THANH THANH CONG - BIEN HOA JOINT STOCK COMPANY
Tan Hung Commune, Tan Chau District, Tay Ninh Province
T. [+84 - 276] 375 3250 | F. [+84 - 276] 383 9834
E. info@ttcsugar.vn | W. www.ttcsugar.vn

# SBT TO RAISE $60 MILLION OF CONVERTIBLE PREFERRED DIVIDEND STOCKS FOR FOREIGN STRATEGIC INVESTORS THROUGH PRIVATE PLACEMENT

On December 12th, 2018, the Board of Directors (BOD) of Thanh Thanh Cong Bien Hoa Joint Stock Company (TTC Bien Hoa, the Company, SBT) has officially announced the plan of private placement convertible preferred dividend stocks to foreign strategic Investors. Accordingly, the Company plans to issue 44,466,667 stocks, equivalent to nearly 8% of the total number of shares after successful issuance. The lowest selling price for strategic Investors is VND 30,000 per share and the highest one is VND 45,000 per share. Thus, SBT can raise the capital of at least USD 60 million after this issuance. Preferred dividend period will be 6.5 years, with a fixed dividend of 5.5% per year for the first 1.5 years and up to agreement between the Company and Investors in the following years.

These preferred stocks will not have voting right but can be converted into ordinary shares at the request of Investors at any time after the issuance date. Conversion price will be negotiated between the Company and the Investor at the time of conversion but not exceed VND 38,000 per share. With the potential of TTC Bien Hoa, strategic Investors are evaluating the fair value of SBT shares in the long term of almost 90% higher than the closing price on December 12th, 2018. This not only affirm SBT's intrinsic value but also reflects the expectation of strategic Investors in the future development of the Company in particular and the Sugar Industry in general. These stocks will be subject to transfer restrictions within at least 1 year from the issuance date. The Company is in the process of registering with the State Securities Commission and the issuance will be completed within 90 days from the date of approval.

Financial restructuring to optimize capital structure can take many forms, including changing the term and duration of the loan; raising new loans in various forms such as bank loans, issuance of bonds, convertible bonds; partially or fully capitalized loan ... However, these methods will not solve the root of the problem because restructuring debt without associating with changes in the enterprise’s operation is just in terms of form. Therefore, SBT's Leaders decided to issue convertible preferred dividend stocks to strategic partners. The BOD is aiming to find and cooperate with strategic Investors who will accompany the Company in the long run, ready to support in terms of strategy, management experience, capital as well as operating method and business operation. Additionally, it helps the Company to take appropriate steps to ensure sustainable development. For the first time, a Vietnamese Sugar company performs a strategic international fund raising deal. This handshake is of important not only to sustainable development of SBT but also Vietnam Sugar Industry.

All proceeds from this private placement will be used to refinance part of the loans related to the purchase of the Raw material areas and the Sugar Factory in Attapeu, Laos. At the same time, they are used to invest in mechanization and expansion of Organic Sugar production at this factory. With a leading position in the Sugar industry in Vietnam and the ambition of bringing the SBT brand out of Vietnam, towards Indochina region when ATIGA officially come into effect in 2020, SBT soon recognized the potential of Raw material areas in Attapeu and decided to implement M&A with Hoang Anh Gia Lai Sugarcane Co., Ltd (HAGL Sugar) in 2017.

This is a concentrated raw material area with high CCS, close to factory helping to reduce transportation costs and especially the only clean land source which is able to develop Organic Sugar with high added value to serve high-class customers as well as better profit margin than other Sugar products; in line with the strategy to focus on developing organic sugarcane in 2018-2021. TTC Attapeu has a crushing capacity of 7,500 TCD, producing capacity of 700 tons of Sugar per day, only inferior to the biggest ones with the maximum crushing capacity of 9,800 TCD and producing capacity 1,000 tons of Sugar per day; together with Raw material areas of up to 7,000 ha in Attapeu Province, Laos. With many competitive advantages, SBT's Leaders believe that the M&A is an important link to improve the company's value chain. Attapeu Sugar segment will support diversification of product portfolio, lower production cost thanks to the advantages of Raw material area, sugarcane yield, Sugar output, storage and distribution system, step by step help SBT to be able to compete with Thailand. After a careful preparation period of modernizing the management system, on December 5th, 2018, the very first Organic Sugar batches were produced at the TTC Attapeu Factory and ready to export to Europe, beginning a cycle of recovery of the Sugar industry. This export is under the Strategic Cooperation Agreement signed between SBT and ED&F Man Sugar (the UK) about the consumption of Organic Sugar produced at TTC Attapeu and selling other Sugar products of Fiscal year 18-19 to the EU market.

In addition to continue to receive favorable policy incentives such as tax policy and land use fee from the government, Laos remains one of the beneficiaries of export preferences when exporting to the EU market based on the new tax incentive scheme for the most underdeveloped countries. Vietnam is no longer in this group but moving to developing countries. The EU consumption demand of Sugar is quite large not only for the food industry but also for the non-food sectors. Obviously, if SBT has an ambition to export products to the EU to diversify consumption markets, not to be dependent on existing markets including Vietnam and 14 other export markets in Americas, Europe, Asia, Africa and the Pacific Islands, the acquisition of HAGL Sugar in Laos will help to actualize this strategy.

**For more information please contact:**
Ms. Vu Thi Le Giang
Investor Relations Department
Email: giangvtl@ttcsugar.com.vn