalf of the Board of Directors, I would like to report on the business performance of 2019 and discuss the outlook of our journey to achieving our objective: "To provide Vietnamese consumers with delicious, safe and affordable meat products every day, everywhere."

2019 marks the most difficult and challenging year ever for the animal husbandry industry in Vietnam, particularly for pig farmers. After experiencing significant volatility in pork prices during 2017-2018, Vietnam then suffered from an outbreak of African swine fever ("ASF") which first appeared in February 2019 and continues to cause major problems for the industry. Key takeaways from the adverse impact of ASF:

- More than 8,500 communes in all 63 provinces and cities witnessed outbreaks with culling of up to 6 million pigs in total, accounting for about 11.4% of the total pig population in the country¹. The epidemic is still affecting farmers in the absence of preventive medicines and treatment, making it very difficult for herds to be repopulated as quickly as desired to address undersupply.

- Pig farmers after the crisis have exhausted their resources and nearly all find increasing their herd size challenging.
- Animal feed dealers, who have already suffered financially from lower sales, are also burdened with receivables from farming households who are unlikely to pay. Most dealers therefore have neither the intention nor resources to provide credit to farmers to repopulate their herds.

As a result of ASF, the livestock market in 2019 declined significantly. According to data from the Ministry of Agriculture and Rural Development, the country's pig herd in 2019 decreased by 26.8%. The output of live hogs in 2019 was approximately 3.29 million tons, down by 13.5% compared to 2018. However, on a positive note, the decline in pig production has created opportunities for other livestock sectors such as cow raising to increase by 4.2%; poultry breeding by 16.5%; egg production by 13.7% and aqua farming by 5.6%. This adjustment to Vietnam's animal husbandry structure allowed meat production, as measured by total weight, to decline by only 4% compared to 2018², a sharp contrast to previous expectation of greater disruption to the livestock industry and a shortage of animal protein supply.

"The outlook of our journey to achieving our objective: To provide Vietnamese consumers with delicious, safe and affordable meat products every day, everywhere."

However, we believe that the worst is over and there have been many signs of greater success in terms of containing ASF by the government. At the time of writing this letter, 30 provinces and cities are eligible to announce the end of the epidemic³ for their locality. As such, I believe 2020 will be the year when the livestock industry in general and our company in particular can enter a recovery phase to create base for growth in upcoming years.

Despite the sharp decline in the pig feed industry, we were still able to achieve positive results compared to the market and increased our market share in 2019. We continued with our efforts to improve the productivity of the livestock industry with the introduction of Bio-zeem Red. Together with our trade policy to reduce financial pressure on our dealers and to support livestock farmers in reducing their cost of production, we have received strong support from our dealers and farmers.

With regards to pig farming, a strategic foundation to help us improve the productivity of the animal protein value chain, our high-tech farm in Nghe An continued ramping up in order to eventually reach its designed capacity of 250,000 pigs/year. More importantly, this farm will enable us to deliver safe meat products at reasonable prices to consumers. As a result of

implementation of biosecurity and management systems based on international standards such as Global G.A.P., our Nghe An farm was not impacted by ASF and other diseases.

While the feed business currently is the biggest contributor to our revenues and pig farming is key to improving productivity, our company's ultimate objective has always been about reaching consumers, consistent with the objective of our parent company, Masan Group, which is: "to be Vietnam's pride by uplifting the material and spiritual lives of consumers anytime and anywhere". With the launch of our chilled meat "MEATDeli" brand in the Northern market in December 2018, we took a major big step towards meeting this objective, bringing safe and delicious meat at a reasonable price to Vietnamese people. MEATDeli's chilled meat products is an innovative product for the Vietnamese market that uses European technology to produce a more hygienic, safer and more delicious meat for consumers.

Towards the end of 2019, MEATDeli advanced into the Southern market in a significant way, becoming available throughout the major distribution channels in Ho Chi Minh City, Dong Nai, Binh Duong, and Tien Giang. Today MEATDeli is sold at supermarket and minimarket chains such as VinMart, VinMart+,

CoopMart, CoopXtra, BigC, MEATDeli stores that we operate and independent small shops acting as agents. The success of our nationwide launch and the momentum of MEATDeli's sales reflect a major transformation for our company and was duly commemorated with the changing of our name from Masan Nutri-Science to Masan MEATLife.

To ensure sufficient supply for Vietnam's large demand for pork products, we have started building a second meat processing complex in Long An to supplement the output from our existing complex in Ha Nam. With the commissioning of the new complex in Long An, MML will be able to reduce the cost and time to transport MEATDeli to Southern consumers. Expected to be commissioned in 3Q2020 the first phase of the new meat processing complex in Long An will produce MEATDeli clean meat with European chilled meat technology with a capacity of 140,000 tons/year. In addition to chilled meat, the factory will also produce processed meat products such as braised pork, pork rolls, shredded pork and other processed meat products, with a capacity of 15,000 tons/year.

¹ Source: <https://www.gso.gov.vn/default.aspx?tabid=382&idmid=2&ItemID=19453>

² Source: <https://www.gso.gov.vn/default.aspx?tabid=382&idmid=2&ItemID=19453> and <https://www.gso.gov.vn/default.aspx?tabid=382&idmid=2&ItemID=19453>

³ Source: <https://www.mard.gov.vn/Pages/bo-truong-nguyen-xuan-cuong-cac-dia-phuong-can-phai-trien-khai-dong-bo-cac-giai-phap-phong-chong-dich-.aspx>

2019 SCORECARD

On a special note, 2019 is also the first year we focused on implementing a comprehensive strategic cooperation model with large pig farms across the country, enhancing our 3F (Feed - Farm - Food) model by leveraging the synergies of being able to serve different stakeholders across the animal protein value chain. By being able to oversee the entire value chain, from controlling the animal feed input, providing technical support to farmers, setting high farming standards and entering into offtake agreements to purchase pigs, we have created more sustainable business model that supports our feed business and, most importantly, our branded meat business, which now has greater access to quality pigs for processing. This model contributes to stabilizing and ensuring the necessary porker source for the MEATDeli meat processing complexes, as the quality of animal feed, farming process and meat quality are strictly controlled. This comprehensive approach also aligns with the current consolidation trend happening in the animal husbandry industry towards large-scale, industrial farms.

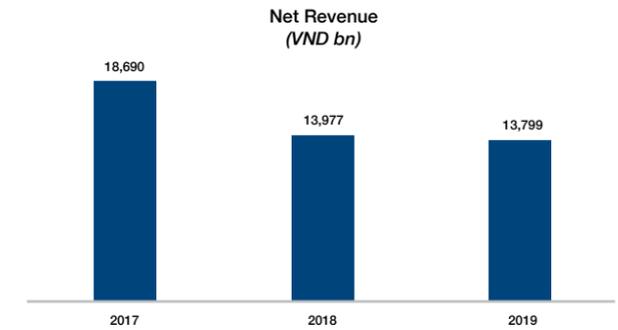
become more of branded consumer company. Our progress is attributable to our leadership position in the market, ability to build strong brands, commitment to innovation, and a team of passionate professional with not only the expertise, but a commitment to our objectives to better serve consumers. We firmly believe that in 2020 and beyond, our business results will significantly improve. We know that this can only happen if we stick to our core purpose, which is to bring delicious, safe and affordable meat products to each and every meal for nearly 100 million people across Vietnam.

Yours faithfully,

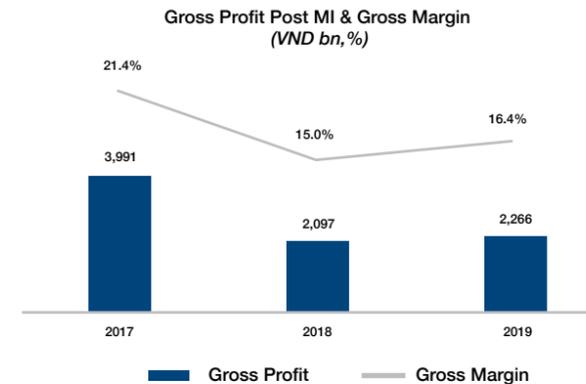
Pham Trung Lam
Chief Executive Officer of Masan MEATLife

In short, despite many challenges, we were not only able to survive in 2019, but to also develop and grow our strategic platform to

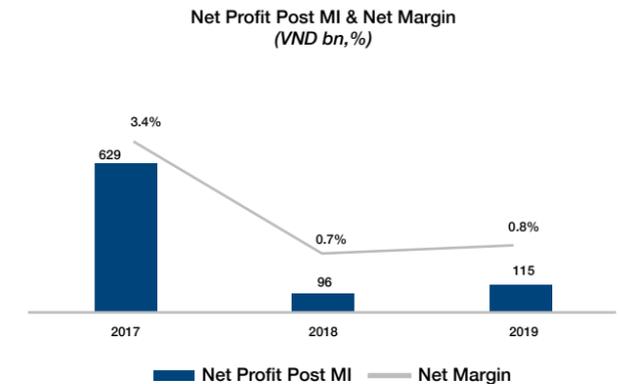
Net Revenue (VND billion)



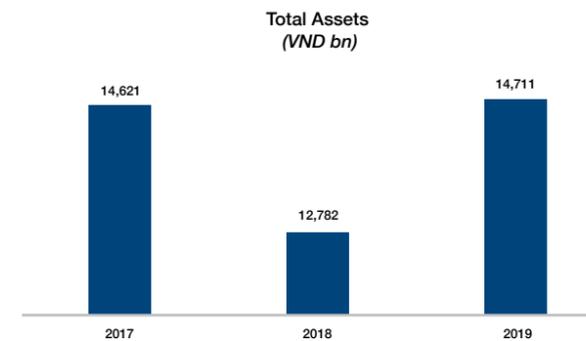
Gross Profit (VND billion) & Gross Margin



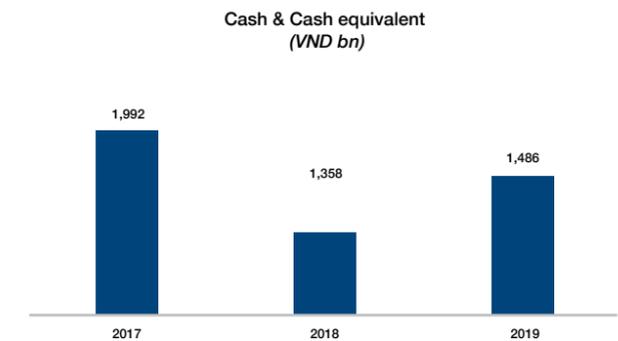
Net Profit Post MI (VND billion) & Net Margin



Total Assets (VND billion)



Cash Balance (VND billion)



¹ Includes short-term investments.

“We are the first intergrated branded meat supply platform in Vietnam”



Who we are

Masan MEATLife is one of Vietnam's largest businesses in the branded meat value chain (applying the 3F model “from farm to food”), focusing on improving productivity in the animal protein industry of Vietnam with the ultimate goal of providing consumers with traceable meat products of good quality and at reasonable prices in a market valued above USD10 billion.

In 2019, Masan MEATLife sold 1.4 million tons of animal feed through its distribution network with more than 2,500 dealers and 13 factories nationwide. By applying the brand-building model, Masan MEATLife successfully built its parent brand “Bio-zeem” and quickly gained a significant market share in the pig feed industry.

Thanks to strong cash flows from the animal feed business, Masan MEATLife has developed a 3F integrated model through the operation of a high-tech pig factory in Nghe An and a meat processing complex in Ha Nam, and another meat complex under construction in Long An.

One of the most important milestones for Masan MEATLife was the establishment of a foothold in the meat market with the introduction of MEATDeli brand in Hanoi and surrounding areas in December 2018 and in Ho Chi Minh City market and neighboring provinces in September 2019, providing consumers with fresh, delicious and safe meat products manufactured using European technology. Pigs are raised at Masan MEATLife's own farms or sourced from suppliers according to strict disease control standards, ensuring biosecurity

with high quality animal feed without growth hormones, antibiotics, or other banned substances. Meat products are distributed in supermarkets and minimarkets such as VinMart, VinMart +, CoopMart, CoopXtra, BigC, other supermarket systems, MEATDeli stores and agents.

The launch of MEATDeli has officially marked the entry of MML into the pork market worth approximately USD10 billion, which is a large, fragmented but growing, as consumers demand for safe and fresh produce. Investing in the 3F chain is Masan MEATLife's commitment to “bring safe meat for worry-free delicious meals to every Vietnamese family”.

We aim to be and **be recognized as a leader in providing branded animal protein solutions across the value chain to everyone, every family, and every day in Vietnam by improving productivity to an international level.**

“We are making a total change in the protein sector by applying the consumer-centric approach throughout the value chain”.

The success of an integrated animal protein value chain

Our strategy is to transform the inefficiency of the USD30 billion meat value chain (including meats) by building a 3F branded and highly productive platform - “from farm to food”. The 3F model is a must to control the quality and cost of providing affordable meat products (Vietnamese consumers are currently paying twice as much as American consumers when buying meat), and to meet the increasing demand for clean and traceable meat products.

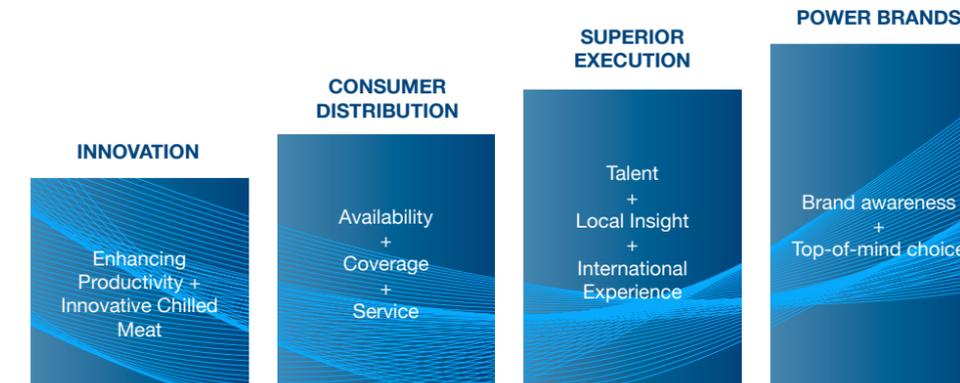
Animal feed is our starting point as this segment accounts for 33% of the productivity in the entire animal protein value chain. We have quickly become a leader in the animal feed business by adopting a “consumer-centric” model. We meet farmers regularly to understand their needs, apply world-class technologies to develop innovative products so as to meet the unmet needs of farmers in terms of productivity gains. We have been built the first strong brand in the feed industry “Bio-zeem” and won the trust of innumerable farmers. We are also applying this approach across the value chain to develop branded meat products to serve nearly 100 million Vietnamese consumers.

