THANH THANH CONG – BIEN HOA
JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Tay Ninh, October 23, 2020

BOARD OF MANAGEMENT REPORT
BUSINESS OPERATION FY 2019 - 2020 AND
BUSINESS OPERATION BUDGET FY 2020 - 2021

Dear Shareholders,

Dear General Meeting,

Pursuant to the Resolution of the General Meeting of Shareholders FY 2019 – 2020, The Board of Management would like to report to the General Meeting the Company business operation results for the fiscal year 2019 - 2020 with the following key figures:

A. Business operation FY 2019 - 2020

I. Evaluation the results of business activities

The fiscal year 2019-2020 has ended impressively when sugar consumption reached more than 1 million tons, increased 41% compared to the last year, so the Company exceeded budget in terms of both Revenue and Profit.

Specifically, Net revenue reached 12,889 billion, increased 19% over last year and exceeded 18% of budget. Profit before tax reached more than 512 billion, increased 21% over last year and exceeded 19% of budget. Profit after tax reached 363 billion, increased 40% over last year. The Company also controlled the costs well, followed closely and fulfilled the goals assigned by the Board of Directors, simultaneously.

No	Items	Unit	FY 18-19	FY 19-20	% same period
1	Net revenue	BVND	10,857	12,889	119%
2	Profit before tax	BVND	422	512	121%

II. Implementation of key activities

Dear General Meeting,

In order to achieve positive results and exceed the budget, the Board of Management would like to present to the entire General Meeting the points achieved in the year 2019 - 2020 as follows:

1. Agriculture activities

The total plantation areas reached 63,827 ha in 3 countries Laos, Cambodia and Vietnam, of which contracted farm area was 29,935 ha and owned farm area was 33,892 ha.

- In the fiscal year 2019 - 2020, the Company crushed 1,838 thousand tons of sugarcane, reached 80% over last year in the situation of prolonged drought.
- The average CCS reached 10.25 CCS, reached 107% of last year due to the cultivation methods to improve the quality of sugarcane.

2. Production activities

The total production capacity reached 4,250 tons of sugar / day with 9 factories and the crushing capacity reached 37,500 tons of sugarcane / day

- In the fiscal year 2019 - 2020, the production output reached 608 thousand tons, equivalent to 112% of last year. The upgraded production line enables more flexible sugar production to meet business needs.
- In parallel with the policy of improving recovery efficiency and minimizing total loss in production, the Company implemented to reduce the consumption of auxiliary materials with the cost of auxiliary materials all lower than in 2018-2019.
- In addition, the quality control and the major maintenance control were all in plan, ensured the work in the season and ensure the plant operation.
- For project management, many typical projects were implemented during the year such as: rooftop solar power project and Big Bag closure project. All projects brought high efficiency, helping to reduce costs and times in the production process. Project cost was well controlled and did not exceed initial approved cost and most of the project progress was achieved.

3. Sale activities

With the orientation of focusing on market expansion and developing new product lines to increase competitiveness, TTC-BH has provided customers and consumers 1,056 thousand tons of sugar, reached 141% over last year.

- In the year 2019-2020, the Company has diversified its products, meeting the diverse needs of customers with 63 lines of sugar products and 9 lines of by products to launch the market, to catch up with the trend of consumers as well as store new products, quickly launched the popular product line of Co Ba Sugar (500g, 1kg, 12kg) direct compete to the imported Thai sugar.
- Moreover, Distribution Channel also marked a new milestone in affirming the Brand to domestic and foreign markets. Accordingly, B2B reached more than 830 customers, increased 14%; Trader reached 195 customers, increased 170%; Export reached 24

countries, increased 14%; B2C reached more than 79,000 selling points, increased 18% compared to last year.

- In addition, in response to the strong growth in sale volumes and customers, the warehouse system and transportation network have also been promoted to increase customer service experience.

4. Finance and Accounting activities

The results of the company's restructuring of financial indicators for the year 2019-2020 are quite positive. The Company continued to develop diversified capital raising sources, restructure investment portfolio, implement strategic cooperation with domestic and foreign banks, increase equity ratio and EBITDA-to-sales ratio which aimed a strong and sustainable financial structure.

