

HUONG GIANG TOURIST JSC

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Hue, on April 20th, 2019

ANNUAL REPORT
HUONG GIANG TOURIST JOINT STOCK COMPANY
Year: 2018

(Promulgated with the Circular No 155/2015/TT-BTC on October 06, 2015 of the Ministry of Finance guiding the Information disclosure on securities markets)

I. General information

1. General information

- Trading name: HUONG GIANG TOURIST JOINT STOCK COMPANY
- Certificate of business registration No: 3300101124
- Charter capital: VND 200.000.000.000,00
- Owner's capital:
- Address: 02 Nguyen Cong Tru street, Phu Hoi ward, Hue city
- Tel: 0234.3826070 - 3826071
- Fax: 0234.3833588
- Website: www.huonggiangtourist.com
- Securities code: HGT

2. Incorporation and development process:

❖ Incorporation and development process

- Huong Giang tourist JSC, formerly known as Huong Giang hotel Company , was established in accordance with the Decision No.1500 QD-UBND dated 3rd Oct, 1994.
- On Nov 02nd, 1996, the People's committee of ThuaThien Hue province issued the Decision No.3243/QD-UBND on changing the name of Huong Giang hotel company to Huong Giang Tourist company. On Nov 15th, 2007, the People's committee of ThuaThien Hue province issued the Decision No.2559/QD-UBND on converting Huong Giang tourist company to Huong Giang tourist joint stock company.
- ❖ On Nov 17th, 2007, the company successfully organized the General shareholders meeting to establish Huong Giang tourist joint stock company and officially went into operation since January 01st, 2008.
- ❖ Other events.
- Huong Giang tourist JSC with a long history of development has always strived to be persistent to build more and stronger company, affirm the position and brand name in the domestic and international market. The company has been assessed by the leaders of ThuaThien Hue province and Viet Nam National administration of Tourism as one of leading agencies in the locality, one of the units with high socio-economic efficiency continuously in tourism industry in Viet Nam. For many years of operation and development, the company has achieved many noble titles:
- President of the Socialist republic of Viet Nam awarded:
 - The title of labor hero in the renovation period;
 - 01 first class labor medal;
 - 02 second class labor medals;



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- 01 third class labor medal;
- 01 third class honor medal;
- The Prime Minister awarded: 04 emulation flags, 06 certificates and many emulation flags and certificates of the central and local department;
- For many consecutive years, Huong Giang tourist JSC is always a lead unit in the emulation movement in the tourism industry in ThuaThien Hue province.

3. Lines and locations of business

- Business lines, the main products and services:

No.	Business lines	Code
1	Short term accomodation services Details: Travel accomodation services: Standard hotel resort & Spa	5510 (Main)
2	Sauna and steam bath, massage and similar health care services (except sport activities).	9610
3	Other telecommunications activities Details: Business of internet access points	6190
4	Direct support services for air transportation Details: Air ticket agents for domestic and international flights	5223
5	Other passenger transport by road Details: Contracted or fixed route passenger transport	4932
6	Installation of electrical system	4321
7	Installation of water supply, heating and air conditioning Details: Installation of water supply and drainage system	4322
8	Installation other construction systems.	4329
9	Site preparation	4312
10	Wholesale of beverages Details: Trading of alcoholic and non-alcoholic beverages	4633
11	Wholesale of food	4632
12	Wholesale of other household appliances Details: Trading of comestics and toiletries	4649
13	Lottery, betting and gambling activities Details: Business of prize-winning electronic games for foreigners	9200
14	Other unclassified recreational activities Details: Karaoke services	9329
15	Tour operation Details: Providing international and domestic travel services	7912
16	Restaurants and mobile food services Details: Restaurants and eateries	5610
17	Construction of buildings	4100
18	Construction of public works	4220
19	Finishing of works construction	4330
20	Agent, brokerage and auction activities Details: Currency exchange agent	4610
21	Supply and management of labor resources Details: Domestic labor training and supply	7830
22	Other unclassified mining activities	0899



	Details: Mining and trading of mineral	
23	Wholesale of machinery and other machine parts Details: Trading of machinery and equipment	4659
24	Trading of real estate with own or leased property Detail: Real estate business	6810
25	Organization of conventions and trade shows Details: Organization of events, conventions and trade shows	8230

- Business locations: ThuaThien Hue province, Viet Nam

4. Information about governance model, business organization and managerial apparatus.

Governance model and organizational structure of the company: From January 01st, 2008, the company officially operated as joint stock company, including: General shareholders meeting; Supervisory board, Board of management, Executive board, functional departments of the company and its branches. The governance model of the company is built on the principle of assignment and management according to the function of work, have a close relationship each other. General Manager of the company runs the company through decentralization to directly solve the specific tasks of the company through the leaders of functional department and directors of its branches.

