THANH THANH CONG – BIEN HOA JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIENAM
Independence – Freedom – Happniess
Tay Ninh, October 23 ,2020

THE BOARD OF DIRECTORS BUSINESS REPORT FOR THE FISCAL YEAR 2019 – 2020 AND ACTION PLANS FOR THE FISCAL YEAR 2020 – 2021

PART 1 – STATUS REPORT OF THE FISCAL YEAR 2019 – 2020

1. The company's governance

In order to fulfill its governance responsibilities designated by the shareholders and employees during the fiscal year 2019 – 2020, the Board of Directors organized 88 meetings and issued several related Resolutions and Decrees, successfully completing the Resolution released by the 2018 – 2019 General Meeting of the Shareholders.

2. The company's strategic directions during the fiscal year 2019 – 2020

Based on the strategic directions, the Board of Directors ordered the execution of several key items, including human resources development, investment planning, and organizational revamp. It also closely monitored the Board of Management's progress in carrying out the General Meeting of Shareholders' Resolutions:

- Continued to develop the raw material plantations to target major customers, ensured the automation at key plantations, in addition, continued to look for small-but-high-yield customers and provided opportunities for families with irrigating potential to increase the company's efficiency and productivity.
- Focused on researching and developing new products to diversity the company's portfolios and satisfy the ever-growing demands of the customers. Some examples: diamond sugar, organic molasses, colored syrup, rock sugar, powder sugar, baking sugar, diet sugar…
- Effectively managed the cost and quota of the raw materials; completed all the maintenance procedures.
- Focused on developing and expanding the B2C channel, in particular, targeted the Horeca customer group and introduced the 12kg and 50kg packaging as a way to penetrate with the high-margin product group (For example rock sugar, yellow sugar, stick sugar, black sugar, baking sugar…)
- Managed the retail price in accordance with the market changes and continued to solidify our role as the market leader.
- Focused on developing and training our successors, provided opportunities, and built a working environment where talents could excel.
- Restructured the company's equity, lowered short-term debts, ensured liquidity, followed the IRFS standards in financial ratios, and standardized the company's report system according to the new cost structure.

The company's key results in the fiscal year 2019 – 2020 as follows

No	Items	Unit (VND)	Planned 2019 – 2020	Actual 2019 – 2020	%Actual /Planned	2018 – 2019 period	% 1920/1819
1	Consolidated revenue	Billion	10,903	12,850	118	10,857	118
2	Consolidated profit	Billion	430	504	117	422	119

- Facing the major challenges in the sugar market both at domestic land abroad, especially those posed by the fact that Vietnam had to open its market in 2020 due to ATIGA, the Board of Management was able to adapt and turn these difficulties into opportunities, maintain the company's market share, as well as achieve and exceed both its revenue and profit goals by 118% and 117%, respectively.

3. Board of Directors' Salary for the fiscal year 2019 – 2020

6 billion VND was approved for the Board of Directors' salary by the shareholders. In particular:

No	Name	Title	Working Period		Salary (million VND)
			From	To	
1	Mrs. Huynh Bich Ngoc	Chairwoman	14/10/2019	30/06/2020	300,000,000
2	Mr. Phạm Hong Duong	Vice Chairman	01/07/2019	30/06/2020	400,000,000
3	Mrs. Dang Huynh Uc My	Vice Chairwoman	01/07/2019	30/06/2020	1,333,333,333
4	Mr. Vo Tong Xuan	Member of BOD	14/10/2019	30/06/2020	533,333,340
5	Mr. Hoang Manh Tien	Independent Member of BOD	12/07/2019	30/06/2020	333,333,333
6	Mr. Henry Chung	Independent Member of BOD	01/07/2019	30/06/2020	400,000,000
7	Mrs. Dinh Thi Ngoc Thao	Secretary to BOD	01/07/2019	30/06/2020	133,333,333

4. Independent Member of BOD's evaluations of the Board of Directors and Board of Management

During the fiscal year 2019 – 2020, the Board of Directors fulfilled its duty by organizing scheduled meetings to issue several strategic decisions and order the Board of Management to carry out various business plans in accordance with the company's visions and directions. The Board of Directors also signed and issued Resolutions and Decrees within its roles and responsibilities, at the same time making sure that all of these followed closely the country's Enterprise Laws and the company's bylaws, reflected the actual trends in the market, and especially met the governance standards and development objectives.

This is a challenging year for the sugar industry, especially when the company is facing the inevitability of global integration and the third consecutive year of market bottom. As a result, several meetings were called to discuss and approve new solutions:

- Approved the Restructuring Proposal of SBT;

- Approved the financial reports and reallocation of personnel according to the new organizational chart recommended by the Restructuring Proposal;
- Approved the issue of convertible bonds;
- Issued the Board of Director's respective authorization for the CEO, the Board of Management, and business units;
- Approved the evaluation, selected, and execution of the ERP system

At the same time, the Board of Management showed its flexibility in finding ways to adapt to the ever-changing nature of the market but still make sure to abide by the visions and strategies issued by the Board of Directors. In particular:

- Revised the template for the Agricultural Contract;
- Revised the template for the Sugar Purchasing contract;
- Managed and took advantage of the agriculture land in the Southeast area;
- Designated personel in charge of connecting with the local communities;
- Issued the new managing system for QHSE;
- Provided life insurance for the company's employees.

