



Thai Beverage Public Company Limited

ANNOUNCEMENT

Date: 19 December 2017

To: Singapore Exchange Securities Trading Limited (“SGX-ST”)

Subject: Vietnam Beverage Successful in Bid in the Competitive Offering of Ordinary Shares in Saigon Beer - Alcohol - Beverage Joint Stock Corporation (“Sabeco”)

1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Thai Beverage Public Company Limited (“**THBEV**” or the “**Company**”, and together with our subsidiaries, the “**Group**”) refers to the Company’s announcements dated 12 December 2017 and 17 December 2017 in relation to the bidding process of a competitive offering (the “**Competitive Offering**”) of ordinary shares in Sabeco (the “**Sabeco Shares**”) which are currently owned by the Ministry of Industry and Trade of the Socialist Republic of Vietnam (the “**Ministry**”), and the subsequent submission by Vietnam Beverage Company Limited (“**Vietnam Beverage**”) of the requisite registration form for participating in the bid. As mentioned in the said announcements, Vietnam Beverage is a wholly-owned subsidiary of Vietnam F&B Alliance Investment Joint Stock Company (“**Vietnam F&B**”), in which THBEV has a 49% shareholding interest through THBEV’s indirect wholly-owned subsidiary BeerCo Limited (“**BeerCo**”).
- 1.2 On 18 December 2017 THBEV wishes to update that Vietnam Beverage submitted its bid to acquire Sabeco Shares from the Ministry at a bidding price of Vietnamese Dong (“**VND**”) 320,000 per Sabeco Share, and has been informed by the Ministry that its bid has been successful for 343,642,587 Sabeco Shares (which translates to approximately 53.59% of all outstanding ordinary shares in Sabeco).
- 1.3 Following this, Vietnam Beverage has entered into a share transfer contract (the “**Share Transfer Contract**”) with the Ministry (“**Vendor**”), pursuant to which the Ministry has agreed to transfer to Vietnam Beverage and Vietnam Beverage has agreed to purchase an aggregate of 343,642,587 Sabeco Shares (the “**Sale Shares**”) (representing approximately 53.59% of all outstanding ordinary shares in Sabeco) at the bidding price of VND 320,000 per Sabeco Share (the “**Acquisition**”).



Aggregate Purchase Price

- 1.4 The aggregate purchase price for all of the Sale Shares (the “**Aggregate Purchase Price**”) is approximately VND 109,965.6 billion (approximately Thai Baht (“**THB**”) 156.0 billion based on the Illustrative Exchange Rate¹) (exclusive of related transaction expenses including applicable taxes, fees, costs and charges imposed by any empowered governmental agencies, Vietnam Securities Depository (“**VSD**”), securities brokerage or any other persons, which will be borne by the parties in accordance with the Share Transfer Contract), payable entirely in cash.
- 1.5 The bidding price offered by Vietnam Beverage for the Sale Shares is at the non-negotiable minimum bidding price of VND 320,000 per Sabeco Share, which was set by the Ministry for the Competitive Offering. In deciding to put in its bid at this price, Vietnam Beverage and the Company took into account Sabeco’s historical earnings, financial position and management experience, as well as the anticipated future growth potential and market outlook of Vietnam alcohol industry.
- 1.6 Based on the unaudited consolidated financial information of Sabeco for the 12-month period ended 30 September 2017 (the “**Sabeco Financial Information**”), the book value of the Sale Shares was approximately VND 7,945.2 billion and the net tangible asset value of the Sale Shares² was approximately VND 7,965.9 billion. Based on the weighted average price of VND 308,981.82 per Sabeco Share on the Ho Chi Minh Stock Exchange (“**HOSE**”) on 15 December 2017 (being the last trading day on which the Sabeco Shares were traded on HOSE prior to the date on which the Share Transfer Contract was signed) (the “**Last Market Day**”), the latest available open market value of the Sale Shares is approximately VND 106,179.3 billion.
- 1.7 Vietnam Beverage will be financing the Aggregate Purchase Price and related transaction expenses through a mix of its existing equity capital and loans provided to it by BeerCo.

Chapter 10 and Receipt of Waiver from Rule 1014(2)

- 1.8 The Acquisition constitutes a “major transaction” for the purposes of Chapter 10 of the listing manual (“**Listing Manual**”) of the SGX-ST (as elaborated in paragraph 5 of this Announcement). Under Rule 1014(2) of the Listing Manual, a “major transaction” must be made conditional upon the approval of the shareholders of the Company (“**Shareholders**”) in general meeting.

¹ The “**Illustrative Exchange Rate**” of VND 704.74 to THB 1, S\$ 1 to THB 24.14 is solely for illustrative purposes in this Announcement and should not be construed as a representation that the relevant amounts have been or could be converted at such a rate or at any other rate.

² The net tangible asset value of the Sale Shares was computed based on 53.59% of the net tangible asset value of Sabeco which was approximately VND 14,864.6 billion.