5. Management structure:

Management apparatus of the company is organized according to the model of a Joint stock company.

❖ General shareholders meeting

The general meeting of shareholders is the highest authority of the company. The annual general meeting of shareholders is held once a year. The general meeting of shareholders must be held within 4 months from the last day of the fiscal year.

❖ The Board of management

The business activities and tasks of the company have been decentralized and managed by the board of management. The Board of management is authorized to exercise all rights in the name of the company except for those belonged to the General meeting of shareholders and Supervisory board.

❖ Supervisory board

The supervisory board has the powers and duties as stipulated in Article 165 of Law on enterprises and the charter of operation of Huong Giang tourist joint stock company.

❖ Board of Directors

Board of Directors of the company includes: 01 General Director, 01 Deputy General Director, 01 Chief Accountant. General Director of the Company is appointed by the Board of management, who has the main responsibility and the sole responsibility before the Board of management for all business activities of the company. Deputy director, Chief Accountant and Financial officer are appointed by the Board of management.

❖ Functional departments:

- Financial and Planning Department:** Having the function of managing the finance of the company; making the quarterly and annual financial statements, monitoring the fluctuation of fixed assets, instruments, tools and inventory; managing and monitoring finance in investment and capital construction, investment preparation and settlement; preparing the annual financial management reports, analyzing and making annual financial planning.



- b. Human Resources Department:** Having the function of personnel management, wage, social insurance and labor insurance; drafting the statutes, regulation relating to executive activities, training policies, fostering, emulation, commendation and discipline; carrying out the work of organizing the party and mass organizations.
- c. Investment and Development Department:**
Building the plan for development of the business premises of the company, advising Board of directors on the company's objective, strategic planning and business plans, looking for partners in business; managing the list of shareholders and assisting Board of management and general meeting of shareholders.
- d. Internal Control Department:**
The internal control board conducts the business operations inspection at its affiliated units, inspecting the implementation of guideline of the Board of management and the Board of directors...
- e. Secretary of the Board of management:**
Managing the list of shareholders and assisting the Board of management and the General Shareholders meeting.

❖ **Affiliated units, subsidiaries, associated companies:**

1. Affiliated units:

1.1 Huong Giang hotel Resort & Spa – branch

1.1.1 Huong Giang resort & Spa – 4 star standard

- Address : 51 Le Loi, Hue city
- Tel: 0234.3 822122 – 3823958 Fax: 0234.3 82585

1.1.2 Morin hotel – Bach Ma and Nguyen Van Le villa

- Address: Bach Ma national park, Phu Loc district, Thua Thien Hue province
- Tel: 0234.3871199

1.2. Subsidiaries and associated companies of Huong Giang tourist JSC:

No	Name of company	Address, telephone number	Charter capital (Million dong)	Contributed capital of Huong Giang (Million dong)	Ownership rate (%)
I	Subsidiaries			11.600,0	
1	Huong Giang travel one member limited liability company	11 Le Loi street, Hue city; Tel: 0234.3949596	11.600,0	11.600,0	100,00
II	Associated companies			102.555,65	
1	Saigon Morin Hue Co.,Ltd	30 Le Loi street, Hue city Tel: 0234.3823526	69.215,0	34.607,5	50,00
2	Hotel De la Cite Imperiale Co.,Ltd	05 Le Loi street, Hue city Tel: 0234.3837475	81.684,6	40.025,45	49,00
3	Lang Co tourist Co.,Ltd	Lang Co town, Loc Hai ward, Phu Loc district, TT.Hue province Tel: 0234.3873555	15.598,5	6.239,2	40,00
4	Citadel investment tourist Co.,Ltd	02 Nguyen Cong Tru street, Hue city	61.953,0	21.683,5	35,00



