VIETNAM INVESTORS SERVICE

RATING ANNOUNCEMENT
21 September 2026

VIS Rating assigns first-time A- bond and issuer ratings to SIBA Group, stable outlook

Hanoi, 21 September 2026 - Vietnam Investors Service and Credit Rating Agency Joint Stock Company (VIS Rating) has assigned an A- bond rating to SIBA High-Tech Mechanical Group Joint Stock Company (SIBA Group)'s proposed VND 200 billion three-year senior unsecured bond.

The bond rating is based on our review of the draft bond offering prospectus, terms and conditions of the bond issuance, and other relevant documents.

VIS Rating also assigned an A- long-term issuer rating to SIBA Group. The outlook for the ratings is stable.

This is the first time VIS Rating has assigned ratings to SIBA Group.

The ratings presented in this announcement are effective from the date of the announcement and remain in effect unless and until they are superseded by a subsequent rating action. Please visit https://visrating.com/rating-results for the latest rating update.

RATING RATIONALE

BOND RATING

The A- rating assigned to SIBA Group's proposed senior unsecured bond is primarily underpinned by the company's 'Above-Average' standalone assessment and A- long-term issuer rating.

The bond constitutes direct, senior, and unsecured obligations of SIBA Group and will rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the company.

Proceeds of the up-to-VND200 billion bond issuance will be used to fund the construction of a milk processing plant, repay trade payables, and refinance a portion of the company's existing debt.

The bond carries a conversion feature, exercisable at the bondholder's option on the date falling two years from issuance, at a conversion price equal to 70% of the average closing price of SIBA Group's shares over the preceding 30 trading sessions. As conversion is at the bondholders' discretion and not mandatory, the bond remains a debt obligation of SIBA Group until converted or repaid at maturity, and we do not view the conversion feature as providing credit enhancement to the bond.

The company has appointed JB Securities Vietnam LLC (JBSV) to serve as the advisory service provider, registration agent, and bondholder representative, which is responsible for monitoring compliance with bond terms and notifying bondholders of any covenant breaches.

Upon the occurrence of a violation event - such as failure to pay principal or interest when due, insolvency or bankruptcy, or cessation of a substantial part of its business operations - SIBA Group is required to redeem the bonds early at par plus accrued interest.

We do not factor in any potential external support from related entities or the government to SIBA Group in meeting its debt obligations.

ISSUER RATING

The A- long-term issuer rating of SIBA Group reflects its 'Above-Average' standalone assessment, underpinned by its 'Above-Average' Business Profile, Profitability and Efficiency, Leverage and Coverage, along with 'Average' Scale scores.

SIBA Group is a mechanical engineering and construction company, providing mechanical products and solutions for many fields including swine farming, rice production, renewable energy and appliances. Its core business is designing and manufacturing integrated mechanical equipment and solutions for swine farming, which generated around 50% of revenue and more than 90% of gross profit over the past three years. Besides, by leveraging its strategic affiliation with related parties, the company is also expanding into selected ventures including swine farm leasing and rice milk production.

We assess the mechanical engineering sector's industry profile as 'Average', reflecting moderate regulatory, technical and capital barriers to entry. Competition is intense in the fabrication segment and standard mechanical products, while the market is more concentrated among companies capable of delivering integrated solutions and executing large-scale projects. Earnings volatility is moderate, driven mainly by fluctuations in metal, control systems, electronic components, and other input prices.

In the next 12-18 months, we expect positive business growth prospects for the sector. Demand for mechanical engineering to be robust, supported by ongoing industrialization and automation in multiple sectors. The agricultural machinery sector is supported by the increasing adoption of mechanized and automated farming practices, particularly in livestock production, as producers seek to mitigate rising labor costs, improve operating efficiency, and comply with stricter biosecurity standards.

We assess SIBA Group's competitive position and diversification as 'Above-Average', reflecting its solid niche market position and competitive advantages in integrated swine farm mechanical solutions, but constrained by limited business diversification.

SIBA Group holds a solid domestic position in integrated swine farming mechanical solutions, anchored by its strategic affiliation with BAF Vietnam Agriculture JSC (BAF), as both companies have SIBA Holdings as their major shareholder. Over 2023-2025, BAF emerged as one of Vietnam's top three pork producers and a pioneer in closed-loop swine farming. BAF's established strategic partnership with Muyuan, the global largest swine farming and pork producer, further supports its continued herd expansion plan from approximately 900,000 total pig herd in 2025 to 2.5 million by 2030.