1.9 In this regard, the Company made an application the SGX-ST for a waiver (“**Waiver**”) from the requirement under Rule 1014(2) of the Listing Manual to make its bid and the Acquisition conditional upon Shareholders’ approval, for *inter alia* the reasons as summarised below:

- Various regional and global players were expected to have an interest in the Competitive Offering and such competitors might not be publicly-listed or subject to similar shareholders’ approval restrictions as the Company. If the Company were to be required to include the condition of prior Shareholders’ approval in its bid, this might be viewed as an important timing factor which might weigh against the selection of the Company’s bid, and this might put the Company’s bid at a significant disadvantage.
- Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, our Chairman and Vice Chairman respectively, are the legal and beneficial owners of (and control) approximately 65.89% of all the issued ordinary shares of the Company (“**Shares**”). Given that they are both supportive of the Acquisition, as the Company’s majority Shareholders, Shareholders’ approval of the Acquisition would be effected as a matter of course and it would not be prejudicial to Shareholders if Shareholders’ approval were to be sought after completion of the Acquisition.

1.10 In response to the application by the Company, the SGX-ST granted the Waiver subject to the following conditions:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company;
- (c) the Company convening an extraordinary general meeting to seek Shareholders’ ratification for the Acquisition within 3 months from completion of the Acquisition or by 30 April 2018, whichever is later, should Vietnam Beverage win in its bid;
- (d) submission of an undertaking from the Company’s controlling shareholders, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, who hold 65.89% of the Shares to (i) vote in favour of the Acquisition at the extraordinary general meeting to be convened to seek Shareholders’ ratification for the Acquisition, and (ii) maintain an aggregate of at least 51% equity stake in the Company from the date of the grant of the Waiver by the SGX-ST until the date of the said extraordinary general meeting.

The Board is pleased to confirm that the above conditions (a), (b) and (d) have been complied with, and the Company will convene an extraordinary general meeting to seek Shareholders' approval for the ratification of the Acquisition after the completion of the Acquisition. A circular to Shareholders will be despatched for this purpose in due course.

2. INFORMATION ON SABECO

- 2.1 Sabeco is a public corporation incorporated in the Socialist Republic of Vietnam. Sabeco Shares have a par value of VND 10,000 each and are listed and traded on HOSE.
- 2.2 The principal activities of Sabeco are as follows:
- (a) producing beverages (including alcoholic beverages such as beer) and processing foodstuffs;
 - (b) trading in beer, alcohol, wine and refreshment beverages; package and labels;
 - (c) trading in materials, equipment, accessories, condiments and juices for the production of beer, wine and refreshment beverages; and
 - (d) trading in real estate and providing real estate services including brokerage, appraisal, trading floor, consultancy, auction, advertising and management services.
- 2.3 Further information provided by Sabeco on its business is available on Sabeco's corporate website at <http://www.sabeco.com.vn/>. Further information provided by HOSE on Sabeco's listing status is available on HOSE's website at <https://www.hsx.vn/Modules/Listed/Web/SymbolView?id=633&rid=1265446027>.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

- 3.1 The Acquisition will enable the Group to expand in an important regional market for the Group's products, increase the Group's product offering, and provide the Group with immediate access to an extensive local distribution network. Sabeco has strong financial performance with margin expansion potential.
- 3.2 The benefits expected to accrue to THBEV for the Acquisition
- (a) Attractive Assets and Brands

Sabeco is a high quality business with a history of more than 140 years, and has renowned brands such as Saigon Beer and 333 Beer. Sabeco has the largest market share in Vietnam's beer sector and is amongst the leading beer companies in Vietnam and ASEAN. In addition, Sabeco has a strong financial performance with margin expansion potential.

(b) Attractive and high growth Southeast Asian market

Vietnam is an attractive beer market. It is the largest beer market in ASEAN and the 3rd largest in Asia after China and Japan. The Acquisition will help the Company to have immediate access to extensive local distribution networks and will immediately diversify geographically as well as give us exposure to one of the strongest growth countries in Southeast Asian market with young population.

(c) Consistent with the Company's Vision 2020

According to Vision 2020, the Company aims to solidify its position as the largest beverage company in the Southeast Asia. An investment in Sabeco is highly complementary to the Company's expertise in alcoholic beverage production and distribution, and supports the growth and diversity strategic imperatives of our Vision 2020.

(d) Potential for Collaboration

The Company intends to develop a long-term relationship with Sabeco's management team and stakeholders. With our mutual experiences and capabilities in the beverages sector, we intend to collaborate with them in future within the region and this will also help us become a global player.

