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HOW SBT MOVES FORWARD AND DEVELOPS INTO ORGANIC SUGAR

Vietnamese Sugar enterprise owns the largest Organic Sugarcane material area

Strategic orientation of TTC Bien Hoa (SBT, Company) is to become the leading Agriculture Company in Vietnam and the region, providing special agricultural products, through a sustainable production and distribution system. In 2017, TTC Bien Hoa officially M&A with TTCA Sugar Factory - formerly known as Hoang Anh Attapeu Sugar Factory of Hoang Anh Gia Lai Group in Attapeu Province - Laos with the current Raw Material Area of 7,500 hectares and having expandable up to 20,000 hectares in a 5-year orientation. With the advantages of natural conditions, environment, and land not yet contaminated by chemical abuse, TTCA expects to transfer the entire Raw Material Area to plant Organic Sugarcane. Organic Sugarcane currently accounts for about 34% of total Raw Material Area and after conversion is completed, it is expected that the harvest of FY 19-20 will account for 50%, growing by about 16% in just one year. In the next 3 years, all Raw Material Area here will be completely converted to Organic. SBT is currently the Vietnam Sugar Company which owns the largest Raw Material Area of Organic Sugarcane with a total area of over 2,600 hectares in Vietnam and Laos. In March 2019, SBT also officially set foot in Cambodia to affirm the proactive strategy of Raw Material Area in the Indochina Region up to 70,000 hectares.

The Organic material area of SBT in Attapeu – Laos

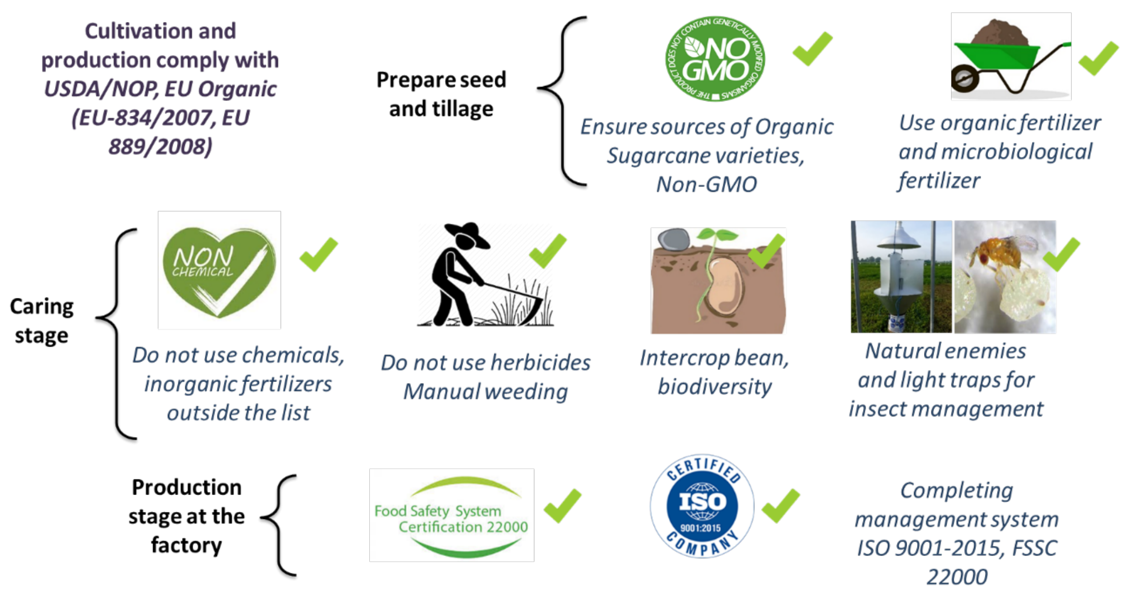
Source: TTC Bien Hoa

According to Market Research Future & Absolute Market Insights, global demand for Organic Sugar has increased by 31% from 2010 to 2014. In 2017, the size of Organic Sugar Industry will reach over 784 million USD and forecasted that by 2022 will target 1.4 billion USD with the CAGR reach 16% in the period of 2017-2022. In order to exploit the huge potential of this market, TTC Bien Hoa has made careful preparations and active steps in the Organic Sugar segment during the past 2 years. The Company is also continuing to invest and develop the area of Organic Sugarcane as well as produce Organic Sugar to establish attractive products to Consumers in terms of specificity and attractiveness to the Company in terms of Profit Margin. Especially, it is more convenient to access the international market, which is currently dominated by Top 3 Sugar exporting countries such as Brazil (1st exporter), Thailand (2nd exporter) and India (3rd exporter). This is considered as a strategic step of TTC Bien Hoa to improve the competitiveness of Vietnam's Sugar Industry.