	Tel: 0234.3826070		
Total: (I + II)			114.155,65

2. Development orientation

2.1 The main targets of the Company in this period

- Concentration on investment in upgrading and renovating the service quality to improve the current business capacity.
- Strengthening promotion of Sale - Marketing activities, focusing on investment in online sales activities, building and upgrading the company's website, advertising activities and products of the units directly under the Company on the social networking sites like Facebook, Twister, Instagram... to better exploit domestic tourists and international tourists.
- Investing in expanding and developing business capacity in the following projects:
 - The Project of renovating Azerai La Residence hotel at 05 Le Loi street, Hue city;
 - Project of joint-venture contract liquidation and upgrading Morin hotel located at 30 Le Loi street, Hue city to five-star hotel;
 - Project of renovating and upgrading Huong Giang hotel to 5 star hotel
 - Project of renovating Festival restaurant at 11 Le Loi street, Hue city.
- Development of new project in direction of investment in real estate and typical tourist services:
 - Nama luxury resort project at 85 Nguyen Chi Dieu street has total area of 6.374 m² and scale of 20 standard bedrooms.

2.2 Risks:

* Economic risk

- Economic crises in some European countries and the political instability in some countries in the region and around the world have affected the tourist resources, production and business of the company.

* Legal risk

- The most change in policies is that financial, tax and land policies will affect the company's business.
- In addition, in integrated business environment, it is imperative for the company to capture the necessary information about the market, competitors and partners. Beside, the understanding of international law is still limited.

* Specific risk:

- The number of enterprises operating in the same industry is increasing, competitors are not only the domestic companies but also foreign - invested enterprises with capital and modern technology. This is a major competition risk for the company.
- While the supply of accommodation services has been increased, the products supporting the tourism industry have been attracting attention but have not been properly developed, the spending of tourists to Hue is still low, the short stay and not really effective for the tourism industry in general and the company in particular.

* Other risks in business

- Beside the risk factors mentioned as above, there are some risk factors such as natural disasters, war or disease in the world.



II. Yearly operations in 2018.

1. Situation of production and business operations

1.1. Results of business operations in consolidated:

- Total revenue reached 86.126 million dong and increased 5.67% and 3.8% compared to actual result of 2017 and plan of 2018 respectively.
- Total profit after tax: 3.593 million dong, increased 200.9% and 21.67% compared to actual result of 2017 and plan of 2018 respectively.

1.2. Separate results of parent company:

- Total net revenue was 48,366 million dong, reached 13.1% and 10.78% compared to actual result of 2017 and plan of 2018 respectively.
- Administrative expenses were 16,916 million dong, decreased 7.26% compared to 2017 and increased 2.47% compared to plan of 2018.
- Net loss from business activities: (-1,155) million dong, in 2017 loss of (-7,142) million dong;
- Net loss after corporate income tax (-1,157) million dong; the target set up by General Meeting of Shareholder is net profit of 2,953 million dong.

1.3 Factors affecting business results in 2018:

According to the financial statement in separated, the revenue from sales and services rendered in 2018 reached 1.533 billion dong, decreased 42.85% and 83.07% compared to actual result of 2017 and plan of 2018 respectively. The main reason is due to the decrease in profits from joint-venture companies in 2018.

2. Organization and human resource

+ Human resource in 2018

- Decision No. 03 & 04/18/QD-HDQT dated on February 26, 2018 on dismissal of the position of Deputy General Director of the Company and Director of Huong Giang Hotel for Mr. Tran Thang;
- Decision No.05/18/QD-HDQT dated on Feb 26th, 2018 on appointment of the position of Director of Huong Giang hotel for Mr. Nguyen Dang Nhan;
- Decision No. 06/18/QD-HDQT dated on February 26, 2018 on dismissal of the position of Director of Huong Giang Travel limited company for Mr. Nguyen Bon;
- Decision No. 07/18/QD-HDQT dated on Feb 26th, 2018 on appointment of the position of Director of Huong Giang travel limited company for Mr. Nguyen Chau Tuan;
- Decision No.: 10 and 11/18/QD-HDQT dated on April 27, 2018 on the termination of the appointment of Mr. Nguyen Bon to join the Board of Members at Saigon Morin Hue Limited Company and appointing Mr. Le Ba Giang as the representative of the Huong Giang Tourist JSC to participate in Member Council of Saigon Morin Hue Limited Company;
- Decision No.: 14 and 15/18/QD-HDQT dated November 7, 2018 on dismissing the title of Chairman of the Board of Management for Mr. Vu Quang Hoi; Election and approval of the title of Chairman of the Board of Management for Mr. Yukio Takahashi;
- Decision No. 16/18/QD-HDQT dated November 7th, 2018 on changing the contents of Business Registration (changing legal representative) of Huong Giang Tourist Joint Stock Company.