As BAF expands its farming network, SIBA Group remains its exclusive supplier of farming equipment and solutions. The captive demand from BAF supports SIBA Group's product development and operational optimization. SIBA Group's swine farming equipment and solutions are well-recognized for their high automation levels and compliance with increasingly stringent biosecurity standards. Beyond supplying equipment and solutions, SIBA Group also plans to build and lease swine farms to BAF under long-term contracts. According to the management, the farm leasing business will generate recurring income from 2027 with a gross margin of around 45%.

SIBA Group also has strategic affiliation with Tan Long Group (Tan Long), one of Vietnam's leading rice producers and food retailers. SIBA Group is the main supplier of rice-processing mechanical equipment and store appliances to Tan Long. In addition, SIBA Group plans to expand into rice milk production in 2027, leveraging Tan Long rice input and distribution network. According to the management, rice milk production will contribute 10% of the company's revenue in 2028.

We assess SIBA Group's business operations and revenue generation as highly concentrated in BAF and other companies within the SIBA Holdings - Tan Long Group ecosystem. According to management, this concentration reflects the company's strategy to support ecosystem expansion through 2030. Beyond 2030, SIBA plans to diversify and broaden its customer base, reducing reliance on related-party demand.

We expect SIBA Group's revenue to average VND 2.1 trillion during 2026-2028, mainly driven by the swine farming mechanical business, supporting our assessment of the company's scale as 'Average' within Vietnam's corporate universe.

We assess SIBA Group's Profitability and Efficiency as 'Above-Average', as Earnings before interest, tax, depreciation and amortization (EBITDA) margin improves to an average of around 20.4% over 2026-2028, from about 5% in 2025. The margin improvements are primarily driven by the company's full exit from the low-margin agricultural commodity trading business in 2026 to focus on mechanical engineering. New businesses such as swine farm leasing and rice milk production are also expected to support margin expansion.

SIBA Group's Leverage and Coverage is assessed as 'Above-Average', incorporating EBITDA and cash flow improvement over 2026-2028 from the mechanical engineering business, alongside planned equity capital raising to offset debt increases to finance capital expenditure of VND 1.9 trillion for leased swine farms and a rice milk factory. We expect Debt/EBITDA to improve to an average of 3.7x over 2026-2028 from 5.6x in 2025.

We expect operating cash flow (CFO)/Debt over 2026-2028 to materially improve to an average of around 18%, as CFO turns positive from stronger EBITDA and lower working capital needs following the company's exit from the agricultural trading business, which was previously working-capital-intensive. However, interest coverage will slightly weaken, with Earnings before interest and tax (EBIT)/Interest Expense averaging around 2.8x over 2026-2028 due to elevated borrowing costs from debt increases.

We assess SIBA Group's liquidity risk over the next 12-18 months as manageable, supported by its large amount of liquidity resources, improving operating cash flow, and upcoming capital mobilization plans. Its total cash and short-term investments as of 30 June 2026 reached more than VND 300 billion, surpassing its short-term debt of VND 286 billion. The company also plans to raise VND 200 billion of new equity through private placement and VND 200 billion through bonds over the next 12 months.

We do not incorporate any extraordinary support from related parties or the government into the rating.

The outlook on SIBA Group's long-term issuer rating is stable, reflecting our view that its credit fundamentals will remain stable over the next 12-18 months.

Factors that could lead to an upgrade

SIBA Group's A- issuer rating and bond rating could be upgraded if the company demonstrates a track record of materially higher profitability from mechanical engineering and the new businesses, driving stronger leverage and coverage metrics. Factors that could lead to an upgrade include, for example, EBITDA margin sustained above 26% and EBIT/Interest expense above 4.9x, or CFO/Debt above 40%.

Factors that could lead to a downgrade

SIBA Group's A- issuer rating and bond rating could be downgraded if the company shows (1) significantly weaker-than-expected profitability and/or (2) aggressive debt-funded expansion into new ventures, materially weakening its credit metrics. Factors that could lead to a downgrade include, for example, EBITDA margin below 15%, Debt/EBITDA above 5.7x, or CFO/debt below 7%.

