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Thanh Thanh Cong – Bien Hoa (SBT) officially raises the foreign ownership limit to 100%

On 16 May 2018, the State Securities Commission officially approved the raise of foreign ownership limit (FOL) of Thanh Thanh Cong - Bien Hoa Joint Stock Company (TTC Sugar, SBT, Company) from 49% to 100%. Thus, after the action of treasury shares purchase completed in 17 May, the raise of FOL to the maximum level once again asserts the commitment of the Board of Directors (BOD) in actualizing the action plan which is approved by the General Meeting of Shareholders as well as contributing to create greater value for investors and shareholders in the long term.

Greater access to international capital markets and expansion of export markets

The increase of FOL to 100% is an essential step in SBT's development roadmap regarding to the strategy of approaching to international capital markets. Possessing a leading position in the sugar industry with a market share of over 40% in the domestic market and being in a fast growing period with an average output growth rate of 35% between 2017 and 2020, the company is encountering with many opportunities to further accelerate growth and increase market share. Therefore, the demand for capital to meet the investment in the core business is huge, including raw material areas expansion, increasing production capacity, technology development and new product development and research, M&A activity ...

In addition, seeking foreign strategic investors not only helps SBT access to international capital more effectively but also becomes the foundation for the company to expand its export activities to the international market, in the route of diversifying consumption market, to create a solid foundation for long-term growth prospects, thereby increasing shareholder value. In the second quarter of 2018, SBT initially successfully exported special sugar products with high added value and higher gross margins to the fastidious markets such as the US and Japan. Additionally, SBT is also carrying out co-branding activities such as Kido as another effort to boost sales. This step is totally suitable for the international economic integration strategy that Vietnam is actively participating in bilaterally and multilaterally.

The decision to increase the foreign room is considered a new motivation for the BOD to improve the quality of corporate governance, thus, creating a solid foundation for sustainable development. SBT is aware that the business environment has become competitive, dynamic and ever-changing. Therefore, the modern governance model according to international practice has been oriented, in which the first step is instead of using the Board of Supervisors, the Audit Committee directly under Board of Directors is utilized for more effective governance. Currently, Deloitte - one of the world's leading audit firms, is SBT's strategic advisor for the business. Moreover, IFC - World Bank International Finance Corporation - World Bank is also accompanying with SBT in implementing improved corporate governance practices with international standards. SBT is also gradually standardizing investor relations, implementing the information disclosure which complies with the Asean Scorecard and the OECD (Organization for Economic Co-operation and Development).

Create a new position for SBT shares on the Vietnam stock market

SBT becomes the third share in F&B sector, after VNM and VHC, and is 20th listed company to raise their room rates up to 100% for foreign investors until now. The upgrading of FOL is in line with the development roadmap of the Vietnamese stock market, contributing to other listed organizations as an effort in upgrading the Vietnamese securities market from the Frontier Market to Emerging Market in the next few years. This is expected to give international investors an easier access to SBT shares, thus contributing to the benefits of current investors and shareholders.

SBT liquidity was relatively high with average daily trading volume and turnover through order matching of nearly 5 million shares and VND 82 billion, respectively. In the first half of May, some prestigious funds in the stock market are holding SBT shares in the portfolio and currently, SBT is presenting along with other leading stocks including MSCI Vietnam Small Cap Index 6,42% (SSI, VCI…), VanEck Vectors Vietnam ETF 2,44% (VIC, MSN, VNM, VCB…), FTSE Vietnam Index 1,22% (VIC, VNM, MSN, VRE…), E1VFVN30 ETF 1,20% (VIC, VNM, HPG, VJC…), FUESSV50 ETF 0,49% (VIC, VNM, HPG, VJC…), iShares MSCI Frontier 100 ETF 0,20% (VNM, VIC, MSN, VRE...).

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