The transformation of MML from a pure animal feed company into a leading branded meat and processed meat products company has made great progress in 2019 by introducing to the market the MEATDeli clean meat brand at both ends of the country: Hanoi, Ho Chi Minh City and surrounding areas. With MEATDeli in the market, we have now become a branded fast-moving consumer goods business, so there will be lower risk of cyclical growth while ensuring a sustainable profit margin. In a fragmented and unbranded market, this unique strategy will help us increase our market share and become a leader in the meat value chain.

FULLY INTERGRATED MEAT VALUE CHAIN



Platform for Growth



MML owns a unique business model to unlock the potential of the animal protein value chain in Vietnam. With the launch of MEATDeli in late 2018, we became the first and leading integrated animal protein platform in Vietnam by focusing on improving productivity across the entire value chain.

To do this, we have invested heavily in the operating platform including strong brands, innovation, best-in-class production facilities, and, most importantly, people.

Winning Brands

We have successfully applied the brand-building model in the fast-moving consumer goods business for the meat value chain. Four years after its launch, the Bio-zeem product currently accounts for 38.6% of animal feed sales

¹ According to a report by Nielsen Vietnam in 2019.

(excluding aqua feed). Since being launched in July 2015, Bio-zeem has become the first strong brand in the field of animal feed with brand awareness up to 90%. We are the first Vietnamese company in the industry to have a brand-driven approach to animal feed.

Bio-zeem’s brand power also comes from the company’s focus on providing comprehensive full-solution packages for farmers such as providing technical support, conducting training programs, and product trial programs. Bio-zeem is a parent brand for many of our products, and accounts for 70% of pig feed sales. The strength of the Bio-zeem brand is also demonstrated by its ability to increase market share in the external animal feed market.

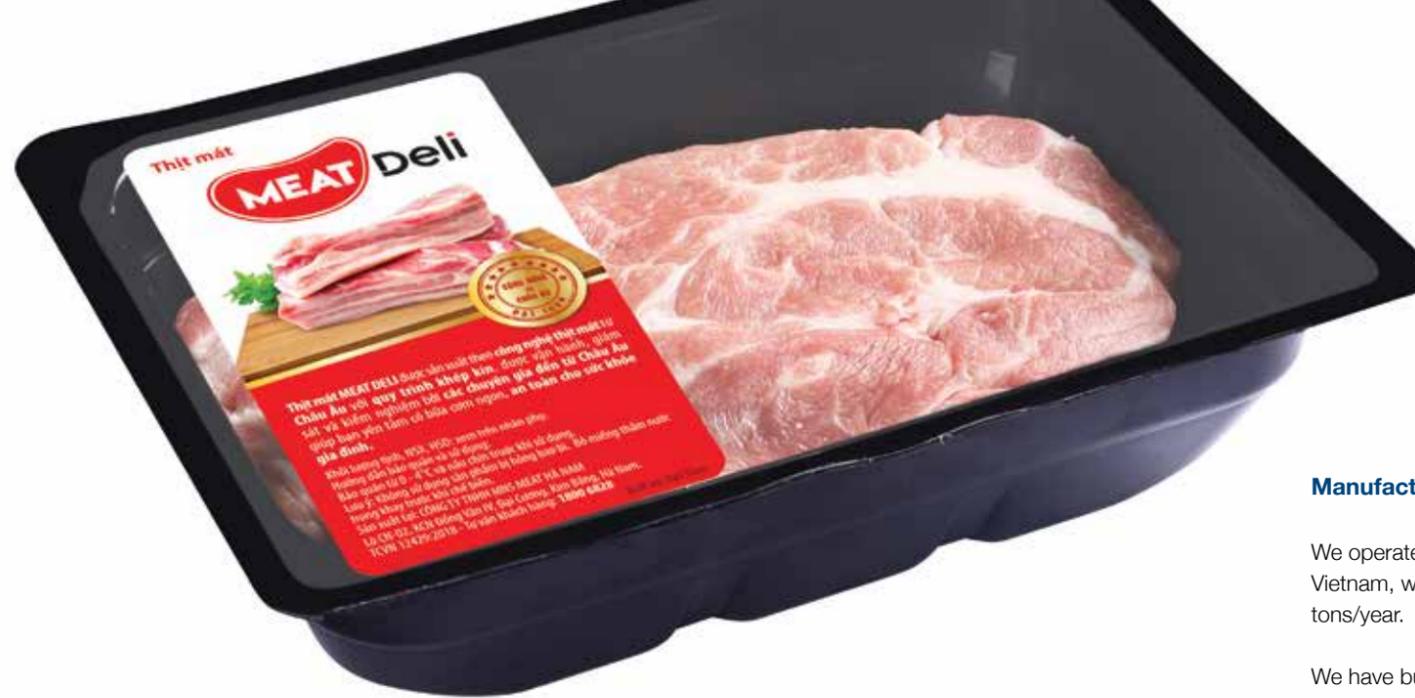
Since the end of 2018, we have introduced chilled pork products under the brand

“MEATDeli”, a range of delicious, safe and traceable meat products to consumers. We have applied a brand-building model as in the FMCG industry for MEATDeli, as we are the first in the meat industry to broadcast TV commercials. Despite its recent entry into the industry, MEATDeli has been very well received by consumers, with 97% of consumers surveyed agreed MEATDeli pork is fresh and delicious¹. Within its the first year on the market, MEATDeli was chosen to be in the “Top 10 brands - the most trusted products in Vietnam”, according to the 2019 results of a poll conducted by the Vietnam Economic Times.

Innovation – Masan Way

Bio-zeem products will not be successful without innovation to bring practical benefits to farmers. Our innovation ideas were developed by Masan Institute of Nutri-Science (“MINS”), which is MML’s research and development (“R&D”) center. Our dedicated team of MINS experts work tirelessly to discover new scientific advances in the field of animal feed, breeding and farming. We regularly conduct market surveys and product inspections in the farm for all our products.

More specifically, all Bio-zeem products contain the Bio-zeem enzyme system that enhances immunity and improves feed conversion ratio (“FCR”) significantly. This achievement comes from our cooperation with leading partners and suppliers from Europe.



Understanding the dangers of antibiotic abuse, we are the first company in the industry to eliminate antibiotics in animal feed products completely. With the effort of MINS experts, we have succeeded in maintaining productivity, health for livestock, ensuring meat quality and increasing disease resistance without antibiotics. Commitment to innovation and doing things differently is also reflected in the development of our high-tech pig farm in Nghe An, which is also the largest farm in the province. We have applied the most advanced technology to manage feeding, temperature, lighting, energy consumption and waste treatment for the whole farm.

We are committed to improving productivity in the animal protein industry of Vietnam by fully integrating the animal protein value chain in order to bring fresh chilled meat products at affordable prices for Vietnamese meals.

For the last meat products, Masan MEATLife is proud to be the first to bring chilled meat to Vietnamese consumers under the brand “MEATDeli”, chilled meat products that has set a new standard for safety and freshness for meat products, a completely new concept in Vietnam. We have adopted a unique process and solution with the Oxy Fresh 9 technology from Europe, making us the first and only chilled meat manufacturer that meets the BRC standard in Vietnam so far. To be able to deliver chilled meat products to consumers, MEATDeli is stored and distributed in a cold storage and

transport system at a temperature of 0-4°C. Such conditions limit micro-organism growth and maintain the natural flavor and freshness of the products. Chilled pork has a shelf life of up to 9 days¹ while ensuring quality standards. This way of producing, preserving and transporting chilled meat has been very popular in the rest of the world but has never been applied in Vietnam.

Distribution Network

We own an extensive feed distribution network in Vietnam with over 500 sales representatives serving 2,500 dealers nationwide, mostly exclusive dealers.

We are restructuring the distribution system to better serve farmers nationwide with greater cost efficiency. Not only do we try to make our products more widely available through our scale but we also try to increase sales and grow our market share by being a comprehensive partner to farmers, including offering technical support and the possibility to become a

supplier to MEATDeli subject to meeting strict quality conditions. As the sector continues to consolidate, larger farms will continue needing more sophisticated solutions and we believe our complete feed to food model gives a significant competitive advantage.

MEATDeli products are distributed at more than 800 points of sale at supermarkets and minimarkets such as VinMart, VinMart+, CoopMart, CoopXtra, BigC, other supermarket systems, MEATDeli stores and independent mom and pop grocers whom we refer to as agents. By the end of 2020, we aim to increase our total MEATDeli points of sale to 3,000.

Manufacturing Facilities

We operate 13 leading feed mill plants across Vietnam, with total capacity of nearly 3.3 million tons/year.

We have built and put into operation a high-tech pig farm in Nghe An province. The farm is designed to ensure management efficiency and quality assurance throughout the entire process of raising pigs. As part of the integrated 3F chain, the farm is specially managed to prevent diseases as well as improve pig health and food safety related to pork consumption. The standard of this pig raising process is equivalent to the standard of international pig farm management and complies with Global G.A.P. standards. Located on a land area of more than 223 hectares, the farm is separated from residential areas to ensure strict biosafety conditions to minimize risks from diseases such as foot and mouth disease (FMD) and African swine fever (ASF). We have also built wastewater treatment systems according to national standards to improve biosecurity and environmental protection. Once fully ramped up, the farm in Nghe An has a capacity of producing ~250,000 live pigs per year. More importantly, this farm is also a replicable model for other farms to follow and become live hog suppliers for MML’s meat value chain, meeting MML’s high input standards.

In December 2018, we put into operation the meat processing complex in Ha Nam with modern technology and equipment imported from Europe, which were installed and

supervised by experienced international experts. Pigs are slaughtered with CO₂ - the most humane method, then processed and chilled quickly to prevent the growth of bacteria on meat. Next, the pork is cooled and stored for 24 hours at a temperature of 0-4 degrees Celsius to increase the flavor and texture of the meat, while maintaining nutrition and hygiene standards. Next, the meat is cut, packed and shipped, while maintaining temperature levels to the end consumers to ensure the meat is clean and fresh. This process both complies with national standard TCVN 12429-1:2018 for chilled meat and strictly follows the BRC standard – a global benchmark for food safety. The complex has a capacity of 1.4 million porkers/year, equivalent to 140,000 tons/year. The project has an investment of more than VND1,000 billion and is built on an area of 10 hectares.

The Ha Nam meat processing complex helped us to successfully launch the first chilled pork product in Vietnam - MEATDeli. To ensure sufficient supply for the large potential meat market, we are building a new meat processing complex in Long An of similar scale to the existing complex we have in Ha Nam. This new complex will reduce the cost and time to transport MEATDeli products to Southern consumers. Expected to become operational in 3Q2020, pork processing complex in Long An will have a capacity of 140,000 tons of products/year. In addition to chilled meat, the factory will also produce processed meat products such as braised pork, pork rolls, shredded pork and other processed meat products, with a capacity of 15,000 tons/year.

Human Capital

In a rapidly changing business environment, we recognize the importance of building talented, flexible and assertive managers, and create a cohesive work environment where every employee has the opportunity to succeed.

At MML, we consider our more than 3,000 employees as our most valuable asset. The company is led by senior management who have worked at Masan Consumer, Cargill, Nestle, Unilever, and other well-established multi-national companies. Our managers have international experience and are successful in building and restructuring the company in emerging markets.

Accompanying the management team is a young, visionary and extremely flexible team of employees who can make a difference by thinking and realizing business initiatives, thereby bringing the best returns to shareholders. We are a team with the spirit of entrepreneurship and ability to manage risks and achieve outstanding business results.

Through this professional team, we have successfully transformed from the largest domestic animal feed company into Vietnam’s first integrated meat production platform to better serve 100 million Vietnamese consumers.

¹ Applying for pork belly.

Sustainability Report



“Doing Well by Doing Good”

Our objective at Masan MEATLife is: “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

Innovation

Please refer to “Innovation – Masan Way” in the “Our Story” section.

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 an 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 MEATLife’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

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

Talent Sustainability

Masan MEATLife has a total of 3,501 employees. We are proud to be one of the best workplaces in Vietnam and always aim for sustainable development through long-term strategic plans to retain, attract as well as develop talents, create the best conditions for employees to succeed and achieve what they want both in their career and in life.

Our philosophy is to improve the material and spiritual lives of not only Vietnamese consumers but also of our employees, from which they will devote themselves in labor, contributing to enhance the brand value and culture of the

Qualification	Number	Percentage
Post graduate	36	1%
University graduate	1442	41%
College graduate	334	10%
Intermediate college graduate	389	11%
High school graduate	468	13%
Secondary school graduate	493	14%
Others	339	10%
Total	3501	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.

Company. Our responsibility is to bring stable income and maintain jobs for more than 3,500 employees. In addition, we also have long-term training plans to prepare our good and skilled employees for future leader’s roles through regular and continuous training programs.

We always encourage employees to look at the problem differently, thereby recognizing their capabilities and facilitating to maximize human resource development. While capturing the best

talents in the industry who are working with confidence, independence and responsibility, especially the entrepreneurial spirit and willingness to engage, we understand that the growth comes from the physical, mental and emotional well-being and stability of all employees across all functions.

We appreciate ensuring the benefits and rewarding employees fairly and proportionally with actual competence and their contribution and also creativity to the development of the Company. It is certain that, our key talents are also shareholders, who work with all their dedication and promote an entrepreneurial spirit and long-term thinking.

We invest in continuing education and training programs for qualified and/or applicable employees to enhance his or her skills and knowledge. Besides that, each of our plants provides specific localized instruction to employees, depending upon his or her role. In 2019, we organized more than 100 training courses for approximately 2,000 employees to improve their leadership skills, soft skills as well as technical skills.