In order to get a qualified Organic product, it is necessary to meet many strict processes and standards from cultivation to production. According to USDA, the product to meet the Organic standard must comply with the criteria "3 No - No pesticides, No chemical fertilizers and No GMO." Organic Sugar must be produced in natural way, without using any chemicals from soil preparation, sugarcane breeds, farming techniques, fertilizer application methods, prevention of weeds, pests, irrigation, harvest to production stages; all steps must be carried out under conditions of assurance and isolation in accordance with standards. In particular, the cultivation of Organic Sugarcane to produce Organic Sugar is that land has not used chemical drugs for 3 years or more. In terms of boundary, defined distance and buffer zone (fences, green trees ...) to make a barrier to prevent the spread of Toxic substances in the vicinity of sugarcane field. In addition, Organic Sugarcane breeds must be free of pathogens, must not mix with other Sugarcane breeds and especially not be genetically modified. Regarding of plants caring, completely not uses chemical fertilizers and replacing with mud, compost, micro-organic fertilizer, etc.

SBT has invested abundantly from Raw Material Area to a system complied with modern machinery and equipment that meets European technology standards, outperforming major Sugar producing countries such as Brazil, India and even higher the common ground of Thailand so that we can produce Organic Sugar on a large scale and meet international standards at the same time. Although the cost that SBT has to invest is quite abundant, however, with the pioneer strategy and orientation to promote Organic agriculture, minimize the impact on the environment, create value-added products and even high efficiently for the Company's profits, the serious investment is completely worthy of the results received from later years.

Organic Sugar production process in SBT



Source: TTC Bien Hoa

The first Enterprise in Vietnam achieved the Organic Certificate of International Standard

With a large-scale investment in the project of Organic Sugar production, strict compliances with the technical process of producing Organice Sugarcane to create products of high-quality standards, safety and human health protection, SBT's Organic Sugar has been certified Organic by the international organization Control Union according to the standards of USDA and EU. In particular, the certificate from the Control Union that SBT received is valid in more than 47 countries around the world. These are 2 reputable certificates, ensuring that SBT's Organic Sugar products meet the most rigorous criterias from farming to production; tested and evaluated directly by foreign experts, confirming the prestige brand of TTC Bien Hoa' s Organic Sugar in the World Sugar market with each product to international consumers.

The Company issues specificily product standards for each segment of Customers from B2B Enterprise to B2C Consumer, Export as well as Trading. Currently, SBT owns dozens of important international certifications, fully demonstrating the capacity of successfully exported products to high-end markets, especially the US and Europe such as: *Safety Certification products in the Middle East by HCA, Kosher Certification by KOF-K, FSSC 22000 Certification, ISO 9001: 2015, ISO 14001: 2004 by Bureau Veritas BSI*. Satisfying all the requirements to achieve these prestigious Certificates is an opportunity for the Company to continue to occupy the market share of the MNC Large Industrial Customer Channel in Vietnam, continue to develop the Export channel and increase that market share after passing a series of rigorous quality inspections, including high-end Pharmaceutical and Beverage partners which cannot accept product failures due to consumer's health protection.

Source: TTC Bien Hoa

The first Vietnamese Sugar Enterprise successfully produced and exported Organic Sugar to the European market

October 2018 marked an important milestone for Organic Sugar when SBT officially signed a strategic cooperation with ED&F Man Sugar Company - UK on the consumption of Organic Sugar produced in Laos and sold the SBT's Sugar season 18-19 for the European market. TTCA and the strategic partner signed on the supply and consumption of products, including Organic Golden Cane Sugar and Golden Cane Sugar over a 5-year period in the European market - one of the strictest markets about the quality standards.

In December 2018, the first TTC Bien Hoa' s Sugar products of a Vietnamese enterprise were carefully and professionally packed and docked in Belgium, Bulgaria, Czech Republic, Malta and France, Italy in the joy of the Leadership of TTC Bien Hoa and ED&F Man. By the end of FY 18-19, the Company signed a contract to export 4,500 tons of Organic Sugar to Europe. Currently, Organic Sugar products are bringing very good profits to the Company when the Gross Profit margin reaches 40% - 50%, much higher than the average of other Sugar product. In the coming time, the Company will continue to increase Organic Sugar quantity to serve the domestic market as well as export to maximize Revenue and Profit.

Nearly VND 1,550 billion worth of SBT shares was bought by the Board of Directors within 1 month

On October 17th, 2019, Ms. Huynh Bich Ngoc - Member of the Board of Directors successfully purchased 17 million SBT shares previously registered under 2 methods of put through and order matching. With the highest SBT price during the buying period of VND 18,800 per share, it is estimated that she spent about VND 320 billion to increase the ownership ratio from 2.7% to 11.1% after 2 consecutive purchases, corresponding to nearly 67.6 million shares owned and officially became a major shareholder of TTC Bien Hoa.

Earlier on October 11th, 2019, Ms. Dang Huynh Uc My, a member of the Board of Directors, also successfully purchased 30 million shares, bringing the total ownership to 98.4 shares, increasing the ownership ratio from 11.7% to 16.2%. Thus, within just one month, Mrs. Ngoc's family estimated spent nearly total VND 1,550 billion to buy 82 million SBT shares, equivalent to 13.5% of the Company's outstanding shares. With the continuous registration of two members of the Board of Directors, SBT's stock price has responded positively to the market when it increased from VND 15,800 to VND 18,800 per share on October 15th, 2019, corresponding to an increase of nearly 20% in the last 30 sessions.

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