- With the plan of capital restructuring towards a more optimal direction, the Company's liabilities decreased by 611 billion VND, equivalent to a decrease of 6% due to a decrease of 4% in short-term debt, equivalent to 295 billion VND and long-term debt term decreased by 34%, equivalent to VND 627 billion. The Company's debt as at 30/6/2020 decreased by 10% equivalent to VND 922 billion, so Debt / Equity ratio and Debt / Total Assets ratio reached 1.1 times and 0.5 times, down 32% and 16% respectively compared to last year. The solvency ratios were maintained at a safe level to limit risks and ensure working capital for the business operations, in which the current ratio increased by 4% to 1.1 times, quick ratio increased 9%, reached approximately 0.9.
- For international financial market, TTC Bien Hoa had an impressive year with capital raising. In the first half of the year, the Company successfully offered by DEG investor - Deutsche Investitions, one of the famous European financial development institutions owned by the German Government, of which the proceeds from share offering 21,611,333 shares, holding 3.55% ownership equivalent to 649 billion Vietnam dong, raising the charter capital of the Company to 6,084 billion dong. In the second half of the year, many international capital raising deals in the market were affected by the Covid-19 epidemic, however, the company also completed the transaction of issuing convertible bonds under the method of private placement from Cape Yeollim Core Trend Global Fund 1 from Korea with a total value of VND 172 billion with unsecured guarantee, showing the trust of partners in Bien Hoa TTC as well as its appreciation about the capacity and prospects of the Company in the future.
- For domestic financial market, the Company continued to tighten the relationship and comprehensive cooperation with more than 25 leading financial institutions and joint

stock commercial banks in Vietnam, creating a solid capital foundation, strong financial structure to continue to develop sustainably in the future. With good business results as well as good growth prospects, all banks continued to increase credit limits for the Company simultaneously.

The summary of the balance sheet and income statement is as follows:

Balance sheet Unit: BVND	**Fiscal year** **2018 - 2019**	**Fiscal year** **2019 - 2020**
Current assets	9,794	10,031
Non-current assets	6,949	7,925
Total assets	**16,743**	**17,956**
Liabilities	10,924	10,314
Owner's equity	5,819	7,642
Total equities	**16,743**	**17,956**

Income statement Unit: BVND	**Fiscal year** **2018 - 2019**	**Fiscal year** **2019 - 2020**
Net revenue	10,857	12,889
Profit before tax	**422**	**512**
Profit after tax	**259**	**363**

B. Business operation budget FY 2020 – 2021

Dear General Meeting,

The Board of Management would like to present the business operation budget fiscal year 2020 - 2021 as follows :

1. Sales activities

- Total sale volumes in the 2020-2021 budget is 1,058 thousand tons, of which each channel play a specific role in maintaining market share, expanding market share and occupying market share.
- The total number of new customers for B2B and Export increases by 10% compared to the year 2019 - 2020 thoughout market development in the North, Central, West and HCM regions

	Unit	**Fiscal year** **2019 - 2020**	**Fiscal year** **2020 - 2021**

Sale volumes	Thousand tons	1,056	1,058
Net revenue	BVND	12,889	14,358
Profit before tax	BVND	512	662

2. Agricuture and Production activities

- In the year 2020 - 2021, the budget harvested volume is expected to reach 1,967 thousand tons of sugarcane. With the existing investment in plantation areas, the Company expects the harvested volume for the year 2021 - 2022 to increase 20% compared to this year.
- Production output in the 2020-2021 budget to reach 708 thousand tons of sugar to meet business needs with a variety of product lines, especially the short-term storage products.

3. Finance and Accounting activities

- In the year 2020 - 2021, with budget sale volumes of 1,058 thousand tons, contributing 14,358 billion VND in revenue and 662 billion VND in profit before tax, increasing 29% compared to last year.
- Moreover, the Company continues to look for new capital raising opportunities to diversify resrouces, rearrange investment portfolios, implement strategic cooperation with domestic and foreign banks towards a healthy and long-lasting financial structure.

To achieve the above business results, the Company continues to implement cost management activities and deploy technology solutions, approach modern and scientific management methods to optimize the resources as well as increasing the value of product experience for customers.