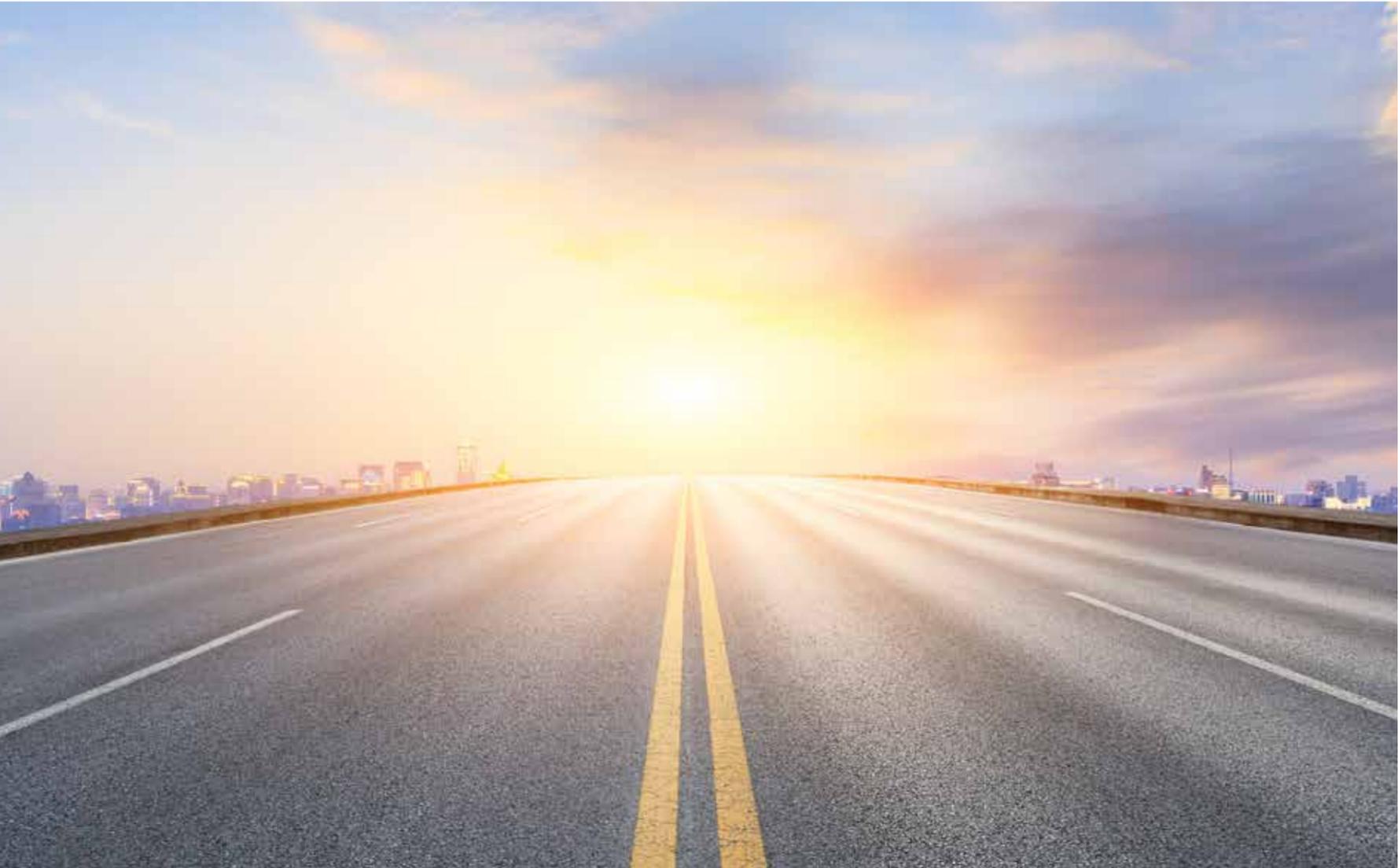
In addition, we identify the workforce as the largest and most important asset, we buy extra package of health and accident insurance for

all employees in addition to insurance regulated by Law. Nevertheless, we are also entitled to standard working hours, break hours and annual leave as regulated by the Labor Code.

Awards

Within its first year on the market, MEATLife was recognized as a “Top 10 brands - the most trusted product in Vietnam” in 2019. This award was organized by Vietnam Economic Times for the period covering January 2019 to November 2019 and involved a survey that involved 7,600 products and services, 35,000 casted votes, and 82,300 online reviews from consumers. With the theme “Customer’s Experience - Different to compete”, the program’s evaluation criteria focused on products and services that bring customers good experiences and positive emotions; products which were preferred and highly appreciated by consumers; and products that focus on the connection between brand and customers.

Financial Statement



“We aim to achieve a 10% share in a market valued around USD10.2 billion”

Corporate Information

Enterprise Registration Certificate No.

0311224517 7 October 2011

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is dated 29 August 2019. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Danny Le	Chairman
Mr Yew Kean Lai	Vice Chairman (until 14 October 2019)
Mr Pham Trung Lam	Member
Mr Tran Phuong Bac	Member
Mr Neal Leroux Kok	Member (from 20 April 2019)
Mr David Tan Wei Ming	Member (until 19 April 2019)

Board of Management

Mr Pham Trung Lam	Chief Executive Officer
-------------------	-------------------------

Registered Office

10th Floor, Central Plaza Tower
17 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Statement of the Board of Management

The Board of Management of Masan MEATLife Corporation (formerly known as "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 2019.

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 30 to 81 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 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, 20 March 2020

Independent Auditor's Report

To the Shareholders

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)

We have audited the accompanying consolidated financial statements of Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 20 March 2020, as set out on pages 5 to 57.

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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) and its subsidiaries as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.



KPMG Limited's Branch in Ho Chi Minh City
 Vietnam
 Audit Report No.: 19-01-00619-20-2

Truong Vinh Phuc
 Truong Vinh Phuc
 Practicing Auditor Registration
 Certificate No. 1901-2018-007-1
 Deputy General Director

Ho Chi Minh City, 20 March 2020

Nguyen Ho Khanh Tan
 Nguyen Ho Khanh Tan
 Practicing Auditor Registration
 Certificate No. 3458-2020-007-1

Consolidated balance sheet

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,326,407,159,062	3,511,558,016,046
Cash and cash equivalents	110	5	1,485,599,402,638	1,358,425,295,976
Cash	111		181,699,402,638	126,914,604,976
Cash equivalents	112		1,303,900,000,000	1,231,510,691,000
Short-term financial investments	120		156,400,000,000	-
Held-to-maturity investments	123	6(a)	156,400,000,000	-
Accounts receivable – short-term	130	7	1,063,739,035,323	672,572,056,344
Accounts receivable from customers	131		374,451,806,121	378,053,830,762
Prepayments to suppliers	132		678,682,279,544	377,591,921,874
Other short-term receivables	136		116,349,265,265	23,061,444,057
Allowance for doubtful debts	137		(105,744,315,607)	(106,135,140,349)
Inventories	140	8	1,529,201,648,403	1,390,582,532,504
Inventories	141		1,550,320,775,204	1,396,159,994,324
Allowance for inventories	149		(21,119,126,801)	(5,577,461,820)
Other current assets	150		91,467,072,698	89,978,131,222
Short-term prepaid expenses	151		33,022,312,069	27,486,889,151
Deductible value added tax	152		44,630,050,178	49,131,101,271
Taxes receivable from State Treasury	153		13,814,710,451	13,360,140,800

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

Consolidated balance sheet

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,384,987,528,036	9,270,243,742,848
Accounts receivable – long-term	210		16,506,597,000	3,095,726,000
Other long-term receivables	216	7	16,506,597,000	3,095,726,000
Fixed assets	220		7,354,513,390,155	6,118,877,391,239
Tangible fixed assets	221	9	4,091,424,919,307	2,536,850,624,080
Cost	222		5,283,195,968,073	3,415,674,102,802
Accumulated depreciation	223		(1,191,771,048,766)	(878,823,478,722)
Intangible fixed assets	227	10	3,263,088,470,848	3,582,026,767,159
Cost	228		4,863,075,848,521	4,860,265,166,432
Accumulated amortisation	229		(1,599,987,377,673)	(1,278,238,399,273)
Long-term work in progress	240		353,241,217,535	466,397,480,764
Construction in progress	242	11	353,241,217,535	466,397,480,764
Long-term financial investments	250		2,173,141,241,640	2,174,040,670,779
Investments in associates	252	6(b)	2,159,937,181,640	2,160,836,610,779
Equity investments in other entities	253	6(c)	21,646,000,000	21,646,000,000
Allowance for diminution in the value of long-term financial investments	254	6(c)	(8,441,940,000)	(8,441,940,000)
Other long-term assets	260		487,585,081,706	507,832,474,066
Long-term prepaid expenses	261	12	415,519,871,660	419,988,899,218
Deferred tax assets	262	13	72,065,210,046	87,843,574,848
TOTAL ASSETS (270 = 100 + 200)	270		14,711,394,687,098	12,781,801,758,894

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

Consolidated balance sheet

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,188,198,744,263	5,600,790,137,510
Current liabilities	310		3,491,877,094,955	2,368,878,460,376
Accounts payable to suppliers	311	14	857,647,315,709	1,160,699,894,696
Advances from customers	312		20,315,335,561	38,615,928,044
Taxes payable to State Treasury	313	15	100,050,815,239	61,808,353,270
Payables to employees	314		5,223,968	14,102,819
Accrued expenses	315	16	684,459,335,316	613,740,820,932
Other short-term payables	319	17	40,909,847,703	33,068,610,309
Short-term borrowings	320	18(a)	1,782,758,178,439	455,199,707,286
Bonus and welfare funds	322	19	5,731,043,020	5,731,043,020
Long-term liabilities	330		3,696,321,649,308	3,231,911,677,134
Other long-term payables	337		4,960,000,000	-
Long-term borrowings and bonds	338	18(b)	3,173,252,547,708	2,658,594,303,085
Deferred tax liabilities	341	13	488,104,212,517	541,403,429,233
Long-term provisions	342	20	30,004,889,083	31,913,944,816
EQUITY (400 = 410)	400		7,523,195,942,835	7,181,011,621,384
Owners' equity	410	21	7,523,195,942,835	7,181,011,621,384
Share capital	411	22	3,243,274,470,000	2,162,182,990,000
<i>Ordinary shares with voting rights</i>	411a		3,243,274,470,000	2,162,182,990,000
Share premium	412		2,119,105,015,149	3,200,196,495,149
Other capital	414	23	(175,543,000,000)	(175,543,000,000)
Undistributed profits after tax	421		140,019,641,401	24,671,734,409
<i>Undistributed profits/(accumulated losses) after tax brought forward</i>	421a		24,671,734,409	(70,898,059,538)
<i>Net profit after tax for the current year</i>	421b		115,347,906,992	95,569,793,947
Non-controlling interests	429		2,196,339,816,285	1,969,503,401,826
TOTAL RESOURCES (440 = 300 + 400)	440		14,711,394,687,098	12,781,801,758,894

20 March 2020

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

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

	Code	Note	2019 VND	2018 VND
Revenue from sales of goods	01	25	14,574,901,245,099	14,832,735,010,031
Revenue deductions	02	25	776,149,958,427	855,880,946,384
Net revenue (10 = 01 - 02)	10	25	13,798,751,286,672	13,976,854,063,647
Cost of sales	11	26	11,533,148,211,650	11,879,903,811,268
Gross profit (20 = 10 - 11)	20		2,265,603,075,022	2,096,950,252,379
Financial income	21	27	76,612,962,663	67,944,590,729
Financial expenses	22	28	364,166,857,502	310,194,622,049
<i>In which: Interest expense</i>	23		284,977,600,614	235,444,066,977
Share of profit in associates	24	6	9,690,583,861	13,996,334,254
Selling expenses	25	29	680,705,067,100	774,740,372,223
General and administration expenses	26	30	797,348,195,270	767,719,558,078
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		509,686,501,674	326,236,625,012
Other income	31	31	93,616,762,281	11,911,924,108
Other expenses	32	32	35,373,594,141	2,255,254,894
Results of other activities (40 = 31 - 32)	40		58,243,168,140	9,656,669,214
Accounting profit before tax (50 = 30 + 40)	50		567,929,669,814	335,893,294,226
Income tax expense – current	51	33	235,735,572,677	115,197,819,341
Income tax benefit – deferred	52	33	(37,520,851,914)	(11,462,800,259)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		369,714,949,051	232,158,275,144

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

Consolidated statement of income

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		369,714,949,051	232,158,275,144
Attributable to:				
Equity holders of the Company	61		115,347,906,992	95,569,793,947
Non-controlling interests	62		254,367,042,059	136,588,481,197
Earnings per share				
Basic earnings per share	70	34	356	295

Prepared by:


Tran Quang Be
Chief Accountant

20 March 2020

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer

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

Consolidated statement of cash flows

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

	Code	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	567,929,669,814	335,893,294,226
Adjustments for			
Depreciation and amortisation	02	689,604,467,950	618,379,983,839
Allowances and provisions	03	23,958,276,321	4,395,506,811
Foreign exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	806,922,251	2,262,660,626
Profits from investing activities	05	(75,524,224,039)	(81,186,482,934)
Interest expense and bond issuance costs	06	305,389,365,319	255,855,831,682
Operating profit before changes in working capital	08	1,512,164,477,616	1,135,600,794,250
Change in receivables and other current assets	09	(42,695,268,160)	221,093,264,351
Change in inventories	10	(154,160,780,880)	457,204,534,230
Change in payables and other liabilities	11	(350,187,479,358)	(57,815,653,185)
Change in prepaid expenses	12	31,321,783,266	(35,100,012,147)
		996,442,732,484	1,720,982,927,499
Payments of interest and bond issuance costs	14	(296,097,952,566)	(252,376,652,761)
Corporate income tax paid	15	(216,671,182,854)	(103,401,857,119)
Other payments for operating activities	17	(4,790,250,984)	(6,904,254,916)
Net cash flows from operating activities	20	478,883,346,080	1,358,300,162,703
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and construction in progress	21	(2,117,083,988,566)	(1,075,988,891,883)
Proceeds from disposals of fixed assets	22	30,158,242,943	6,138,220,611
Placement of term deposits	23	(156,400,000,000)	-
Receipts from collecting loans	24	-	96,400,000,000
Receipts of interest and dividends	27	76,690,742,499	68,950,855,375
Net cash flows from investing activities	30	(2,166,635,003,124)	(904,499,815,897)

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

Consolidated statement of cash flows

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

	Code	31/12/2019 VND	1/1/2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	5,256,456,574,119	4,412,120,196,960
Payments to settle loan principals	34	(3,417,751,623,048)	(4,945,465,422,995)
Payments of dividends	36	(23,597,966,228)	(553,970,914,317)
Net cash flows from financing activities	40	1,815,106,984,843	(1,087,316,140,352)
Net cash flows during the year	50	127,355,327,799	(633,515,793,546)
(50 = 20 + 30 + 40)			
Cash and cash equivalents at the beginning of the year	60	1,358,425,295,976	1,991,970,213,930
Effect of exchange rate fluctuations on cash and cash equivalents	61	(181,221,137)	(29,124,408)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)	70	1,485,599,402,638	1,358,425,295,976

Prepared by:


Tran Quang Be
Chief Accountant

20 March 2020

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer

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

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) (“the Company”) is a joint stock company incorporated in Vietnam.