The Independent Member of BOD believed that in the fiscal year 2019 – 2020, the company's Board of Management had successfully achieved the revenues and profits objectives set out by the Board of Directors, especially in a particular challenging market.

BOD's evaluation of the Board of Management

During the fiscal year 2019 – 2020, the BOD always supported and monitored closely the Board of Management. In the opposite direction, the Board of Management also made sure that all the reports and information were regularly updated directly to the BOD so that assessment and new orders can be issued if necessary. Both parties frequently communicated in order to quickly find solutions and resolve any problem that may have appeared.

The Board of Management also focused on completing the company's rules and regulations, making sure that all the operational procedures are clear, transparent, and followed these documents and guidelines strictly.

The Board of Management built and introduced a system to look for successors for several management positions, encouraged and developed several training models to enrich the employees' capabilities, as well as announce various rewards to motivate employees.

In conclustion: The Board of Directors believed that in an extremely difficult time, the Board of Management was still able to accomplish each and every single one of the company's goals and objectives, and doing so while abiding by all the business laws and operating rules and regulations.

5. BOD's evaluations of other sub-committees

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In the fiscal year 2019 – 2020, the Audit Sub-committee successfully completed: examined the Board of Director and Board of Managament; monitored the Financial Report; oversaw the internal auditing process; supervised the risk-management planning; inspected the independent audit service.

In the fiscal year 2019 – 2020, the Strategy Sub-committee successfully completed: collaborated with KPMG Vietnam (a consulting company) to carry out the digital transformation plan for the 2020 – 2025 period.

In the fiscal year 2019 – 2020, the Human Resource Sub-committee successfully completed: restructured during the post-M&A period, increased productivity through new salary policy, and issued new emulation and commendation policy. In addition, the sub-committee did an excellent job in recommending key high-level personel so that the Board of Directors and the company can achieve its visions under new circumstances.

PART 2 – STRATEGIC PLANNING FOR THE FISCAL YEAR 2020 – 2021

Based on the success of the fiscal year 2019 – 2020, SBT needs to concentrate on developing its core competencies by accomplishing the following 6 key objectives during the fiscal year 2020 – 2021:

The first objective – Develop organic agriculture and expanding the areas of organic plantations

SBT aims its agriculture activities to be organic-based. This is the sustainability model that the company strive to achieve. In particular, the company wants to expand its organic plantations in Laos and Cambodia.

The second objective – Provide product and energy solutions from sugarcane

R&D activities need to focus more on developing innovative product solution from sugarcane base instead of just concentrating on manufacturing process and new technology like in previous years. These new solutions must also cover the entire supply chain in order to provide customers with the lowest prices and highest level of convenience.

The new "fresh" products will reduce the time needed for the preliminiary process. These products include: liquid sugar for the beverage industry, premix sugar, powder sugar, and rock sugar for the confectionary market.

The third objective – Complete Import-Export Policies and Services to become an International Import-Export Trading House

Using GMC LLC as a trading house for all international activities, the company will continue to import sugar for local customers and expand exports to China.

The fourth objective – Complete building an in-depth supply chain management process suitable for the new business model

In order to prepare for the penetration of the northern markets, SBT will take advantage of its centralized location in the southern area and begin to experiment using logistics services from third parties, as well as develop the needed "infrastructure".

The fifth objective – Restructure the consumer distribution system (B2C) in the direction of harnessing synergy

Continue to look for suitable partners, whose visions and philosophies match those of SBT, so that both can not only explore the right target markets and customer groups, but also be able to utilize each other's strength in storage and logistics.

The sixth objective – Focus on SBT transformation

The Digital Transformation – SBT Transformation project will be carried out based on the company's vision to improve and maximize its supply chain. This project will take advantage of the fushion cloud technology and help to ensure the standardization and consistency of all 20 business units in 4 coutries: Vietnam, Singapore, Laos, and Cambodia.

The digital transformation needs to be accompanied by the enterprise risk management (ERM). These programs must be applied consistently through a logical matrix, followed all the rules and regulations, and suitable for each particular industry.

These are the directions, objectives, and management solutions that the Board of Directors would like to carry about in the fiscal year 2020 – 2021. We believe that with the trust and support from the shareholders, as well as the passion and determination from all members of the Board of Directors, the Audit Committee, the Board of Management, and each and every single one of our employees, our company will continue to grow and solidify our position in this global integration era.

Best regards,

ON BEHALF OF THE BOD

CHAIRWOMAN

M.S.D.N: 3900244389 - C.T.C.P
CÔNG TY CỔ PHẦN THÀNH THÀNH CÔNG - BIÊN HÒA
H.TÂN CHÂU - T.TÂY NINH

HUYNH BICH NGOC