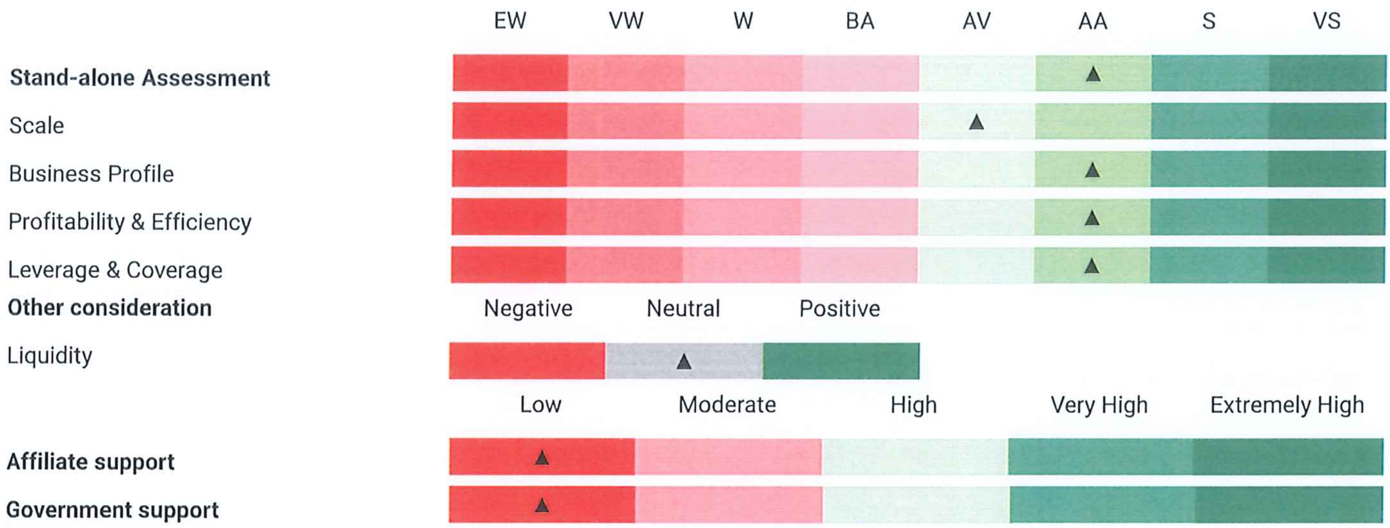
RATING METHODOLOGY

Rating Methodology: Non-Financial Corporates.

For detailed information, please see our full methodologies at:

https://visrating.com/how-to-get-rated/view/non-financial-corporates-rating-methodology.1

SUMMARY OF KEY FACTORS



Source: VIS Rating

Note: EW- Extremely Weak, VW- Very Weak, W- Weak, BA Below-Average, AV- Average, AA Above-Average, S- Strong, VS- Very Strong

CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
21 September 2026	Long-term Issuer Credit Rating	A-	Stable	First-time assignment

Date	Rating type	Rating	Bond code	Maturity	Outlook	Action
21 September 2026	Senior unsecured debt rating	A-	SBG426001	36 months	Stable	First-time assignment

RATING SCALE

Long-Term Rating

AAA	Issuers or debt instruments demonstrate the **strongest** creditworthiness relative to other domestic entities and transactions.
AA	Issuers or debt instruments demonstrate **very strong** creditworthiness relative to other domestic entities and transactions.
A	Issuers or debt instruments demonstrate **above-average** creditworthiness relative to other domestic entities and transactions.
BBB	Issuers or debt instruments demonstrate **average** creditworthiness relative to other domestic entities and transactions.
BB	Issuers or debt instruments demonstrate **below-average** creditworthiness relative to other domestic entities and transactions.
B	Issuers or debt instruments demonstrate **weak** creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.
CCC	Issuers or debt instruments demonstrate **very weak** creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects.
CC	Issuers or debt instruments demonstrate **extremely weak** creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects.
C	Issuers or debt instruments demonstrate the **weakest** creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.

Note: VIS Rating appends the modifiers + and – to each generic rating classification from AA through CCC. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier – indicates a ranking in the lower end of that generic rating category

REGULATORY DISCLOSURES

For further specification of VIS Rating's Rating Symbols and Definitions, please see: https://visrating.com/how-to-get-rated/

SIBA Group's ownership stake in VIS rating: 0%

The ownership ratio of SIBA Group held by VIS Rating's staff: 0%

Cases in which analysts and credit rating council members cease their participation in the credit rating contract before the contract expires and the reason for the cessation: 0

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This rating is solicited.

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