- Decision No. 17/18/QĐ-HĐQT dated December 26th, 2018 on approval for the investment and business plan for Festival Restaurant at 11 Le Loi, Hue city.

2.1 The list of executive board:

2.1.1 Board of directors

1. Mr. Johnny Cheung Ching Fu General Director
2. Mr. Le Ba Giang Deputy General Director

a. Mr. Johnny Cheung Ching Fu – General Director

Full name: Johnny Cheung Ching Fu
 Sex: Male
 Date of birth: 01/07/1966
 Passport No: HG 036068 issued on 16/06/2015; issued by: HongKong;
 Place of birth: Hongkong
 Nationality: Canada
 Permanent address: 51 Le Loi street, Phu Hoi ward, Hue city
 Qualification: Financial expert
 Current position : Member of Board of Management, General Director
 Number of shares held: 0.00 shares, in which:
 Number of shares represented: 0.00 shares, accounted for 0.0 % of charter capital.
 Personal ownership: 0.00 shares, accounted for 0.00% charter capital.
 Number of shares of related person: 0.0 share
 Debts with the company: None
 Law violations: None

b. Mr. Le Ba Giang – Deputy General Director

Full name: Le Ba Giang
 Sex: Male
 Date of birth: 01/01/1961
 ID Card No: 190004578 issued on: 11/08/2006 by police
 department of Thua Thien Hue province.
 Nationality: Vietnam
 Ethnic group: Kinh
 Native country: Luong Ninh, Quang Ninh, Quang Binh
 Permanent address: 75 Nguyen Chi Dieu, Thuan Thanh ward, Hue city
 Academic level: 12/12
 Qualification: Bachelor of Economics.

Working process:

- 03/1979 - 1984: Join the People's Army of Viet Nam.
- 1984 - 1991: Officer of State bank of Huong Tra district
- 1991 - 1996: Chief accountant of the State Treasury of Huong Tra District.
- 1996 - 1998: Deputy manager of accounting department, Huong Giang tourist company.
- 1998 - 2005: Chief accountant of Huong Giang tourist company.
- 04/2005 - 12/2005: Manager of joint-venture project of Huong Giang tourist JSC.
- 2006 - 08/2007: Deputy manager of innovation board, assistant to general director of finance.
- 09/2007 - 12/2007: Deputy general director of Huong Giang tourist company.



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- 01/01/2008 – 3/2011: Member of the Board of management – deputy general director of Huong Giang JSC. The president of the Trade union of Huong Giang tourist JSC;

- 03/2011 – 03/2016: The first deputy general director of La Residence hotel Co., Ltd;

- 03/2016 – 31/12/2017: Deputy general director of the company and deputy general director of La Residence hotel Co., Ltd.

- 01/10/2017 – 31/12/2017 Chairman of Huong Giang travel one member limited liability company;

Number of shares held: 0.0 shares, in which:

Number of shares represented: 0.00 shares, account for 0.0 % of charter capital.

Personal ownership: 0.00 shares, account for 0.00% charter capital.

Number of shares of related person: 0.00 share

Debts with the company: None

Law violations: None

Interest conflicts with the company's interest: None

2.1.2 Number of employees and changes in policies for employees.

a. Number of labors and labor structure

The total number of employees of the company up to now is 191 persons with the following structure:

Academic level	Number of employees	Rate (%)
Master's level	3	2
University level	70	37
College and intermediate level	41	21
Elementary level of occupation	68	35
General education	4	2
Seasonal workers	5	3
Total	191	100%

Source: Huong Giang tourist JSC

b. Working regulations

- Working time: the company works 44 hours/week. The Directors of the units can agree and request the employees to increase the shift in case to ensure the staffs to serve the guests according to the business plan of the unit.
- All employees are entitled to annual leave according to the current state regulations and are considered for salary when the term is due;
- Work conditions: The company provides full working equipment for staffs of the company. For direct labor force, the company is fully equipped with labor protection equipment and strictly obeys to the principles of labor safety.
- Training: every year, based on the actual needs, the company will assign staffs to join the training courses on improving professional skills, foreign languages and computer...which are organized by College of tourism, experts in and outside the country.
- In addition, training and in-the-job training are regularly held such as customer care skills, English in tourism...

