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SBT - OFFICIALLY SIGNED COOPERATION AGREEMENT WITH STRATEGIC INVESTORS FROM KOREA THROUGH THE ISSUANCE OF 1ST PHASE CONVERTIBLE BONDS

SBT - Successfully signed cooperation agreement with Korean Strategic Investors

On February 28th, 2020, Thanh Thanh Cong Bien Hoa Joint Stock Company (SBT, TTC Bien Hoa, the Company) officially signed cooperation agreement with 3 Korean strategic investors: Cape Securities, Yeollim Partners and Core Trend Investment Co., Ltd.,. Specifically, these investors registered to participate in the VND 1,200 billion convertible bond package that the Board of Directors (BOD) had approved previously on February 11th, 2020. The convertible bonds have a minimum term of 3 years, the nominal interest rate is expected to be 3.5%/year. The specific issuance time will be agreed upon between SBT and investors but within 90 days from the date of receiving State Securities Commission's approval. It is expected that the convertible bonds is entitled to convert a part or all into ordinary shares after 1 year from the time of completing the issuance. The issues related to conversion price, conversion rate, conversion time, and other issues related to the conversion of bonds will be decided by the BOD. This investment is expected to be fully disbursed in March 2020. In the context of the complicated situation of the Covid 19, especially in Korea when the number of infections in this country is on the rise, because of this, many Korean investors start withdrawing capital or stop investing in new projects to minimize risks, but with confidence and a very high appreciation for the prospects of Vietnam's Sugar Industry in general and SBT's development orientation in particular, the group of these Korean investors still boldly invested large amounts of money in SBT. This deal is expected to open smoothly for the series of capital raising deals from Korean investors in the coming time of the Company.

The Company will use the entire amount of raised money to structure capital sources, in fact, the capital structure will help the Company to increase the efficiency of capital use and have a more stable cash flow, from which the Company has ability to increase investment in expanding production and business activities, in particular, the Company will (1) Continue to expand distribution system to increase market share, covering more small and medium-sized segments in potential market niche, target markets such as the Southwest, the North ... and boost export to the most fastidious markets such as Europe, USA, Korea, Singapore ... .; (2) Increase the scale of production output, increase operation efficiency of factories, thereby optimize production costs and promote economic advantages according to investment scale; (3) Focus on investing in advance and high added value products as well as safety for consumers' health such as Organic Sugar; (4) Continue to invest in R&D activities to diversify the portfolio and improve product quality.

Vietnam is going to become a bright star in attracting foreign investment in Southeast Asia as the amount of foreign direct investment inflowing into the market has increased incessantly in recent years. According to data from the Foreign Investment Agency (Ministry of Planning and Investment), in 2019, the foreign direct investment (FDI) in Vietnam included newly and additionally registered capital, and contributed capital to buy shares of foreign investors has reached USD 38.02 billion, up 7.2% compared to the same period in 2018, and is also a record high in the past 10 years. In fact, in 2019, there were 125 countries and territories investing in Vietnam, it is worth noting that Korea continues to be the leading country with a total investment of USD 7.92 billion, accounting for 20.8% of total investment. Investors from Korea are investors with large capital, experience and high professional knowledge in many fields.

ATIGA - Opportunities for strong businesses to break out

From January 1st, 2020, Vietnam officially abolished the import Sugar quota from ASEAN countries as committed in the ATIGA. In fact, the integration will bring certain challenges for domestic Sugar enterprises, but it will be an opportunity for businesses to boldly change and catch the trend. Integration with regional and global markets will also be a catalyst for Vietnam Sugar factories to re-evaluate themselves, innovate production processes, focus on increasing the rate of mechanization in the field, more closely associated with Sugarcane Farmers, ensuring income for Farmers, and at the same time investing in researching and diversifying the Sugarcane value chain to reduce the price pressure for Sugar products. And only good efficient factories can stay with the industry, thereby helping Vietnam's Sugar industry have competitive capacity in the international market.

On February 18th, 2020, in the Government Standing Meeting on solutions to remove difficulties for the Sugar industry, the Prime Minister Nguyen Xuan Phuc thoroughly grasped the policy for the Sugar industry as "Ready to compete, ensure successful competition”. Accordingly, although the State does not fully subsidize the Sugar industry, it has been and will continue to have specific solutions and policies to support and help remove all barriers in Sugarcane development to create favorable conditions for the development of the Sugar industry and be ready to compete fairly in the context of international integration. Specifically, the Prime Minister instructed Steering Committee 389 to strengthen anti-smuggling, anti-counterfeiting and commercial frauds more drastically, strictly handling officials involved in the protection of illegal Sugar import. At the same time, the State Bank of Vietnam considered the overall areas of drought, natural disasters, difficulties to freeze debts, extend debts to farmers and consider providing preferential loans to grow Sugarcane and process Sugar in efficient areas and efficient factories.

Thoroughly grasping the thoughts of the Prime Minister, with the leading position in Vietnam's Sugar industry, TTC Bien Hoa has soon carefully prepared for integration in recent years, the Company has actively changed and improved the production process, cost reduction, constantly research and develope new products to maintain the brand in Vietnam's Sugar Industry but also ready to compete with foreign Sugar businesses. After the M&A transaction with Bien Hoa Sugar Company in September 2017, TTC Bien Hoa has become the largest Sugar company in Vietnam in terms of operation scale and market share and continues to maintain a stable growth momentum, combine the strengths of brand, technology, distribution system and personnel. In addition, the Government's promulgation of new mechanisms and policies for support and encouragement can be considered a big push for the orientation of developing organic and high-tech agriculture that the Company is pursuing and actualization. The opportunity for the Sugar industry to make a breakthrough now is producing the good quality Sugar that is suitable for the tastes and especially diversify not only the Sugar product line but also the By-products to reach the perfect value chain of the Sugarcane. Only then can the cost be reduced, and thereby offer products that are more competitive to consumers but still ensure operational efficiency.

Sugar Industry - The rising cycle has returned, the world Sugar price has reached the highest level in the last 2 years

Recently, the Sugar market has tended to recover, specifically, the price of raw Sugar increased from 9.90 cents/lb on September 26th, 2018 to 15.81 cents/lb on February 12th, 2020, equivalent to an increase of 60% and reaches the highest record price in 24 months. White Sugar on the London exchange closed on February 24th,2020 at 410.75 USD/ton, up 31% compared to the beginning of August 2019. Along with that, the price of raw Sugar in March 2020 closed on February 12th, 2020 increased by US cent 3.94, equivalent to 33% to 15.78 US cent/lb, recovering from the lowest level in 6 months, the main reason is due to the shortage of supply, as well as investment funds in the commodity market have also increased purchase of Sugar into reserves as one of the factors that support the price of Sugar.

In addition, experts also predict the phenomenon of El Nino will take place in 2020, the Sugar Industry will face a shortage of Sugar supply and the price of Sugar is expected to continue to improve. Besides, in the 19-20 season, the Sugar output produced by the world's leading Sugar countries is also forecast to decrease compared to the previous year, especially sharply reduce in Brazil (-2%), Thailand (-10%), India (-12%).

Mr. Dang Van Thanh - Chairman of TTC Corporation and Mrs. Huynh Bich Ngoc - Vice Chairwoman of TTC Corporation cum Chairwoman of SBT

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