As at 31 December 2019, the Company has 14 dependent branches which are Phu Tho Branch, Ha Nam Branch, Nghe An Branch, Binh Dinh Branch, Dak Lak Branch, Vinh Long Branch, Hau Giang Branch, Dong Nai Branch, Quang Nam Branch, Thai Nguyen Branch, Tien Giang Branch, Hung Yen Branch, Hai Phong Branch and Can Tho Branch (1/1/2019: 14 dependent branches).

The Company’s shares were listed on the Unlisted Public Company Market (“Upcom”) in accordance with the Decision No. 804/QD-SGDHN issued by the Ha Noi Stock Exchange on 2 December 2019.

(b) Principal activities

The principal activities of the Company are investment holding and to trade in livestock, poultry and aquaculture feeds and other products in accordance with its Enterprise Registration Certificate.

(c) Normal operating cycle

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

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

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(d) Group's structures

As at 31 December 2019, the Group had 2 directly owned subsidiaries, 16 indirectly owned subsidiaries and 4 indirectly owned associates (1/1/2019: 2 directly owned subsidiaries, 15 indirectly owned subsidiaries and 4 indirectly owned associates). Information of the subsidiaries and associates are described as follows:

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
Directly owned subsidiaries							
1	Agro Nutrition International Joint Stock Company ("Anco")	To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	100.00%	100.00%	100.00%	100.00%
2	MNS Feed Company Limited ("MNS Feed")	To manufacture, process livestock, poultry and aquaculture feeds	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	99.99%	99.99%	99.99%	99.99%
Indirectly owned subsidiaries							
1	MNS Feed Vinh Long Company Limited ("MNS Feed Vinh Long")	(i)To manufacture, process livestock, poultry and aquaculture feeds; process shrimp, fish and cattle-fish; manufacture, process manioc, wheat flour, corn, rice, cereals and cereals flour	Area 4, Co Chien Industrial Park, Son Dong Hamlet, Thanh Duc Commune, Long Ho District, Vinh Long Province, Vietnam	99.99%	99.99%	100.00%	100.00%

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
2	MNS Feed Thai Nguyen Company Limited ("MNS Feed Thai Nguyen")	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh Commune, Pho Yen Town, Thai Nguyen Province, Vietnam	99.99%	99.99%	100.00%	100.00%
3	MNS Feed Tien Giang Company Limited ("MNS Feed Tien Giang")	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	99.99%	99.99%	100.00%	100.00%
4	MNS Feed Nghe An Company Limited ("MNS Feed Nghe An")	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Area C, Nam Can Industrial Park, South East Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	99.99%	99.99%	100.00%	100.00%
5	MNS Feed Hau Giang Company Limited ("MNS Feed Hau Giang")	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	99.99%	99.99%	100.00%	100.00%
6	Agro Nutrition International Binh Dinh One Member Limited Company ("Anco Binh Dinh")	(ii) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
7	MNS Meat Company Limited (“MNS Meat”)	(ii) To manufacture livestock, poultry and aquaculture feeds	Lot A4, Street No. 2, Song May Industrial Zone, Bac Son Commune, Trang Bom District, Dong Nai Province, Vietnam	100.00%	100.00%	100.00%	100.00%
8	MNS Farm Nghe An Company Limited (“MNS Farm Nghe An”)	(ii) To breed swine	Con Son Hamlet, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	100.00%	100.00%	100.00%	100.00%
9	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(ii) Investment holding	10th Floor, Central Plaza Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100.00%	100.00%	100.00%	100.00%
10	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	(ii) To process and preserve meat and meat related products	Lot CN-02, Dong Van IV Industrial Zone, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam	100.00%	100.00%	100.00%	100.00%
11	MNS Meat Sai Gon Company Limited (“MNS Meat Saigon”)	(ii), (iii) To process and preserve meat and meat related products	Lot 2 Street No. 15, Lot 3-5-7 Street No. 17, Lot 2 Street No. 17, Lot 9 Street No. 19, Tan Duc Industrial Park, Huu Thanh Ward, Duc Hoa District, Long An Province, Vietnam	100.00%	-	100.00%	-
12	MNS Farm Company Limited (“MNS Farm”)	(ii) Investment holding	10th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
13	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(i) To produce protein enriched and refined animal feeds; provide raising and veterinary services of young bred animal	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	75.15%	75.15%	75.15%	75.15%
14	Proconco Can Tho One Member Company Limited (“Proconco Can Tho”)	(i) To manufacture and trade animal feeds and raw material for manufacturing animal feeds	Lot 13 and Lot 14, Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	75.15%	75.15%	75.15%	75.15%
15	Conco Binh Dinh Co., Ltd. (“Proconco Binh Dinh”)	(i) To manufacture and trade animal feeds and raw material for manufacturing animal feeds	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Tho Ward, An Nhon Town, Binh Dinh Province, Vietnam	75.15%	75.15%	75.15%	75.15%
16	Proconco Hung Yen Trading and Production Co., Ltd (formerly known as “Proconco Hung Yen Manufacturing and Trading Company Limited”) (“Proconco Hung Yen”)	(i) To produce animal feeds, poultry feed and aquaculture feeds; and to breed water buffalo and cows	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	75.15%	75.15%	75.15%	75.15%
Indirectly owned associates							
1	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(i) To manufacture PP and PE package and trade plastic materials	Tan Bien Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.00%	25.00%	25.00%	25.00%

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
2	Abattoir Long Binh Joint Stock Company ("Abattoir")	(i) To perform abattoir and processing activities for cattle and poultry	Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.00%	25.00%	25.00%	25.00%
3	Dong Nai Producing Trading Services Joint Stock Company ("Donatraco")	(i) To plant industrial and agricultural trees	75A Ha Huy Giap Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province, Vietnam	21.30%	21.30%	21.30%	21.30%
4	Vissan Joint Stock Company ("Vissan")	(ii) To process and trade fresh meat, processed foods and meat related products	420 No Trang Long Street, Ward 13, Binh Thanh District, Ho Chi Minh City, Vietnam	24.90%	24.90%	24.90%	24.90%

- (i) These subsidiaries and the associates are indirectly owned by the Company through MNS Feed as at 31 December 2019.
- (ii) These subsidiaries and associate are indirectly owned by the Company through Anco as at 31 December 2019.
- (iii) MNS Meat Sai Gon Company Limited is incorporated as a limited company in Vietnam in accordance with Enterprise Registration Certificate No. 0315583531 dated 26 March 2019 issued by Department of Planning and Investment of Long An Province.

All subsidiaries and associates are incorporated in Vietnam.

The percentage of economic interests represent the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries and of the direct and indirect economic interests in their associates.

As at 31 December 2019, the Group had 3,501 employees (1/1/2019: 3,021 employees).

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates.

(b) Basis of measurement

These consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purposes.

(e) Corresponding figures

Corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Group's audited consolidated financial statements as at and for the year ended 31 December 2018.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iv) Transactions eliminated on consolidation

Intra-group transactions and balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(v) Business combination under common control

Business combination where the same group of investors ("the Controlling Investors") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Investors. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 – Business Combination and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 – Framework and Vietnamese Accounting Standard No. 21 – Presentation of Financial Statements. Based on these standards, the Group has adopted the merger ("carry-over") basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Investors' perspective. Any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from investors and recorded in undistributed profits after tax under equity.

The consolidated statement of income and consolidated statement of cash flows include the results of operations of the combining companies as if the group structure had been in existence from the Controlling Investors' perspective throughout the entire periods presented, or where the companies were incorporated at a date later than the beginning of the earliest periods presented, for the period from the date of incorporation to the end of the relevant reporting periods.

(vi) Business combination under non-common control

Non-common control business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the consolidated statement of income.

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's or its subsidiaries' Management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

(ii) Equity investments in other entities

Equity investments in other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

■ buildings and structures	4 – 20 years
■ machinery and equipment	2 – 15 years
■ motor vehicles	5 – 10 years
■ office equipment	3 – 15 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise of:

- those granted by the State for which land use payments have been made;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights with indefinite term are stated at cost and are not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over a period ranging from 35 to 49 years.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over a period ranging from 5 to 7 years.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(iii) Brand name

The fair value of brand name that is acquired by the Group on the acquisition of a subsidiary is recognised as an intangible fixed asset and amortised on a straight-line basis over their estimated useful lives of 20 years. The fair value of brand name acquired in a business combination is determined based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(iv) Customer relationships

The fair value of customer relationships that is acquired by the Group on the acquisition of a subsidiary is capitalised and presented as an intangible fixed asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships is amortised on a straight-line basis over their estimated useful lives of 20 years.

(v) Technology

Technology that is acquired by the Group on the acquisition of a subsidiary is capitalised and presented as an intangible fixed asset.

The fair value of technology acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology is amortised on a straight-line basis over their estimated useful lives of 5 years.

(i) Construction in progress

Construction in progress represents the costs of swine breeders and costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of breeding the swines, construction and installation.

(j) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as Management determines that it is not fully recoverable.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(k) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulation and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the terms of the lease ranging from 35 to 50 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Costs of tools and instruments are amortised on a straight-line basis over a period ranging from over 1 year to 3 years.

(iii) Swine breeders

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

(iv) Other long-term prepaid expenses

Other long-term prepaid expenses include prepaid repair and maintenance expenses and pre-operation expenses which are stated at their costs and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(l) Accounts payable

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

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(n) Bonds issued

Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of bonds issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the terms of the bonds.

(o) Equity

(i) **Ordinary shares**

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The difference between the proceeds from issuance of shares and the par value of shares issued is recorded as share premium.

(ii) **Other capital**

Other capital is resulting from transactions involving equity instruments.

(p) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Revenue from sales of goods

Revenue from sales of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(r) Financial income and financial expenses

(i) **Financial income**

Financial income comprises interest income from deposits and loans, and foreign exchange gains. Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) **Financial expenses**

Financial expenses comprise interest expense on borrowings and bonds, associated costs and foreign exchange losses. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(t) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

The consolidated profit or loss attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary and secondary formats for segment reporting are based on business segments and geographical segments, respectively.

(v) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company, the ultimate parent company, and their subsidiaries and associates.

4. Segment reporting

The Group operates as one business segment, which is meat value chain and one geographical segment, which is Vietnam.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

5. Cash and cash equivalents

	31/12/2019 VND	1/1/2019 VND
Cash on hand	1,146,399,948	7,612,091,465
Cash in banks	180,275,108,940	117,562,057,243
Cash in transit	277,893,750	1,740,456,268
Cash equivalents	1,303,900,000,000	1,231,510,691,000
Cash and cash equivalents in the consolidated statement of cash flows	1,485,599,402,638	1,358,425,295,976

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

6. Investments

	31/12/2019 VND	1/1/2019 VND
Short-term financial investments		
• Held-to-maturity investments (a)	156,400,000,000	-
Long-term financial investments		
• Investments in associates (b)	2,159,937,181,640	2,160,836,610,779
• Equity investments in other entities (c)	21,646,000,000	21,646,000,000
• Allowance for diminution in the value of long-term financial investments (c)	(8,441,940,000)	(8,441,940,000)
	2,173,141,241,640	2,174,040,670,779

(a) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits at banks with remaining terms to maturity of twelve months or less from the end of the annual accounting period.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Investments in associates

	31/12/2019				1/1/2019			
	No. of shares	% of economic interests	% of voting rights	Carrying value under equity method VND	No. of shares	% of economic interests	% of voting rights	Carrying value under equity method VND
Vissan	20,180,026	24.9%	24.9%	2,135,490,172,000	20,180,026	24.9%	24.9%	2,135,490,172,000
Thuan Phat	490,000	25.0%	25.0%	4,925,117,326	490,000	25.0%	25.0%	7,892,717,573
Abattoir	500,000	25.0%	25.0%	6,708,889,701	500,000	25.0%	25.0%	6,752,136,597
Donatraco	850,800	21.3%	21.3%	12,813,002,613	850,800	21.3%	21.3%	10,701,584,609
				2,159,937,181,640				2,160,836,610,779

The Group has not determined the fair values of the equity investments in associates for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these equity investments may differ from their carrying amounts.

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

	Vissan VND	Thuan Phat VND	Abattoir VND	Donatraco VND	Total VND
Opening balance	2,135,490,172,000	7,892,717,573	6,752,136,597	10,701,584,609	2,160,836,610,779
Share of post-acquisition profit/(loss) of associates	10,090,013,000	(2,967,600,247)	456,753,104	2,111,418,004	9,690,583,861
Dividends income	(10,090,013,000)	-	(500,000,000)	-	(10,590,013,000)
Closing balance	2,135,490,172,000	4,925,117,326	6,708,889,701	12,813,002,613	2,159,937,181,640

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(c) Equity investments in other entities

31/12/2019 and 1/1/2019

	No. of shares	% of equity and voting right	Carrying amount VND	Allowance for diminution in value VND	Fair value VND
Dinh Vu Petroleum Service Port Joint Stock Company	2,164,600	5.41%	21,646,000,000	(8,441,940,000)	13,204,060,000

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

	2019 VND	2018 VND
Opening balance	8,441,940,000	4,918,280,000
Allowance made during the year	-	3,545,306,000
Written back	-	(21,646,000)
Closing balance	8,441,940,000	8,441,940,000

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

7. Accounts receivable

As at 31 December 2019, included in prepayments to suppliers of the Group were VND629,642 million (1/1/2019: VND271,420 million) related to construction in progress.