B



c. Salary, bonus and welfare policies:

- Average salary of the company's employees in 2018 is 7.44 million dong/person/month.
- All staffs of the company are contracted to work and paid social insurance, health insurance and accident insurance as prescribed;
- Depending on the business result, the company will reward employees on the holidays.

3. Financial situation:

a. Financial situation according to the audited financial statement in consolidated of Huong Giang tourist JSC:

Figures in: Vnd

Financial figure	2018	2017	%
Total asset	270,408,751,030.00	263,634,884,841.00	102.57%
Net revenue	86,126,454,689.00	81,502,660,112.00	105.67%
Net profit from operating activities	3,379,001,696.00	278,212,644.00	1214.54%
Other profits	349,460,948.00	1,142,542,065.00	30.59%
Profit before tax	3,728,462,644.00	1,420,754,709.00	262.43%
Profit after corporate income tax	3,592,805,971.00	1,194,011,959.00	300.90%
Dividends paid to shareholders	0.00	0.00	0.0

b. Major financial benchmarks:

Benchmarks	2018	2017	Note
<i>Solvency ratio</i>			
+ Short-term payment coefficient: Short term asset/short term debt	1.70	1.59	In 2018, the short-term debts increased by 2.62 billion dong compared to 2017, equivalent to 6.11%
+ Quick payment coefficient: <u>Short term asset - Inventories</u> Short term debt	1.68	1.57	
<i>Capital structure ratio</i>			
+ Debt/Total asset ratio	17.94%	16.80%	
+ Debt/Owners' Equity ratio	21.86%	19.77%	
<i>Operation capacity ratio</i>			
+ Inventory turnover: <u>Cost of goods sold/ Average inventory</u>	78.77	73.32	
+ Net revenue/Total assets	0.32	0.31	
<i>Target on profitability</i>			
+ Profit after tax/ Net revenue	4.17%	1.46%	
+ Profit after tax/equity	1.62%	0.54%	
+ Profit after tax/Total assets	1.33%	0.45%	
+ Profit from business activities/Net revenue	3.92%	0.34%	

4. Shareholders structure, change in the owner's equity

4.1 Shares:

- Total number of outstanding shares: 20,000,000 shares



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- Number of shares transferred freely : 20,000,000 shares
- Number of shares limited transfer: 0,00 shares

4.2 Shareholders structure:

4.2.1 List of founding shareholders:

No.	Name of shareholder	Address	Number of shares	Contributed capital (dong)	Rate (%)
1	Bitexco Group Co.,Ltd	The 2nd floor, the Manor tower, Me Tri street, My Dinh ward, Nam Tu Liem district, Ha Noi city.	8,348,100	83,481,000,000	41.74
	Total		8,348,100	83,481,000,000	41.74

4.2.2 List of shareholders holding more than 5% of the company's share capital and shareholders structure until 31/12/2018:

No.	Name of shareholder	Address	Number of shares	Contributed capital (dong)	Rate (%)
1	Bitexco Group Co.,Ltd	The 2nd floor, the Manor tower, Me Tri street, My Dinh ward, Nam Tu Liem district, Ha Noi city.	8,348,100	83,481,000,000	41,74
2	Mrs. Le Thi Ngoc Thuy	15B/109 Le Thanh Ton street, the 1st district, Ho Chi Minh city	1,400,000	14,000,000,000	7,00
3	Crystal Treasure Co.,Ltd	Room 1901, the 19th floor, Lee Garden One, 33 Hysan Avenue, Causeway, Hongkong.	8,384,100	83,481,000,000	41,74
	Total		18,096,200	187,962,000,000	90,48

