THANH THANH CONG - BIEN HOA JOINT STOCK COMPANY	**SOCIALIST REPUBLIC OF VIETNAM** **Independence - Freedom - Happiness**
No.: _162__/2018/CV-TTC-BH	
Re: Additional explanations for retrospective adjustment of undistributed earnings and profit fluctuations over the same period in the annual financial statements 2017-2018	*Tay Ninh, October 1st, 2018*

Dear: STATE SECURITY COMMISSION OF VIETNAM
HO CHI MINH CITY STOCK EXCHANGE

Thanh Thanh Cong - Bien Hoa Joint Stock Company (Listing code: SBT) would like to explain the retrospective changes of retained earnings and the difference of 10% compared to the same period in the consolidated financial statements as at June 30th, 2018 as follows:

1. For retrospective fluctuations of retained earnings:

In the latest consolidated financial statements as at June 30th, 2018, Thanh Thanh Cong - Bien Hoa Joint Stock Company ("the Company") has been recorded retroactively in the column beginning number of items of consolidated Balance sheet, consolidated income statement and consolidated cash flow statement, **which are presented in item 37 in the Notes to the consolidated Financial statements,** the reason is:

On January 19th, 2016, the company imported 10,000 tons of raw sugar, according to type E31 - imported raw materials for export, to produce refined sugar for export in the form of export, import on the spot. When exporting and importing on the spot, the Company has applied for and received C/O form D from Department of Industry and Trade in accordance with the guidance in Official Dispatch No. 1744/TCHQ-GSQL and other relevant documents. This C/O is provided to the importing enterprise so that the importing enterprise can meet the conditions for enjoying the special preferential import tax stipulated in the ASEAN Trade in Goods Agreement (ATIGA). The company carries out export and import activities; applies for issuing C/O form D in accordance with the provisions of the Law on Export Tax and Import Tax and the guiding documents with relevant contents.

Due to the difficult market and grace period expires (275 days), the company has not been able to find export partners for these shipments, so the company has recorded the declaration in the form of domestic consumption and the company has paid import tax and value added tax of VND 64,387,050,000 (of which ***import tax is VND 57,876,000,000***). Then the company found partners to export these shipments in the form of import - export on the spot and the company must file the import and export documents on the spot in accordance with the regulations of the Trang Bang Industrial Park's Customs Department.

On September 1st, 2016, Decree No. 134/2016/ND-CP was issued and became effective on the same day that the company was still eligible for import tax refund for the above goods.

On March 23rd, 2017, the Company submitted the application for tax refund for the import tax amount of VND 57,876,000,000 in accordance with the guidelines guiding the refund procedures at Trang Bang Customs Department. The Customs Department of Tay Ninh Province and related agencies have also checked TTC-BH's tax refund file at the Company's head office in accordance with the Inspection Report No. 06/BB-TKT dated June 30th, 2017. According to the inspection results, Tay Ninh Customs Department and related agencies did not mention that the company would not be refunded this tax. In addition, the company also explained in writing in July 2017 and the Customs Department of Tay Ninh province had no opinion to request the company to explain or supplement the document until September 21st, 2017 - the day that the Company issued its audited financial statements for the year ended June 30th, 2017. Accordingly, the Company has recognized the above import tax as a receivable in the financial statements for the year ended June 30th, 2017.

By November 17th, 2017, the Customs Department of Tay Ninh Province issued Document No. 2250/HQTN-NV, responding to the Company that the Customs Department of Tay Ninh province was seeking guidance from the General Department of Customs on the handling of import tax refunds for the company.

On May 2nd, 2018, the General Department of Customs sent Official Letter No. 2316/TCHQ-TXNK regarding refund the import tax temporarily paid in case of import and export on spot. According to the contents of the official dispatch, the basis for determining the goods to be refunded shall comply with the provisions of Clause 3, Article 36 of Decree No. 134/2016/ND-CP. Pursuant to Official Letter No. 2316/TCHQ-TXNK, the Board of Managers of the Company recognizes that there are risks arising from the refund of the import tax (mentioned above) in accordance with Clauses 3 and 5 of Article 36 of Decree No. 134/2016/ND-CP which does not specify the case as presented above.

As a result, the Company assessed the interference between the old and new regulations as well as the basis of the General Department of Customs' Official Letter No. 2316/TCHQ-TXNK dated 02/05/2018, the Company has recognized the retrospective effect of these transactions on the related items in the column "Beginning number of the year" and Notes to the financial statement in item 37. The basis for the retroactive adjustment of the impact of import duties on the quotas presented in the column beginning number of the year is:

- The Company determines that this is a prior period error as defined in section 4 of Accounting Standard No. 29 "Change in Accounting Policies, Accounting Estimates and Errors" (hereinafter referred to as "Standard 29"), accordingly, the Company misunderstood the contents of Clause 3, Article 36 of Decree No. 134/2016/ND-CP, effective on September 1st, 2016.

- The Company recognized the retrospective effect of the above transactions in the related items in the column "Beginning balance" and disclosed in the financial statements in Note 37 as stipulated in clause b, section 23 Standard 29: "*Adjustment of the beginning balance of assets, liabilities and items belonging to owners' equity of the period for comparative data, if the errors belong to the period before the period for comparative data"and in accordance with Section 37 CM 29.*

2. For profit volatility more than 10% over the same period:

During period 2017-2018; total profit of parent and incorporated companies exceeded 10% over the same period mainly due to the following reasons:

i. In the period 2017-2018, merger with Bien Hoa Sugar Joint Stock Company resulted in a significant increase in revenue and profit

ii. There is also a company restructuring portfolio that also contributes to profitability

Best regards,

Recipients:

- *As above;*
- *Archives.*

For and on behalf of

THANH THANH CONG - BIEN HOA JOINT STOCK COMPANY

General Director

(Signed and sealed)