4. SOME SALIENT TERMS OF THE SHARE TRANSFER CONTRACT

4.1 Under the terms of the Share Transfer Contract, parties have agreed to take the following actions to consummate the transfer of the Sale Shares to Vietnam Beverage through VSD's system in accordance with VSD's applicable rules:

- (a) prior to 3 p.m. (Vietnam time) on 28 December 2017 (unless otherwise mutually agreed by the parties or extended by the Ministry in accordance with the terms of the Share Transfer Contract), Vietnam Beverage shall pay the Aggregate Purchase Price via wire transfer to the Ministry's bank account;
- (b) subject to receipt of said payment, on the immediate next Business Day³ following the date on which said payment has been made in full, the Ministry shall submit the required application dossier to request VSD to record the transfer of title to the Sale Shares from Ministry to Vietnam Beverage in accordance with VSD's applicable rules;
- (c) as soon as possible (but in any event within 7 Business Days) from the receipt of the confirmation on completed conveyance of title to the Sale Shares to Vietnam Beverage, the Ministry shall deliver a written notice on the same to Vietnam Beverage (unless such confirmation has been also delivered by VSD to Vietnam Beverage).

³ Defined in the Share Transfer Contract as any day (other than a Saturday, a Sunday or any public holidays in Vietnam) on which banks are open for general business in Vietnam.

Vietnam Beverage shall become a shareholder of Sabeco holding the Sales Shares from the date on which VSD completes the transfer of title to the Sale Shares from the Ministry to Vietnam Beverage in accordance with VSD’s applicable rules.

- 4.2 The Share Transfer Contract also contains provisions, *inter alia*, giving the Ministry the right to unilaterally terminate the Share Transfer Contract in the event that Vietnam Beverage fails to comply with its payment obligations within the stipulated payment period or otherwise breaches the terms of the Share Transfer Contract.

5. RELATIVE FIGURES OF THE ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

- 5.1 Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 30 September 2017 (“**Group FY2017 Financial Statements**”), the relative figures for the Acquisition as computed on the applicable bases set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006	Bases	Relative Figures (%)
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits. ⁽¹⁾	6.48% ⁽¹⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares). ⁽²⁾	26.54% ⁽²⁾

(Note: Rules 1006(a), (d) and (e) of the Listing Manual are not applicable to the Acquisition.)

Notes:

- (1) The net profits attributable to the Sale Shares based on the Sabeco Financial Information for the 12-month period ended 30 September 2017 amounted to

approximately VND 1,420.8 billion (approximately THB 2.0 billion based on the Illustrative Exchange Rate).

Based on the Group FY2017 Financial Statements, the Group's net profits amounted to THB 31.1 billion.

- (2) For purposes of calculating this relative figure, we have used the Aggregate Purchase Price for the Sale Shares as the aggregate value of the consideration, being approximately VND 109,965.6 billion (approximately S\$ 6.4 billion based on the Illustrative Exchange Rate).

The Company's market capitalisation is approximately Singapore Dollars (“S\$”) 24.3 billion, calculated based on the total number of Shares (excluding treasury shares) being 25,110,025,000 Shares, multiplied by the weighted average price of the Shares on the SGX-ST on the Last Market Day.

- 5.2 In view of the foregoing, the Acquisition constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual and is hence subject to Shareholders' approval. Please refer to paragraphs 1.8 to 1.10 above relating to the Waiver.

6. ILLUSTRATIVE FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes only, the financial effects of the Acquisition on the Group as set out below are prepared based on the Group FY2017 Financial Statements and subject to the following key assumptions:

- (a) the effect of the Acquisition on the Group's consolidated earnings per Share (“EPS”) is based on the assumption that the Acquisition had been effected at the beginning of the financial year ended 30 September 2017; and
- (b) the effect of the Acquisition on the Group's consolidated NTA per Share is based on the assumption that the Acquisition had been effected at the end of the financial year ended 30 September 2017.

The illustrative financial effects as set out below are theoretical in nature and for illustrative purposes only, and are therefore not indicative of the actual or potential financial performance, financial position or earnings of the Group after the completion of the Acquisition.

(1) EPS

Based on the above-mentioned assumptions, the Group's consolidated EPS would decrease from S\$ 0.057 to S\$ 0.055 (based on the Illustrative Exchange Rate).

(2) **NTA per Share**

Based on the above-mentioned assumptions, the Group's consolidated NTA per Share would increase from S\$ 0.207 to S\$ 0.241 (based on the Illustrative Exchange Rate).

(3) **Gearing**

Based on the above-mentioned assumptions, the Group's gearing ratio (or net debt-to-equity ratio) would increase from 0.232 times to 1.299 times (based on the Illustrative Exchange Rate).

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Based on the information available to the Company, none of the Directors or (to the best of the knowledge of the Directors) the controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition (other than as Shareholders). For the purposes of Rule 1010(12) of the Listing Manual, there are no directors proposed to be appointed to the Company in connection with the Acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Share Transfer Contract will be available for inspection at the registered office of the Company at Sangsom Building, 14 Vibhavadi Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok 10900, for the attention of the Company Secretary, during normal business hours for a period of 3 months from the date of this Announcement.

Please be informed accordingly.

Yours faithfully,

Nantika Ninvoraskul
Company Secretary