Shareholding percentage of the company's shareholders until 31/12/2018

No.	List	Value (million dong)	Rate %	Number of shareholders	Shareholders structure	
					Institutional shareholders	Individual shareholders
1	Shareholders inside the corporate					
	- Board of management	166,962	83.48	02	02	00
	- Board of directors	0,00	0.00	00		00
	- Supervisory board	3,500	1.75	01		01
	- Employees	2,204	1.10	153		153
	- Treasury stocks	0				



2	Shareholders outside the corporate					
	- Domestic shareholders	23,834	11,92	46	01	45
	- Foreign shareholders	3,500	1,75	01	00	01
	Total	200,000	100.0			

III. Assessments of the Board of management on the company's operation.

1. Assessments of the Board of management on the implementation of tasks assigned by the General meeting of shareholders and monitoring work of the Board of directors.

At the annual general meeting of shareholders on 27th Apr, 2018, the general meeting of shareholders approved 10 contents. The results of some resolutions are as follows:

1.1. Evaluate business performance in 2018:

a. According to the resolution approved by the General Meeting of Shareholders:

(1) Profit after tax: 2,953 million dong

(2) Plan to set up funds

- Welfare and reward funds: 10.0%

- Remuneration of the Board of management, Board of supervisor and secretary: 2.5%

(3) Average dividend payment for shareholders / 01 share: VND 129

b. According to the audited consolidated financial statements in 2018:

- Total net revenue reached 86.258 million dong and increased 5.84% and 3.96% compared to actual result of 2017 and plan of 2018 respectively.
- Administrative expenses reached 19,865 million dong and decreased 17.46% and 3.63% compared to actual result of 2017 and plan of 2018 respectively.
- Net profit from business activities reached 3,321 million dong, increased 1,114.54% and 27.06% compared to actual result of 2017 and plan of 2018 respectively;
- Net profit after corporate income tax reached 3,592 million dong, increased 200,9% and 21,67% compared to actual result of 2017 and plan of 2018 respectively.

1.2 Plan to divide profits and dividends in 2018:

According to the results of the consolidated financial statements and audited financial statements in 2018; Profit after tax in accordance with the separate financial statements of the parent company in 2018 is loss of (VND 1,157) million, so the **Board of management propose the General Meeting of Shareholders not to proceed to distribute profits, not to pay dividends to shareholders and no compensation Remuneration of the Board of Directors, Supervisory Board and Secretary in 2018.**

1.3. On the liquidation of a joint venture contract at Sai Gon Morin Hue Co.,Ltd.

The term of the joint venture contract ended on June 30, 2016, but so far the liquidation has not been completed as the partner of Saigon Tourist Corporation lacks cooperation to promote and complete procedures for liquidation of joint venture contracts although the Company has made many petitions in order to propose the Party Committee and the People's Committee of Ho Chi Minh city to direct Saigon Tourism Corporation to carry out

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procedures for liquidation of joint venture contracts as prescribed. Currently, the Company agrees with the partner, Saigon Tourism Corporation, to allow the joint venture of Saigon Morin Hue Co., Ltd to extend the joint venture for 06 months to the end of June 30, 2019 to complete the procedures for termination of the operation of the joint venture.

1.4. Huong Giang hotel resort & Spa:

In the immediate future, Huong Giang hotel will continue to maintain its productions and business activities and repair the minor items, affecting on the quality of services. In 2018, the after-tax profit of Huong Giang hotel surpassed that of 2017 to reach 4,173 billion dongs (profit after tax in 2017 was 256 million dong).

1.5. The project of upgrading and renovating Festival restaurant at 11 Le Loi street, Hue city:

The Board of Management issued Resolution No. 17/18 / QD-HDQT dated on December 26th, 2018 approving the investment plan for renovation and business plan at Festival Restaurant 11 Le Loi, Hue at the request of the Board of Directors of the Company. Accordingly, the total investment is expected to be USD 1 million (equivalent to VND 23.3 billion) with loans (60%) and equity (40%). After completing the upgraded investment plan, the Company plans to lease Kinh Thanh Hotel Co., Ltd. to manage and operate in the form of leasing assets on land.