Other receivables comprised of:

	31/12/2019 VND	1/1/2019 VND
Other short-term receivables		
Value added tax receivables (*)	83,863,305,408	-
Interest income receivable from term-d posits	7,199,576,986	3,457,927,495
Advances	2,458,153,241	1,972,533,803
Short-term deposits	2,725,355,215	1,164,764,551
Others	20,102,874,415	16,466,218,208
	116,349,265,265	23,061,444,057
Other long-term receivables		
Long-term deposits	16,506,597,000	3,095,726,000

(*) Value added tax receivable represented the amount of value added tax of which the Company's subsidiary is submitting application for a refund and is waiting for the response from the General Department of Tax.

Movements of the allowance for doubtful debts during the year were as follows:

	2019 VND	2018 VND
Opening balance	106,135,140,349	109,783,645,939
Allowance made during the year	13,515,336,137	8,586,162,188
Allowance utilised during the year	(5,926,240,831)	-
Written back	(7,979,920,048)	(12,234,667,778)
Closing balance	105,744,315,607	106,135,140,349

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

8. Inventories

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	167,454,196,591	-	331,154,624,169	-
Raw materials	854,900,390,692	(2,331,488,570)	767,446,434,315	(5,577,461,820)
Tools and supplies	98,633,586,054	(1,663,097,204)	75,345,994,537	-
Work in process	167,771,382,262	-	53,060,901,344	-
Finished goods	260,041,238,033	(17,124,541,027)	165,082,706,824	-
Merchandise inventories	1,519,981,572	-	4,069,333,135	-
	1,550,320,775,204	(21,119,126,801)	1,396,159,994,324	(5,577,461,820)

Included in inventories as at 31 December 2019 was VND3,994 million (1/1/2019: VND5,577 million) of slow-moving inventories. These items related to old-label packages which are expected to be disposed as scraps next year.

Included in inventories at 31 December 2019 were VND33,415 million (1/1/2019: Nil) of finished goods carried at net realisable value.

Movements of the allowance for inventories during the year were as follows:

	2019 VND	2018 VND
Opening balance	5,577,461,820	3,777,764,052
Allowance made during the year	20,548,202,829	4,484,994,692
Written back	(5,006,537,848)	(2,685,296,924)
Closing balance	21,119,126,801	5,577,461,820

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

9. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Opening balance	1,926,919,438,208	1,387,337,139,131	70,784,054,488	30,633,470,975	3,415,674,102,802
Additions	43,583,049,937	14,032,534,313	3,527,064,599	725,257,037	61,867,905,886
Transfers from construction in progress	1,270,338,532,929	571,028,958,016	25,057,348,476	28,527,294,736	1,894,952,134,157
Transfers to long-term prepaid expenses	(88,000,000)	(360,738,702)	(59,500,000)	(62,786,805)	(571,025,507)
Disposals	(51,465,956,387)	(22,764,149,859)	(9,486,625,142)	(137,707,621)	(83,854,439,009)
Written off	(771,258,516)	(3,263,963,590)	-	(837,488,150)	(4,872,710,256)
Reclassification	158,190,296	(158,190,296)	-	-	-
Closing balance	3,188,673,996,467	1,945,851,589,013	89,822,342,421	58,848,040,172	5,283,195,968,073
Accumulated depreciation					
Opening balance	333,739,907,056	501,188,238,098	34,055,052,770	9,840,280,798	878,823,478,722
Charge for the year	148,496,308,588	198,941,364,680	13,302,976,395	7,114,839,887	367,855,489,550
Transfers to long-term prepaid expenses	(88,000,000)	(195,725,607)	(1,239,584)	(62,786,805)	(347,751,996)
Disposals	(18,586,595,636)	(22,273,629,787)	(8,742,959,460)	(137,707,621)	(49,740,892,504)
Written off	(771,258,516)	(3,210,528,340)	-	(837,488,150)	(4,819,275,006)
Closing balance	462,790,361,492	674,449,719,044	38,613,830,121	15,917,138,109	1,191,771,048,766
Net book value					
Opening balance	1,593,179,531,152	886,148,901,033	36,729,001,718	20,793,190,177	2,536,850,624,080
Closing balance	2,725,883,634,975	1,271,401,869,969	51,208,512,300	42,930,902,063	4,091,424,919,307

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Included in tangible fixed assets as of 31 December 2019 were assets costing VND562,087 million (1/1/2019: VND488,942 million) which were fully depreciated, but which are still in active use.

As at 31 December 2019, tangible fixed assets with net book value of VND2,831,368 million (1/1/2019: VND1,045,589 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

10. Intangible fixed assets

Cost	Land use rights VND	Software VND	Brand name VND	Customer relationships VND	Technology VND	Total VND
Opening balance	207,411,509,016	58,753,657,416	1,615,000,000,000	2,413,100,000,000	566,000,000,000	4,860,265,166,432
Transfers from construction in progress	-	2,810,682,089	-	-	-	2,810,682,089
Closing balance	207,411,509,016	61,564,339,505	1,615,000,000,000	2,413,100,000,000	566,000,000,000	4,863,075,848,521
Accumulated amortisation						
Opening balance	22,221,764,352	13,360,384,902	320,025,000,009	486,281,249,985	436,350,000,025	1,278,238,399,273
Charge for the year	6,054,612,598	8,989,365,802	80,750,000,000	120,655,000,015	105,299,999,985	321,748,978,400
Closing balance	28,276,376,950	22,349,750,704	400,775,000,009	606,936,250,000	541,650,000,010	1,599,987,377,673
Net book value						
Opening balance	185,189,744,664	45,393,272,514	1,294,974,999,991	1,926,818,750,015	129,649,999,975	3,582,026,767,159
Closing balance	179,135,132,066	39,214,588,801	1,214,224,999,991	1,806,163,750,000	24,349,999,990	3,263,088,470,848

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Included in intangible fixed assets as of 31 December 2019 were assets costing VND5,533 million (1/1/2019: VND5,533 million) which were fully amortised, but which are still in active use.

11. Construction in progress

	2019 VND	2018 VND
Opening balance	466,397,480,764	600,473,709,906
Additions	1,817,117,245,784	955,582,088,785
Transfers to tangible fixed assets	(1,894,952,134,157)	(1,065,241,654,606)
Transfers to intangible fixed assets	(2,810,682,089)	(219,000,000)
Transfers to long-term prepaid expenses	(32,164,905,115)	(23,406,690,969)
Written off	(345,787,652)	(790,972,352)
Closing balance	353,241,217,535	466,397,480,764

Major constructions in progress at the year-end were as follows:

	31/12/2019 VND	1/1/2019 VND
Machinery and equipment	200,969,624,893	95,084,995,186
Buildings	111,507,525,682	348,874,804,065
Software	-	1,981,506,652
Others	40,764,066,960	20,456,174,861
	353,241,217,535	466,397,480,764

As at 31 December 2019, construction in progress with carrying value of VND103,081 million (1/1/2019: VND401,870 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

During the period, trial-run expense, borrowing costs and land rental cost capitalised into construction in progress amounted to VND100,075 million, VND54,401 million and VND1,164 million (2018: VND5,915 million, VND8,983 million and VND1,130 million), respectively.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Swine breeders VND	Others VND	Total VND
Opening balance	312,735,290,485	17,572,884,130	57,696,888,917	31,983,835,686	419,988,899,218
Additions	4,555,731,542	16,871,400,891	67,202,376,248	53,387,166,250	142,016,674,931
Transfers from construction in progress	3,870,900,000	11,514,844,476	-	16,779,160,639	32,164,905,115
Transfers from tangible fixed assets	-	194,211,011	-	29,062,500	223,273,511
Transfers from short-term prepaid expenses	-	1,815,399,530	-	682,837,490	2,498,237,020
Reclassification	(395,913,072)	(2,491,668)	-	398,404,740	-
Disposals	(85,824,657,788)	-	-	-	(85,824,657,788)
Written off	-	-	(19,194,308,486)	(913,952,250)	(20,108,260,736)
Amortisation for the year	(7,341,739,247)	(17,495,236,783)	(29,700,692,417)	(20,901,531,164)	(75,439,199,611)
Closing balance	227,599,611,920	30,471,011,587	76,004,264,262	81,444,983,891	415,519,871,660

As at 31 December 2019, prepaid land costs with carrying value of VND158,193 million (1/1/2019: VND88,754 million) and swine breeders with carrying value of VND67,586 million (1/1/2019: tool and supplies with carrying value of VND1,375 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

13. Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

	31/12/2019 VND	1/1/2019 VND
Deferred tax assets:		
Unrealised profits	2,765,147,122	2,752,073,235
Allowance for doubtful debts	12,647,944,572	14,811,555,588
Allowance for inventories	283,103,492	614,237,566
Accrued expenses	24,529,369,238	29,675,239,252
Tax losses	30,527,132,812	38,379,959,645
Others	1,312,512,810	1,610,509,562
Total deferred tax assets	72,065,210,046	87,843,574,848
Deferred tax liabilities:		
Tangible fixed assets	(11,789,669,873)	(18,419,009,597)
Intangible fixed assets	(476,314,542,644)	(522,984,419,636)
Total deferred tax liabilities	(488,104,212,517)	(541,403,429,233)
	(416,039,002,471)	(453,559,854,385)

(b) Movements of temporary differences during the year

	1/1/2019 VND	Recognised in consolidated statement of income VND	31/12/2019 VND
Unrealised profits	2,752,073,235	13,073,887	2,765,147,122
Allowance for doubtful debts	14,811,555,588	(2,163,611,016)	12,647,944,572
Allowance for inventories	614,237,566	(331,134,074)	283,103,492
Accrued expenses	29,675,239,252	(5,145,870,014)	24,529,369,238
Tax losses	38,379,959,645	(7,852,826,833)	30,527,132,812
Others	1,610,509,562	(297,996,752)	1,312,512,810
Tangible fixed assets	(18,419,009,597)	6,629,339,724	(11,789,669,873)
Intangible fixed assets	(522,984,419,636)	46,669,876,992	(476,314,542,644)
	(453,559,854,385)	37,520,851,914	(416,039,002,471)

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

14. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2019		1/1/2019	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Pro-active Synergy Sdn. Bhd	99,777,835,335	99,777,835,335	141,743,404,645	141,743,404,645
Other suppliers	757,869,480,374	757,869,480,374	1,018,956,490,051	1,018,956,490,051
	857,647,315,709	857,647,315,709	1,160,699,894,696	1,160,699,894,696

(b) Accounts payable to suppliers who are related parties

	31/12/2019		1/1/2019	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Associates				
Thuan Phat	1,119,450,200	1,119,450,200	3,621,631,090	3,621,631,090
Abattoir	487,835,600	487,835,600	581,681,400	581,681,400
Other related parties				
Masan Consumer Corporation	20,377,310,037	20,377,310,037	22,518,145,113	22,518,145,113
Masan Jinju Joint Stock Company	1,372,172,193	1,372,172,193	-	-
Masan Industrial One Member Company Limited	16,249,800	16,249,800	-	-
	23,373,017,830	23,373,017,830	26,721,457,603	26,721,457,603

The trade related amounts due to associates and other related parties were unsecured, interest free and are payable within 60 days from invoice date.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

15. Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Net-off/ Reclassified VND	31/12/2019 VND
Value added tax	306,459,671	31,555,327,957	(4,514,714,285)	(8,247,420,515)	19,099,652,828
Import-export tax	623,152,704	94,679,516,649	(95,177,812,956)	-	124,856,397
Corporate income tax	45,949,381,511	235,735,572,677	(216,671,182,854)	1,062,093,039	66,075,864,373
Personal income tax	14,649,359,384	57,014,628,182	(56,198,653,772)	(714,892,153)	14,750,441,641
Other taxes	280,000,000	1,305,718,728	(1,305,718,728)	(280,000,000)	-
	61,808,353,270	420,290,764,193	(373,868,082,595)	(8,180,219,629)	100,050,815,239

Notes to the consolidated financial statements

Form B 09 – DN/HH
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

16. Accrued expenses

	31/12/2019 VND	1/1/2019 VND
Sales discounts	291,574,701,027	303,723,816,658
Advertising and promotion expenses	45,905,498,536	50,147,562,569
Bonus and 13 th month salary	81,393,289,994	98,796,714,541
Interest expense	66,763,968,562	60,233,310,658
Transportation expense	6,472,895,904	3,397,819,821
Accrual for construction work	168,592,805,169	70,027,082,754
Others	23,756,176,124	27,414,513,931
	684,459,335,316	613,740,820,932

17. Other short-term payables

	31/12/2019 VND	1/1/2019 VND
Dividends payable	27,530,697,600	23,598,036,228
Trade union fee, social and health insurances	65,185,648	1,471,016,755
Short-term deposits received	522,722,051	552,722,051
Others	12,791,242,404	7,446,835,275
	40,909,847,703	33,068,610,309

Notes to the consolidated financial statements

Form B 09 – DN/HH
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

18. Borrowings and bonds

(a) Short-term borrowings	1/1/2019		Movements during the year		31/12/2019	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Repayment VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	387,199,707,286	387,199,707,286	4,296,843,738,859	(3,349,751,623,048)	1,334,291,823,097	1,334,291,823,097
Current portion of long-term borrowings	68,000,000,000	68,000,000,000	448,466,355,342	(68,000,000,000)	448,466,355,342	448,466,355,342
	455,199,707,286	455,199,707,286	4,745,310,094,201	(3,417,751,623,048)	1,782,758,178,439	1,782,758,178,439

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

	Currency	Annual interest rate	31/12/2019 VND	1/1/2019 VND
Unsecured bank loans	VND	4.3% - 6.4%	1,334,291,823,097	387,199,707,286

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Long-term borrowings and bonds

	31/12/2019 VND	1/1/2019 VND
Long-term borrowings (i)	1,638,720,863,841	747,108,028,581
Straight bonds (ii)	1,982,998,039,209	1,979,486,274,504
Repayable within 12 months	3,621,718,903,050 (448,466,355,342)	2,726,594,303,085 (68,000,000,000)
Repayable after 12 months	3,173,252,547,708	2,658,594,303,085