Dear General Meeting,

With the mission of **"Creating a modern, sustainable agriculture and bringing energy - nutrition sources of natural, non genetically modified origin"**, the Board of Management would like to present to the entire General Meeting the Orientation of Operations with 06 key targets assigned by the Board of Directors in the year 2020 - 2021 as follows:

1. ***For the development of organic agriculture, expand the area of organic plantations:*** Besides the key plantation areas, the Company will boost the agricultural extension, communication, improve and renew sugarcane seeds, strictly control the sugarcane harvest, etc., to improv productivity and quality harvest. In the year 2020 - 2021, the Company will complete to explore and develop new plantation areas in Laos and Cambodia. Accordingly, it's to complete the assessment of soil, water resources, transport infrastructure, etc. at the same time, transfer the technology of planting

Organic Sugarcane with the advanced farming techniques to ensure the productivity and quality of sugarcane.

2. ***For providing product and energy solutions from sugarcane:*** The product lines which optimize the intermediate production stage, reduce storage time and save production costs such as liquid sugar for the beverage industry, powdered sugar / premixes for the confectionery in which completed the research in the year 2019 -2020, will be offered to our customers this year. Besides promoting the core products, the Company has researched to expand the product portfolios that provide energy solutions, such as sugar cane juice, kumbocha drink, etc. Accordingly, the Research Center will complete its research and development functions for full chain from sugarcane seeds, technological production processes to sugar products and by products.
3. ***For Completing Import-Export Policies and Services to become an International Import-Export Trading House:*** The Company optimizes the GMC (Singapore) 's competitive advantage for International Trade, thereby providing sugar products to domestic customers as well as becoming a distribution channel for countries in the region, included major markets such as Europe, America & China. In addition, the Company will improve the management policies and gradually transform into Specialists specializing in providing solutions to customers.
4. ***For the completion of building an in-depth supply chain management process suitable for the new business model:*** In the year 2020 - 2021, the Company will boost 3PL operations and make use of the supplier's infrastructure as well as data systems. Accordingly, the Company completes to construct and promote the centralized supply chain, optimizes resource efficiency, optimizes inventory time and systemizes data.
5. ***For the restructuring of the consumer distribution system (B2C) in the direction of harnessing synergy***: The Company boosts the search for strategic partnerships in distribution activities and network expansion as well as utilizing the number of customers in the same segment. Accordingly, the Company will complete the shared service model and sharing the basis of data management service and optimize resources.
6. ***For the overall Transformation Activity of SBT:*** To complete building Oracle Fusion Cloud Digital platform, comprehensively integrate intelligent analytics and management system, store & secure knowledge towards cloud computing. Accordingly, the project will be deployed to 20 BUs in 4 countries including Laos, Cambodia, Singapore and Vietnam in compliance with tax regulations and financial standards of each country, which IFRS is the unified platform. Moreover, the ERP system will be comprehensively applied the control process along with the risk management

decentralization matrix to ensure transparency and compliance with corporate governance practices consulted by EY and IFC.

Besides, the Company will continue to improve the building of elite human resources, corporate knowledge management and business efficiency as well as actively building communication strategies with the Investors, the Government, the Community and the Public.

Conclusion

For the year 2019-2020, with carefull preparation, proactive attitude in making and implementing business plans together with the consensus and efforts of the employees, Thanh Thanh Cong - Bien Hoa Joint Stock Company has achieved appreciated results in the context of a tough period of sugar industry.

In the near future, the Board of Management will continue to boost research, improve and overcome existing limitations, as well as promote the strength of the Company in order to step by step conquer strategic goals and complete the expectation of shareholders and investors.

The Board of Management eternarlly grateful for the support of our shareholders, the close direction of the Board of Directors, all employees for their trust and unanimity over the years.

Above is the results of production and business activities in the fiscal year 2019 - 2020 and business operational orientation for the year 2020 - 2021, Thanh Thanh Cong Joint Stock Company - Bien Hoa would like to report to the General Meeting of Shareholders.

Respectfully report to General Meeting.

CHIEF EXCECUTIVE OFFICER

CÔNG TY CỔ PHẦN THÀNH THÀNH CÔNG - BIÊN HÒA

NGUYEN THANH NGU