1.6. For transferring the capital of Huong Giang tourist JSC at My An tourist JSC to Bitexco Group Co.,Ltd:

On May 28th, 2018, the Board of Management issued Resolution No. 12/18 / NQ-HDQT approving the plan to transfer the capital of Huong Giang Tourist Joint Stock Company at My An Tourism Joint Stock Company to Bitexco Group Co., Ltd and on June 21st, 2018 the two parties have signed a contract to transfer shares, completed the transfer.

1.7. Project of Nama resort at 85 Nguyen Chi Dieu, Hue.

On October 2nd, 2018, the Board of Directors issued Resolution No. 13/18 / NQ-HDQT agreeing to provide additional support for households under the project who have completed the clearance work for the expanded area of 1,674 m². (One thousand six hundred seventy four square meters of land) and certified by Hue City Land Fund Development Center in Official letter No. 1326 / XN-TTPTQĐ dated October 22, 2018. The construction technical design dossier of the project has been approved by the Department of Construction in Official letter No. 1846 / SXD-QLXD dated August 24, 2018;

Due to the location of the project's land area in Zone 1 of Hue Citadel, the signing of land lease contract is entangled by the current legal documents. The People's Committee of Thua Thien Hue province is carrying out procedures to adjust the zoning of Kham Thien Giam area to submit to the Ministry of Culture, Sports and Tourism for approval as a basis to adjust the planning of bringing the project's land out the protected area of the monument.

The total cost deployed for the project to date is 74.5 billion.

2. Plans and orientation of the Board of management in 2019:

Continue to consolidate and build a new management model throughout the Company. Review regulations relating to business operations throughout the Company from the Office of the Company to its subsidiaries and branches, which regulations are not appropriate, it is necessary to adjust to suit and support the business activities of the units.

*** Focusing on implementing some projects of the Company:**



(1). The termination of the joint venture contract at Saigon Morin Hue Co., Ltd. between Huong Giang tourist JSC and Saigon Tourist Tourist Corporation.

Continue to direct the Company's General Director and the capital representative of Huong Giang Tourist Joint Stock Company at the joint venture Saigon Morin Hue Co., Ltd. joint venture at Saigon Morin Hotel Hue.

(2). The project of upgrading Festival restaurant – 11 Le Loi street, Hue city
The Board of management has agreed on the investment in upgrading and renovating Festival restaurant at 11 Le Loi, Hue. The General Director of the Company is requested to complete items to put into operation in the 4th quarter, 2019.

(3). The project of upgrading Huong Giang hotel Resort & Spa
In 2019, Huong Giang hotel continue to focus on improving the service quality, ensuring stability and maintaining the business result, training and developing human resources. In addition to, the Board of Directors continues working with the consultants and selecting the optimal opinion for the project of upgrading and renovating Huong Giang JSC.

(4). The project of Nama resort at 85 Nguyen Chi Dieu street, Hue city:
Continue to follow the departments and agencies in the province to support the Company to soon complete the procedures for land lease, construction permits for the project. Striving to start and implement the first items of the project in the 3rd quarter, 2019.

(5). The project of expanding Aerai-La Residence-05 Le Loi street, Hue
Striving to complete the procedures for renting land (part of expanded land) in the 1st quarter, 2019. Deploying the construction of the approved expansion project. Continue to upgrade and renovate blocks A and C in 2019.

(6). Implementation of the business figures in 2019:

Directing the Board of Directors and the functional departments to strive to complete the business targets according to the approved plan, as follows:

(6.1) Expected profit after tax of the Company in 2019: 7.231 billion dongs

(6.2) Plan to set up funds:

- Welfare and reward fund: 10% of the profit after tax

- Remuneration of the Board of management, Board of Supervisors and Secretary: 2,5% of the profit after tax

(6.3) Average dividend for shareholder/01 share: VND 316.36

3. Board of Management

a. Members and structure of Board of management:

The Board of management (BOM) in the term of 2016-2021:

No.	Name	Position	Percentages of ownership in voting shares (%)		Membership
			Individual	Representative	
1	Yukio Takahashi	Chairman of the BOM	0.00	41.74	Independent member, not directly involved in operation; Election and approval of the



					position of the Chairman of BOM from Nov 07 th , 2018
2	Vu Quang Hoi	Member of the BOM	0.00	0.00	Independent member, not directly involved in operation, step down at the Chairman of BOM position from Nov 07 th , 2018
3	Nguyen Viet Tao	Member of the BOM	0.00	0.00	Independent member, not directly involved in operation
4	Go Fujiyama	Member of the BOM	1,5	0,00	Independent member, not directly involved in operation
5	Johnny Cheung Ching Fu	Member of the BOM	0,00	0,00	Member of BOM and General Director of the Company

b. Activities of the Board of management in 2018:

In 2018, the Board of management was in regular meeting 05 times, including 02 direct meetings and 03 indirect meeting. The Board of management issued 17 resolutions, including the resolutions of direct meeting sessions.