(i) Long-term borrowings

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

	Currency	Annual interest rate	Year of maturity	31/12/2019 VND	1/1/2019 VND
Secured bank loan 1 VND	VND	9.7%	2023	1,000,000,000,000	399,530,353,576
Secured bank loan 2 VND	VND	10.8%	2024	563,760,348,133	204,617,159,297
Secured bank loan 3 VND	VND	8.1%	2021	74,960,515,708	142,960,515,708
				1,638,720,863,841	747,108,028,581

The bank loans 1 is secured by the following assets:

	Carrying value	
	31/12/2019 VND	1/1/2019 VND
Project of Swine-Breeding Farm at Con Son Hamlet, Ha Son Commune, Quy Hop District, Nghe An Province		
■ Tangible fixed assets (Note 9)	1,534,966,636,445	673,887,707,885
■ Construction in progress (Note 11)	2,592,204,271	9,665,523,340
■ Land use rights (Note 12)	55,690,275,866	-
■ Swine breeders (Note 12)	67,585,772,456	-

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

The bank loans 2 is guaranteed by the Company and secured by the following assets:

	Carrying value	
	31/12/2019 VND	1/1/2019 VND
■ Tangible fixed assets (Note 9)	977,729,994,560	6,543,720,091
■ Construction in progress (Note 11)	73,136,695,417	363,393,662,901
■ Land use rights (Note 12)	73,954,609,508	72,041,016,036
■ Tool and supplies (Note 12)	-	1,374,972,663

The bank loans 3 is secured by the following assets:

	Carrying value	
	31/12/2019 VND	1/1/2019 VND
■ Tangible fixed assets (Note 9)	318,671,185,158	365,157,331,968
■ Construction in progress (Note 11)	27,351,911,745	28,810,030,040
■ Prepaid land costs (Note 12)	28,547,901,085	16,712,615,602

(ii) Straight bonds

The carrying amount of the bonds comprised of:

	31/12/2019 VND	1/1/2019 VND
Straight bonds	2,000,000,000,000	2,000,000,000,000
Unamortised bond issuance costs	(17,001,960,791)	(20,513,725,496)
	1,982,998,039,209	1,979,486,274,504

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

The secured bonds of the Group as at 31 December 2019 comprised the followings:

- The bonds amounting to VND1,300 billion (1/1/2019: VND1,300 billion) excluded issuance costs have a maturity term of 5 years and bear annual interest rate of 7.0% in the first year and 1.5% plus the amalgamated average 12 months deposit rates of selected major banks in the remaining years. The bonds were secured by 17.1 million shares of Anco (1/1/2019: 4.1 million shares) and 24.64% share capital of MNS Feed (1/1/2019: Nil); and
- The bonds amounting to VND700 billion (1/1/2019: VND700 billion) excluded issuance costs have a maturity term of 5 years and bear annual interest rate of 8.0% in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining years. The bonds were secured by 14.4 million shares of Proconco (1/1/2019: 14.4 million shares).

Movements of bonds issuance costs during the year were as follows:

	2019 VND	2018 VND
Opening balance	20,513,725,496	24,025,490,201
Additions	16,900,000,000	16,900,000,000
Amortisation during the year	(20,411,764,705)	(20,411,764,705)
Closing balance	17,001,960,791	20,513,725,496

As at 31 December 2019, the related party of the Group held VND177,647 million (1/1/2019: VND138,237 million) of the issued bonds.

19. Bonus and welfare funds

These funds are established by appropriating from undistributed profits as approved by the Board of Directors of the Company or its subsidiaries. These funds are used to pay bonus and welfare to the employees of the Company or its subsidiaries in accordance with the Group's bonus and welfare policies.

There were no movements of bonus and welfare funds during the year.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

20. Long-term provisions

	31/12/2019 VND	1/1/2019 VND
Provision for severance allowance	30,004,889,083	31,913,944,816
Movements of provision for severance allowance during the year were as follows:		
	2019 VND	2018 VND
Opening balance	31,913,944,816	36,097,545,099
Provision made during the year	2,881,195,251	4,132,259,803
Utilisation of provision during the year	(4,790,250,984)	(6,904,254,916)
Written back	-	(1,411,605,170)
Closing balance	30,004,889,083	31,913,944,816

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

21. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Undistributed profits after tax VND	Non-controlling interests VND	Total VND
Balance as at 1 January 2018	2,162,182,990,000	3,200,196,495,149	(175,543,000,000)	1,499,493,156,918	1,856,512,956,857	8,542,842,598,924
Net profit for the year	-	-	-	95,569,793,947	136,588,481,197	232,158,275,144
Dividends	-	-	-	(1,570,391,216,456)	-	(1,570,391,216,456)
Dividends declared by subsidiaries	-	-	-	-	(23,598,036,228)	(23,598,036,228)
Balance as at 1 January 2019	2,162,182,990,000	3,200,196,495,149	(175,543,000,000)	24,671,734,409	1,969,503,401,826	7,181,011,621,384
Share issuance from share premium (i)	1,081,091,480,000	(1,081,091,480,000)	-	-	-	-
Net profit for the year	-	-	-	115,347,906,992	254,367,042,059	369,714,949,051
Dividends declared by subsidiaries	-	-	-	-	(27,530,627,600)	(27,530,627,600)
Balance as at 31 December 2019	3,243,274,470,000	2,119,105,015,149	(175,543,000,000)	140,019,641,401	2,196,339,816,285	7,523,195,942,835

(i) On 23 July 2019, the Company's General Meeting of Shareholders approved to increase the share capital through share issuance from share premium.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

22. Share capital

The Company's authorised and issued share capital are as follows:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000
Issued share capital				
Ordinary shares	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

Movements of ordinary shares during the year were as follows:

	2019		2018	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	216,218,299	2,162,182,990,000	216,218,299	2,162,182,990,000
Share issuance from share premium	108,109,148	1,081,091,480,000	-	-
Balance at the end of the year	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000

23. Other capital

In 2016, Anco, a subsidiary of the Company, granted a call option to an investor to buy 5% of Anco's equity interest on a fully diluted basis at par value, which can be exercised within 10 years from January 2016. In February 2016, this option was acquired by the Company as part of the Company's overall restructuring and efforts to increase its equity interest in its subsidiaries, particularly Anco and Proconco. The Company recorded this equity transaction in other capital.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

24. Off balance sheet items

(a) Lease commitments

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

	31/12/2019 VND	1/1/2019 VND
Within 1 year	104,562,891,454	12,827,117,398
Within 2 to 5 years	368,201,771,146	48,377,270,019
More than 5 years	844,655,381,218	170,386,384,251
Closing balance	1,317,420,043,818	231,590,771,668

(b) Foreign currency

	31/12/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	280,136	6,473,386,904	701,635	16,295,938,829

(c) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2019 VND	1/1/2019 VND
Approved but not contracted	418,187,747,223	506,777,083,663
Approved and contracted	608,810,652,838	1,194,787,515,085
	1,026,998,400,061	1,701,564,598,748

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

25. Revenue from sales of goods

Total revenue represented the gross value of goods sold exclusive of value added tax.

Net revenue comprised of:

	2019 VND	2018 VND
Total revenue		
■ Finished goods sold and others	14,574,901,245,099	14,832,735,010,031
Less revenue deductions		
■ Sales discounts	773,962,404,405	852,920,594,568
■ Sales returns	2,149,156,464	2,960,351,816
■ Sales allowances	38,397,558	-
	776,149,958,427	855,880,946,384
Net revenue	13,798,751,286,672	13,976,854,063,647

26. Cost of sales

	2019 VND	2018 VND
Total cost of sales		
■ Finished goods sold and others	11,517,606,546,669	11,878,104,113,500
■ Allowance for inventories	15,541,664,981	1,799,697,768
	11,533,148,211,650	11,879,903,811,268

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

27. Financial income

	2019 VND	2018 VND
Interest income from		
• Deposits at banks	66,595,478,990	51,534,527,832
• Loans to a related party	-	9,678,054,795
• Other loan investing activities	-	3,072,915,069
Realised foreign exchange gains	6,684,466,647	2,389,901,156
Dividends from equity investments in other entities	3,246,900,000	-
Unrealised foreign exchange gains arising from revaluation of monetary items denominated in foreign currencies	28,677,392	263,615,638
Others	57,439,634	1,005,576,239
	76,612,962,663	67,944,590,729

28. Financial expenses

	2019 VND	2018 VND
Interest expense on loans from:		
• Bondholders	178,867,866,180	176,264,068,189
• Banks	106,109,734,434	59,179,998,788
Bond issuance costs	20,411,764,705	20,411,764,705
Realised foreign exchange losses	3,195,090,439	3,937,009,475
Unrealised foreign exchange losses arising from revaluation of monetary items denominated in foreign currencies	835,599,643	2,526,276,264
Allowance for diminution in the value of long-term financial investments	-	3,523,660,000
Others	54,746,802,101	44,351,844,628
	364,166,857,502	310,194,622,049

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

29. Selling expenses

	2019 VND	2018 VND
Staff costs	280,166,909,297	312,892,311,320
Advertising and promotion expenses	134,149,385,468	176,584,998,573
Transportation expense	101,887,715,617	92,807,617,110
Operating leases expense	17,018,964,660	15,081,592,069
Depreciation and amortisation	15,092,811,601	13,313,101,194
Tools and supplies	7,192,946,732	11,290,966,117
Others	125,196,333,725	152,769,785,840
	680,705,067,100	774,740,372,223

30. General and administration expenses

	2019 VND	2018 VND
Amortisation of fair value uplift of fixed assets arising in business combination	356,665,918,097	363,228,111,432
Staff costs	222,682,866,323	221,527,692,105
Operating leases expense	17,184,735,840	14,218,759,395
Depreciation and amortisation	39,704,191,717	37,735,898,028
Office supplies	11,571,235,183	10,051,479,030
Allowance for doubtful debts	5,535,416,089	(3,648,505,590)
Others	144,003,832,021	124,606,123,678
	797,348,195,270	767,719,558,078

31. Other income

	2019 VND	2018 VND
Gains from transfers of land use rights	81,264,692,532	-
Gains from disposals of tangible fixed assets	1,830,413,450	4,021,285,588
Others	10,521,656,299	7,890,638,520
	93,616,762,281	11,911,924,108

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

32. Other expenses

	2019 VND	2018 VND
Losses from disposals of tangible fixed assets and written off of construction in progress	5,839,152,262	1,116,634,604
Penalty due to contract cancellation	13,938,212,527	-
Brokerage and consulting fees	7,156,797,417	-
Depreciation charge of idle fixed assets	4,170,246,541	-
Others	4,269,185,394	1,138,620,290
	35,373,594,141	2,255,254,894

33. Income tax

(a) Recognised in the consolidated statement of income

	2019 VND	2018 VND
Current tax expense		
Current year	236,635,000,681	114,094,872,195
(Over)/under provision in prior years	(899,428,004)	1,102,947,146
	235,735,572,677	115,197,819,341
Deferred tax benefit		
Origination and reversal of temporary differences	(39,207,309,145)	(11,462,800,259)
Write down of deferred tax assets	1,686,457,231	-
	(37,520,851,914)	(11,462,800,259)
Income tax expense	198,214,720,763	103,735,019,082

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Reconciliation of effective tax rate

	2019 VND	2018 VND
Accounting profit before tax	567,929,669,814	335,893,294,226
Tax at the Company's tax rate	113,585,933,963	67,178,658,845
Unrecognised deferred tax assets	55,710,179,973	50,165,945,871
Non-deductible expenses	41,735,442,016	12,160,501,592
Effects of different tax rates applied to subsidiaries	(10,163,162,777)	(21,675,345,774)
Write down of deferred tax assets	1,686,457,231	-
Effect of share of profit from associates	(1,938,116,772)	(2,799,266,851)
(Over)/under provision in prior years	(899,428,004)	1,102,947,146
Tax losses utilised	(853,204,867)	(2,398,421,747)
Tax exempt income	(649,380,000)	-
	198,214,720,763	103,735,019,082

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(c) Applicable tax rates

Under the prevailing corporate income tax law, the Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 20%.

The Company's subsidiaries enjoy various tax incentives which provide some subsidiaries with further tax exemptions and reductions.

(d) Tax contingencies

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. The Board of Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including on transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

34. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the consolidated profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds for the annual accounting period, of VN115,348 million (2018: VN95,570 million) and a weighted average number of ordinary shares outstanding of 324,327,447 shares during the year (2018: 324,327,447 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND	20198 VND
Net profit attributable to ordinary shareholders	115,347,906,992	95,569,793,947

(ii) Weighted average number of ordinary shares

	2019	2018 (restated)	2018 (as stated previously)
Issued ordinary shares at the beginning of the year	216,218,299	216,218,299	216,218,299
Effect of shares issued from share premium	108,109,148	108,109,148	-
Weighted average number of ordinary shares for the year ended 31 December	324,327,447	324,327,447	216,218,299

(iii) Basic earnings per share

	2019 VND	2018 VND (restated (*))	2018 VND (as stated previously)
Basic earnings per share	356	295	442

(*) The restatement reflected the effect of increase in the share capital through share issuance from share premium.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Diluted earnings per share

The Group did not have dilutive potential ordinary shares as at 31 December 2019. Therefore, the presentation of diluted earnings per share is not applicable.

35. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction value	
	2019 VND	2018 VND
Parent company		
Masan Group Corporation		
Sales of goods	672,454,465	-
Interest income	-	9,678,054,795
Dividends declared	-	1,135,573,000,000
Net-off loans receivable with dividends payable	-	937,000,000,000
Net-off interest receivable with dividends payable	-	82,918,630,139
Associates		
Abattoir Long Binh Joint Stock Company		
Processing fee	6,065,137,272	5,268,153,548
Dividends income	500,000,000	600,000,000
Thuan Phat Packing Joint Stock Company		
Purchases of goods	24,103,186,749	28,472,704,405
Dong Nai Producing Trading Services Joint Stock Company		
Dividends income	-	270,554,400
Vissan Joint Stock Company		
Dividends income	10,090,013,000	14,126,018,200
Other related parties		
Masan Consumer Corporation		
Project management fee and information and technology expense (included VAT)	42,915,067,735	42,331,341,108
Purchases of goods (included VAT)	539,310,665	228,445,873
Sales of goods	6,509,335	-

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Transaction value	
	2019 VND	2018 VND
Masan Jinju Joint Stock company		
Purchases of fixed assets	3,624,510,255	-
Purchases of goods	3,433,150	-
Sales of goods	724,577,512	-
Masan HD One Member Company Limited		
Purchases of services	239,896,666	-
Masan Industrial One Member Company Limited		
Purchases of merchandises	132,946,280	-
Purchases of fixed assets	39,450,000	-
Sales of finished goods	52,453,025	-
Masan HG One Member Company Limited		
Sales of fixed assets	108,194,443	-
Masan Blue Corporation		
Sales of finished goods	94,713,551	-
Masan MB One Member Company Limited		
Purchases of goods (included VAT)	337,735,333	142,816,666
Vinacafé Bien Hoa Joint Stock Company		
Purchases of goods (included VAT)	-	7,920,000
Key management personnel		
Remuneration to key management personnel	43,418,278,587	52,001,128,498

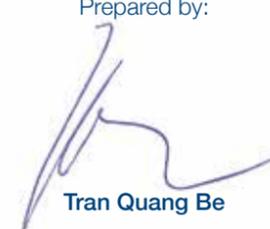
As at and for the years ended 31 December 2019 and 2018, the Company and its subsidiaries have current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

Notes to the consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

36. Non-cash investing and financing activities

	Transaction value	
	2019 VND	2018 VND
Share issuance from share premium	1,081,091,480,000	-
Cost of construction in progress acquired through occurrence of liabilities	336,937,952,785	217,565,813,253
Capitalisation of depreciation expense in construction in progress	-	1,389,325,625
Net-off loans receivable and interest receivable with dividends payable	-	1,019,918,630,139

Prepared by:

Tran Quang Be
Chief Accountant

20 March 2020
Approved by:

Nguyen Thi Minh Hang
Chief Financial Officer

Pham Trung Lam
Chief Executive Officer



Management Report

“Building a best-in-class 3F platform to serve Vietnam’s Consumers”



Masan MEATLife’s journey is similar to Vietnamese consumer’s journey. As consumers demand for safer and healthier products, MML continues to deliver branded meat products to consumers which are traceable, cleaner, safer yet available at affordable prices. Starting from 2015, Masan has built a fully integrated value chain from animal feed to branded food, with 2019 being one of the most significant years to date. In 2019, MML continued the momentum from MEATDeli brand’s 2018 launch in Hanoi and entered the Southern market during the 2nd half 2019. As a result of the efforts made in 2019, the company has now become a true branded consumer company and this transformation is also reflected in the name change from Masan Nutri-Science to Masan MEATLife. Masan continues to grow along with Vietnamese consumers’ growing aspirations, by providing consumers all over the country fresh, delicious and safe meat products under the MEATDeli brand.

The launch and subsequent growth of MEATDeli officially marked the entry of MML into the pork market, worth approximately USD10 billion, which is a fragmented but still growing, as consumers’ demand for safe and fresh produce grows. Investing in the 3F chain is Masan MEATLife’s commitment, “To provide Vietnamese consumers with delicious, safe and affordable meat products every day, everywhere”.

Pigs are raised at Masan MEATLife’s own farms or sourced from quality suppliers, according

to strict disease control standards, ensuring biosecurity with high quality animal feed without growth hormones, antibiotics, or other banned substances. Branded pork products are distributed in supermarkets and minimarket such as VinMart, VinMart+, CoopMart, CoopXtra, BigC, other supermarket systems, in addition to MEATDeli stores and agents. By the end of 2020, our total MEATDeli point of sales could potentially reach up to 3,000.

In December 2018, we put into operation the meat processing complex in Ha Nam with modern technology and equipment imported from Europe, which were installed and supervised by experienced international experts. Pigs are processed using the CO₂ method – which is the most humane process in animal slaughtering, then processed and chilled quickly to prevent the growth of bacteria on meat. Next, the pork is cooled and stored for 24 hours at a temperature of 0-4 degrees Celsius, to increase the flavor and texture of the meat, while maintaining nutrition and hygiene standards. Next, the meat is cut, packed and shipped, while maintaining temperature levels to the end consumers in order to deliver clean and fresh meat. This process both complies with national standard TCVN 12429-1:2018 for chilled meat and strictly follows the BRC standard – a global benchmark for food safety. The Ha Nam complex has a capacity of 1.4 million porkers/year, equivalent to 140,000 tons of meat products per year. The project has an investment of more than VND1,000 billion and is built on an area of 10 hectares.

The Ha Nam meat processing complex helped us to successfully launch the first chilled pork product in Vietnam - MEATDeli. To ensure sufficient supply for the large potential meat market, we are building a new meat processing complex in Long An of similar scale. This new complex will reduce the cost and time to transport MEATDeli products to consumers in Southern Vietnam. Expected to become operational in 3Q2020, pork processing complex in Long An will have a capacity of 140,000 tons of products/year. In addition to chilled meat, the factory will also produce processed meat products such as braised pork, pork rolls, shredded pork and other products, with a capacity of 15,000 tons/year.

In spite of its recent entry into the industry, MEATDeli has been very well received by consumers, with 97% of consumers surveyed agreeing MEATDeli to be freshly delicious. In the very first year on the market, MEATDeli - Masan MEATLife's European chilled meat technology has excelled in the Top 10 brands - the most trusted products in Vietnam 2019, according to the results of the poll by Vietnam Economic Times.

These strategic steps also helped to deliver a stellar financial performance in 2019 for Masan MEATLife. In spite of significant challenges posed by ASF in 2019, net revenue was VND13,799 billion down just 1.3% compared to VND13,977 billion in 2018. Though pig feed revenue was down due to ASF, it was largely

offset by growth in poultry and aqua feed. More importantly, our branded meat business, MEATDeli delivered VND220 billion net revenue in 4Q2019. MEATDeli sales volumes doubled in December 2019 compared to June 2019 sales volume, as MEATDeli brand delivered VND102 billion net revenue in December 2019, or an annualized net revenue ("ARR") of VND1,200 billion.

As of December 2019, MML had opened 624 successful cold chain point of sales in Ha Noi and Ho Chi Minh City, and management expects cold chain points of sales to reach nearly 3,000 by the end of December 2020, including VinCommerce stores. MML expanded its meat portfolio with launch of chilled processed meat innovations in 4Q2019. Processed meat will be a key growth driver not just for topline but in increasing operating margins as well.

In terms of profitability, gross margins were 16.4% in 2019, growth of 1.4% compared to 15.0% in 2018 due to lower soft commodity prices. EBITDA margins were 11.3% in 2019, up 2.4% compared to last year, due to higher gross margins and 0.3% reduction in SG&A expenses as percentage of net revenue.

In the near future, management will continue to rationalize expenses to deliver sustainable double-digit operating margins, which are expected to expand further as contribution from branded meat portfolio increases. For



2020, focus would be on scaling up the meat business to account for at least 20-25% of MML's net revenue, though it is subject to significant uncertainty due to the COVID-19 pandemic. Masan strongly believes in the long-term fundamentals of Vietnam's meat sector as consumers' shift to branded and safer meat products, yet the short-term impact of the COVID-19 pandemic is hard to assess. Nevertheless, Masan would continue to build innovative, safe and healthy branded meat products for Vietnamese consumers with an aim to improve the quality of life for Vietnamese consumers by providing animal protein which is delicious, safe and affordable for each and every meal.

Realizing Vietnam's meat potential

Meat is a huge market in Vietnam with pork meat alone valued over USD10 billion. However, the market is rather inefficient with substandard product quality, especially in terms of food safety. This present us a great opportunity to create and own a new trend for Vietnamese consumer to use high quality fresh meat which is safe, delicious and affordable everyday everywhere.

Besides the fresh meat business, we see many opportunities to consolidate the 3F chain and engage in processed meat. Today, value-added processed meat products contribute less than 1% of the meat market in Vietnam. Breakthrough products will contribute to the meat consumption in Vietnam, especially in rural areas where approximately 70% of the population lives. This is also the driving force behind the growth of meat consumption in China, where producers can provide value-added processed meat products to meet consumers' daily needs at a price that is much lower than fresh meat.

According to Frost & Sullivan, processed pork accounts for 25% of total pork consumption in China. We think a similar trend will happen in Vietnam soon, and we will be the market leader in providing innovative, delicious, safe and reasonably priced products to consumers.

Currently, Vietnam's meat value chain is still fragmented with small scale players. There are about 200 companies producing animal feed, more than 9 million farming households but only about 18,000 medium and large farms. The State has initiated specific strategies to promote the industry, to increase the scale of operations allowing for high productivity, thereby reducing the cost for finished meat products.

The global meat value chain is opening up many opportunities but also challenges. With free trade agreements going into effect in the near

future, many foreign rivals will be participating in the Vietnamese market making competition increasingly fierce. However, there will still be opportunities for domestic companies like MML to transform the market and create value, especially for our consumers.

Performance Highlight

Indicators	31/12/2019	31/12/2018
Liquidity ratios		
Current ratio	1.2 x	1.5 x
Quick ratio	0.8 x	0.9 x
Capital structure		
Debt/EBITDA	3.2 x	2.5 x
Debt/Total assets	0.3 x	0.2 x
Inventory turnover	7.9 x	7.3 x
Inventory days	48	43
Profitability ratio		
ROAE	2.2%	1.6%
ROAA	2.7%	1.7%
Net sales/Total assets	93.8%	109.3%
EBIT Margin	5.7%	4.0%
EBITDA Margin	11.3%	8.9%
Net Margin	2.7%	1.7%

Discussion on audited results

Revenue

Following the hog price crisis in 2018, Vietnam's livestock industry continued to face difficulties in 2019 due to the occurrence and spread of African swine fever (ASF), leading to reduced demand for pig feed. As a result, MML's net revenue dropped to VND13,799 billion in 2019, down 1.3% from the previous year. Net revenue in 2019 includes VND218 billion revenue from the meat segment. The price of live hogs has increased and stayed at a high level since the second quarter of 2019, due to the shortage of pig herds in Vietnam, which is encouraging households to re-breed and expand the scale of breeding compared to the previous years. MML's animal feed production in 2019 decreased by 6.7% to 1.4 million tons from 1.5 million tons compared to 2018. Bio-zeem continued to be the leading brand in terms of boosting productivity and contributed 55% of the revenue of pig feed segment in 2019. In 2019, poultry feed grew well, up 13.4% compared to 2018, thanks to a shift in livestock structure, while aqua feed segment continued to grow also, up 17.8% from the previous year, thanks to increased demand for US catfish.

Gross Profit & Gross Margin

Our gross profit increased by 8.0% from VND2,097 billion in 2018 to VND2,266 billion in 2019. The gross margin improved to 16.4% from 15.0% in 2018, thanks to slight reduction in prices of corn and soybean meal in the world, which was due to spread of ASF disease in China causing a reduction in its pig population and subsequently lower demand for these soft commodities.

Selling, General & Administrative Expenses

Selling, general and administration expenses decreased by 4.2% in 2019 to VND1,478 billion compared to VND1,542 billion last year. Selling, general and administration expenses as a percentage of net revenue decreased to 10.7% in 2019 from 11.0% in 2018. This decrease was mainly due to cost optimization during the year.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA in 2019 improved by 25.4% to VND1,562 billion compared to last year, due to a higher gross margin and selling expense optimization.

Net Profit After Tax and Minority Interest

In 2019, MML reported net profit after tax and minority interest of VND115 billion, increased by 20.5% compared to VND96 billion last year.

As a result, the net margin in 2019 increased to 0.8% from 0.7% in 2018, mainly due to a higher gross margin and selling expense optimization.

Cash and Cash Equivalents

MML had a consolidated cash position of VND1,486 billion as of 31 December 2019 compared to VND1,358 billion as of 31 December 2018, a decrease of 9.4%. This was mainly due to higher operating profits in 2019.

Fixed Assets

Fixed assets as of 31 December 2019 was VND7,355 billion and increased from VND6,119 billion as of 31 December 2018. The increase was mainly due to the transfer of complete projects from construction in progress in 2019.

Total Assets

As of 31 December 2019, MML's total assets were VND14,711 billion, increasing by 15.1% from VND12,782 billion as of 31 December 2018 due to the increase in fixed assets and prepayment to suppliers which relate to projects currently in progress.

Borrowings

As of 31 December 2019, short-term and long-term borrowings increased by 42.5% to VND4,956 billion from VND3,114 billion as of

31 December 2018. The increase in borrowings was mainly due to long term loan funding for projects and short-term loan for business expansion purpose.

Owner's Equity

Our owner's equity increased by 4.8% to VND7,523 billion as of 31 December 2019 from VND7,181 billion in the same period last year. The increase was mainly due to higher profit in 2019.

2020 Outlook

In 2020, MML meat revenues is expected to reach 20% of its consolidated net revenue driven by a winning processed meat portfolio. Feed is expected to grow moderately, with potential upside if pig population replenishment accelerates to match domestic consumption demand.

As a result of the COVID-19 pandemic, our financial forecast is still being developed to address global and local economic uncertainties. While we believe in the fundamentals of Vietnam's meat sector and consumers' shift to branded and safer meat products, we cannot yet estimate the short-term impact of the COVID-19 pandemic on our business. As per regulations, MML will provide the latest version of our 2020 financial budget to our shareholders prior to the Annual General Meeting, which has been delayed due to COVID-19.

General Corporate Information

Masan MEATLife's Corporate history and structure

Corporate History

Masan MEATLife ("MML") (formerly known as "Masan Nutri-Science Corporation") was incorporated on 7 October 2011 under the name Công ty TNHH MTV Hoa Kim Ngân (English name: Honeysuckle Company Limited). Today, Masan MEATLife, 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 USD10.2 billion opportunity (pork alone).

In 2019, Masan MEATLife sold 1.4 million tons of animal feed through its national network of over 2,500 dealers and 13 feed facilities. By implementing an FMCG approach to the feed business, Masan MEATLife has developed the successful umbrella brand "Bio-zeem" and quickly captured significant market share in the pig feed market. With the cash flows of its feed business, Masan MEATLife has since gone on to develop an integrated branded platform with the commissioning of its large-scale pig farm in Nghe An and the its meat processing complex in Ha Nam. In 4Q2018, Company successfully launched MEATDeli – the first chilled meat introduced in Vietnam. With this launching, Company officially completed integrated 3F value chain: Animal feed (Feed) – Farming (Farm) – Foods (Food). Having an integrated platform allows us to increase productivity while ensuring the quality of our end products, enabling us to become a branded meat company.

Key events in our Company's history include:

- In October 2011, Honeysuckle Company Limited was incorporated;
- In November 2012, 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 respectively renamed Masan Nutri-Science Company Limited, and MML currently. The acquisition of Masan Nutri-Science immediately made Masan Group into one of the largest animal feed players in Vietnam. Masan Nutri-Science aims 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 USD150 million to purchase a 7.5% stake 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;
- In December 2018, Masan Nutri-Science successfully launched its branded chilled fresh meat product, "MEATDeli";
- In January 2019, MNS Farm Nghe An was granted the GLOBAL G.A.P certificate for its completion of an internationally recognized set of farm standards dedicated to Good Agricultural Practices;
- In March 2019, MNS Meat Sai Gon was established;
- In May 2019, Proconco was re-granted the GLOBAL G.A.P CFM;
- In August 2019, Masan Nutri-Science was renamed Masan MEATLife and increased its charter capital to VND3,243 billion;
- In September 2019, MNS Meat Ha Nam was granted the BRC – global standard of food safety;
- In December 2019, shares of Masan MEATLife were listed on the stock market of unlisted public companies under Decision No. 804 / QD-SGDHN issued by Hanoi Stock Exchange;
- In January 2020, MNS Feed Nghe An was re-granted the GLOBAL G.A.P. CFM;
- In February 2020, MNS Farm Nghe An was re-granted the GLOBAL G.A.P.;
- In February 2020, Proconco Binh Dinh was re-granted the GLOBAL G.A.P CFM.





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 MML. 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 MEATLife from a pure feed platform into a branded integrated meat platform. He is responsible for the strategic direction of Masan MEATLife 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 is currently a member of the Board of Directors of VCM Trade and Services Development Joint Stock Company, VinCommerce General Trading Service Joint Stock Company, Masan Consumer Corporation, and Chairman of the Board of Masan

Resources Corporation and Masan Blue Corporation.

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

■ **Mr. Pham Trung Lam - Member**

Mr. Pham Trung Lam is CEO of Masan MEATLife, Proconco and Anco. He has been instrumental in the successful integration and transformation of Anco and Proconco, merging them to become MML and a leader of Vietnam’s animal feed industry. Prior to joining Masan MEATLife, he led the building of Masan Consumer’s sales platform, which is today Vietnam’s largest FMCG distribution network. Mr. Pham Trung Lam is currently the Chairman of the Board of Directors of PROCONCO, Anco and a member of the Board of Directors of Vissan and the Dong Nai Production Trading Service Joint Stock Company.

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

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

■ **Mr. Neal Kok, Member**

Neal Kok joined KKR in 2014 and is a member of the Private Equity team. Prior to joining KKR, Mr. Kok worked at an Australian advisory firm, Treadstone

Partners, and prior to that in the investment banking division of Goldman Sachs & Co. (Sydney). He holds a Bachelor of Law (Hons) and Bachelor of Commerce (Finance and Accounting) from the University of Notre Dame Australia. He is now a Director of KKR Singapore.

■ **Mr. Tran Phuong Bac, Member**

Mr. Tran Phuong Bac has been selected to the Board of Directors since 2018 Annual General Meeting of Shareholders. Mr. Bac is the General Counsel of Masan Group, who is in charge of all legal & compliance matters of the Group, including MML and its subsidiary companies. Mr. Tran Phuong Bac is currently a member of the Board of Directors of Quang Ninh Mineral Water Joint Stock Company, Café De Nam Joint Stock Company, Cholimex Food Joint Stock Company, Masan Jinju Joint Stock Company and Masan Blue Corporation.

Prior to joining Masan, Mr. Bac was a Partner of a prestigious local law firm, he had also worked for leading MNCs in finance and FMCG. He was also a lecturer at HCMC University of Laws.

Mr. Bac is a lawyer registered with the HCMC Bar, he holds a LL.B from HCMC University of Laws and LL.M from Groningen University (the Netherlands).

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.

As of 31 December 2019, details of the MML stock ownership of Board members are as follows:

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 2019, the Board was mainly involved with the discussion and approval of the following items:

- Approval of the organization of collecting written opinions from shareholders on the issue of a public bid waiver and the issue of new shares;
- Approval of the registration of the Company's shares at Vietnam Securities Depository Center and the Company's stock transaction registration on the UPCOM system of the Hanoi Stock Exchange;
- Approval of capital contribution to subsidiaries;
- Approving the Company's lending to subsidiaries and guaranteeing subsidiaries to mobilize capital at banks for production and business purposes;
- 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 more than 20 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.

As of 31 December 2019, details of the MML stock ownership of Management Board members are as follows:

The board of directors	Position	Number of shares	Ratio (%)
Danny Le	Chairman	0	0
Phạm Trung Lâm	Board member	1.012.720	0,31
Neal Leroux Kok	Board member	0	0
Trần Phương Bắc	Board member	900	0,0002

Management Board	Position	Number of shares	Ratio (%)
Phạm Trung Lâm	CEO	1.012.720	0.31
Nguyễn Thị Minh Hằng	CFO	96.540	0.03
Trần Quang Bé	Chief Accountant	28.380	0.008

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 MML 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. Pham Quynh Nga – Member

Ms. Pham Quynh Nga is a member of the Supervisory Board of MML. 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.

■ Ms. Nguyen Thi Thu Hang – Member

Ms. Nguyen Thi Thu Hang is a member of the Supervisory Board of MML. She is primarily in charge of building and developing Masan Group's financial models. Prior to joining Masan, she worked for Barclays Capital Singapore in risk management.

Ms. Nguyen Thi Thu Hang has a Master's degree in Finance from Nanyang Technological University, Singapore.

As of 31 December 2019, details of the MML stock ownership of Supervisory Board members are as follows:

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 2019, the Company's charter capital is VND 3,243,274,470,000; and is divided into 324,327,447 common shares.

Shareholders structure as of 31 December 2019

Major shareholders are as follows:

	Shareholders	Number of shares	Ratio (%)
1	Masan Group Corporation	257,248,169	79.32
2	Masan Horizon Company Limited	25,794,235	7.95
3	VN Consumer Meat II Pte. Ltd.	23,161,294	7.14
	Total	306,203,698	94.41

On the basis of institutional shareholders and individual shareholders, as of 31 December 2019, MML has 854 shareholders, of which 848 individual shareholders hold 11,567,600 shares corresponding to 3.57% and 6 institutional shareholders holding 312,759,847 shares, corresponding to 96.43%.

Calculated on the basis of domestic and foreign shareholders: As of December 31 2019, MML had 841 domestic shareholders holding between 297,346,309 shares, equivalent to 91.68%; and 13 foreign shareholders holding 26,981,138 shares, equivalent to 8.32%.

Change in share capital

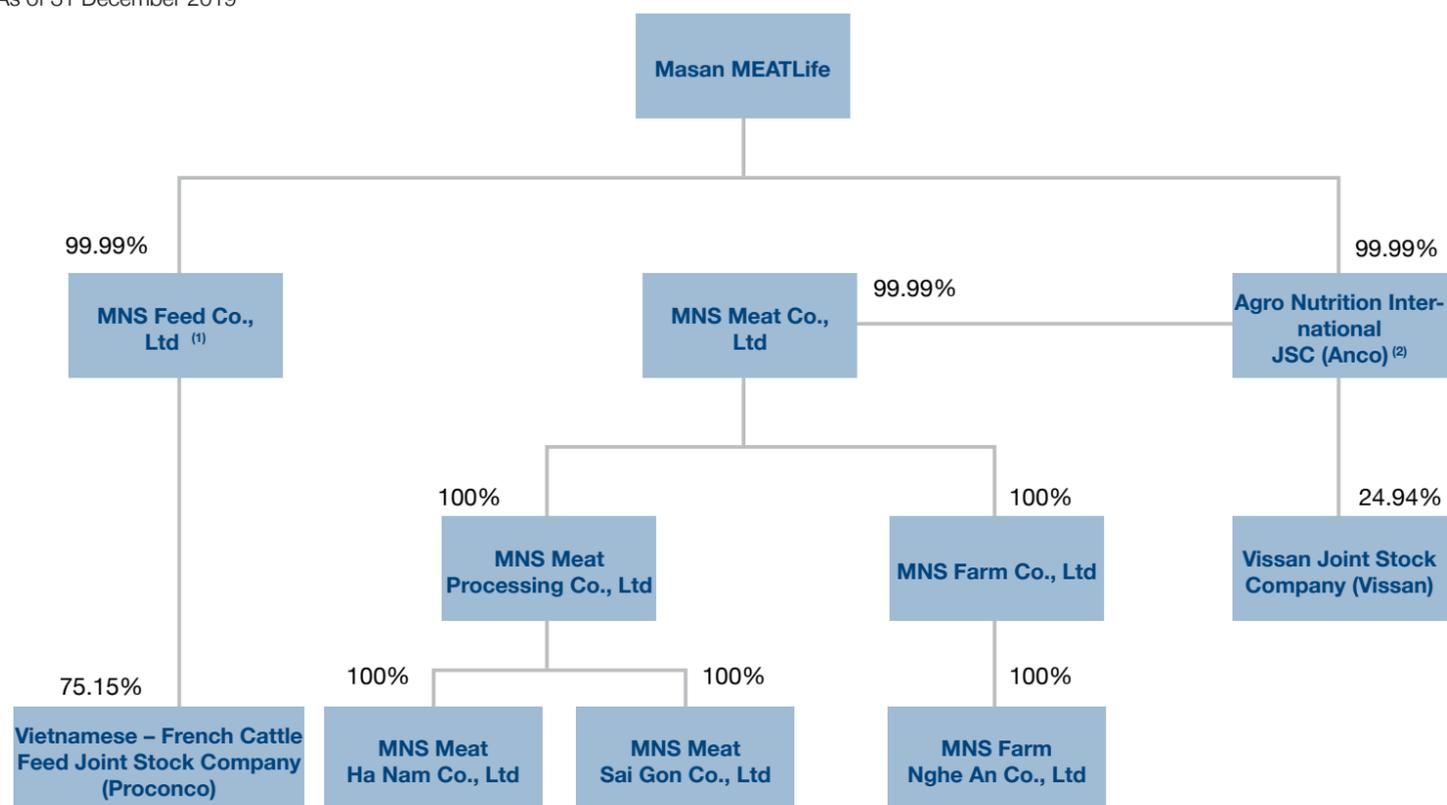
In 2019, the Company increased its charter capital from VND 2,162,182,990,000 to VND 3,243,274,470,000. The increase the share capital was through share issuance from share premium.

In 2019, the Company did not trade treasury shares.

Supervisory Board members	Number of shares	Ratio (%)
Đoàn Thị Mỹ Duyên	1.125	0.0003
Phạm Quỳnh Nga	315	0.00009
Nguyễn Thị Thu Hằng	675	0.0002

Corporate structure

As of 31 December 2019



Notes:

(1) 5 subsidiaries of MNS Feed Company Limited are not included in this chart;

(2) Another subsidiary of Anco is 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 investors from Vietnam and Malaysia. In 2008, 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, cattle and aqua feed manufacturing, import and export of animal, cattle feed and aquaculture, and distribution of materials for feed. Anco owns several brands and is well-known for its pig feed portfolio covering the full range of a pig's development cycle.

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 businesses stated in Proconco's business registration certificate include animal, cattle 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.

MNS Farm Nghe An Company Limited

MNS Farm Nghe An is MML's large-scale, hi-tech pig farm in Nghe An province. With nearly 200 hectares of land for the project, the farm is the largest pig farm in the province. MNS Farm Nghe An is expected to produce up to 250,000 pigs per when fully ramped up. MNS Farm Nghe An has implemented internationally recognized set of farm standards dedicated to Good Agricultural Practices and was granted the GLOBAL G.A.P certificate on 15 January 2019.

MNS Meat Hà Nam Company Limited

MNS Meat Hà Nam is a 10-hectare meat processing complex in Hà Nam province with modern technology and equipment imported from Europe, which were installed and supervised by experienced international experts. The complex has a capacity of 1.4 million porkers/year, equivalent to 140,000 tons/year. MNS Meat Hà Nam is capable of satisfying

the increasing demand of Vietnamese people for fresh, safe and traceable meat products.

MNS Meat Sai Gon Company Limited

MNS Meat Saigon is a 20-hectare meat processing complex with modern technology and equipment imported from Europe, in Tân Đức Industrial Park, Hữu Thành Commune, Đức Hòa District, Long An Province, Vietnam which is planned to serve southern consumers. It is expected that the project will be put into operation at the end of Q3 or early Q4-2020 with the capacity for phase 1 of about 140,000 tons of cool pork products / year and 15,000 tons of products made from meat. Phase 2 will continue to deploy the production and processing of meat products and expand the production and processing of pig by-products such as blood flour, plasma, collagen, etc.

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 International Joint Stock Company
ASF	African swine flu
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	Masan MEATLife Corporation, formerly Masan Nutri-Science
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 Group Corporation, inclusive of subsidiaries and affiliates, as a whole
Masan Group or the Group	Masan Group Corporation
Masan MEATLife or MML	Masan MEATLife Corporation, formerly Masan Nutri-Science
Masan Nutri-Farm NA	Masan Nutri-Farm (N.A) LLC.
Masan Nutri-Science or MNS	Masan Nutri-Science JSC
MNC	Multinational Company
MINS	Masan Institute of Nutri-Science
Proconco	Vietnamese – French Cattle Feed Joint Stock Company
R&D	Research and Development
SG&A	Selling, General and Administration expenses
The Board	The Board of Directors
USD	U.S. Dollar
VISSAN	Vissan Joint Stock Company
VND	Vietnamese Dong

“Our ambitious yet simple vision:
To improve the quality of life for Vietnamese consumers
by providing animal protein which is delicious,
safe and affordable for each and every meal”.

Masan MEATLife Corporation

10th Floor, Central Plaza,
17 Le Duan, District 1
Ho Chi Minh City, Vietnam
T: (84) 28 6256 3862
F: (84) 28 3827 4115

masanmeatlife.com.vn