For non-executive members of the Board of management, they are mainly involved in the meetings of the BOM and General meeting of shareholders and give the feedback on the arising issues which Chairman of the BOM proposes to give written comments in addition to the contents of the regular meeting.

c. Activities of the committees of the Board of Management: None

4. Supervisory board

a. Members and structure of the Supervisory board:

No.	Name	Position	Percentages of ownership in voting shares (%)	
			Individual	Representative
1	Ho Minh Quoc	Chief of board	0.00	0.00
2	Dao Thi Chinh	Member	0.00	0.00
3	Fumiyo Okuda	Member	1.75	0.00

b. Activities of the Supervisory board in 2018:



The Supervisory board has checked and supervised the observance of the provisions of Law on Enterprise, the charter of the company, the resolutions of General meeting of shareholders in 2018 on the management and operation of business activities, in details:

- To implement the assigned tasks, always follow the resolution of General meeting of shareholders.
- To check and supervise the quarterly financial statement, appraise the annual financial statement to assess the reasonableness of the financial figures.
- To consider and assess the activities of the Board of management in 2018 related to the implementation of investment and business plan in 2018 assigned by General meeting of shareholders.
- To appraise reports on business results, financial statement, analyze and elevate the financial status, performance, ability to preserve and develop capital.
- To consider the appropriateness of the decisions of the Board of management on management and decisions of the Board of directors on operation.
- To control the order and procedures for issuing the company's documents in accordance with the law and the company's charter.
- To check and supervise the implementation of the resolutions of General meeting of shareholders, the Board of management and the Board of directors.

5. Transactions, remunerations and interests of the Board of management, the Board of directors and Board of supervisory

a. At the annual general meeting of shareholders ("GSM") on 27th Apr, 2018, the GSM agreed unpaid remuneration of the Board of Management, Board of supervisory and Secretary in fiscal year 2017.

b. Transactions of internal shareholders:

- On June 22nd, 2018, Crystal Treasure Co.,Ltd shareholder made a transfer of 700,000 shares, reducing the number of shares currently owned from 9,048,100 shares (equivalent to 45.24%) to 8,348,100 shares (respectively 41.74%);
- On June 22th, 2018, Ms. Fumiyo Okuda - Member of the Supervisory Board of the Company made a purchase of 350,000 shares (equivalent to 1.75%);

c. Contracts or transactions of internal shareholders: None

d. Implementation of regulations on corporate governance: Pursuant to the internal regulations on corporate governance of Huong Giang tourist JSC issued in conjunction with the Decision No.03/QD-HDQT dated 03th March, 2010, the Board of management, Board of directors have implemented the procedures as well as the order of contents as prescribed. in details:

- The order and procedures for convening and voting at the general meeting of shareholders;
- The order and procedures for holding meetings of the Board of management (stated in the operation regulation the Board of management);
- The order and procedures for selecting, appointing and dismissing the senior managers;
- The order and procedures for coordination of activities between the Board of management, Board of directors and Board of supervisors;
- Regulation on performance evaluation, commendation and disciplining of members of the Board of management, members of the Board of directors and members of the Board of supervisors;
- Disclosure of information on business result of the company.



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6. Audited financial statement of Huong Giang tourist JSC in 2018.

The auditor is AASC auditing Co.,Ltd – Ha Noi branch. Address: at 01 Le Phung Hieu, Hoan Kiem district, Ha Noi city.

The audited financial statements of Huong Giang tourist JSC include the financial statement in separated and financial statement in consolidated, posted on the website of Huong Giang tourist JSC (www.huonggiangtourist.com), investor relations section.

Huong Giang tourist JSC commits to the contents presented in the 2018 annual report.



GENERAL DIRECTOR

Johnny Cheung Ching Fu