

Hue, on May 21st, 2019

**REPORT OF THE BOARD OF MANAGEMENT
AT THE ANNUAL GENERAL SHAREHOLDERS MEETING IN 2019
(FISCAL YEAR 2018)**

A. Performance report in 2018:

I. Assessment on implementation of tasks assigned by General shareholders meeting (“GSM”):

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

1. Result on business activities in 2018

a. According to the resolution approved by the GSM:

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

(2) Plan to set up funds

- Welfare and reward fund: 10,0 %

- Remuneration of the BOM, Board of supervisors and Secretary: 2,5 %

(3) Average dividend payout for shareholders/ 1 share: VND 129

b. According to the result of the audited consolidated financial statement in 2018:

- Total net revenue reached: 86,126 million dong, increased 5,67% compared to annual 2017 and increased 3,80% compared to plan 2018.
- Administrative expenses: 19,865 million dong, decreased 17,46% compared to annual 2017 and decreased 3,63% compared to plan 2018.
- Net profit from business activities: 3,379 million dong, increased 1.114,52% compared to annual 2017 and increased 27,06% compared to plan 2018.
- Net profit after business income tax: 3,593 million dong, increased 200,9% compared to annual 2017 and increased 26,03% of the plan for 2018 approved by the GSM;

The reasons affecting the target of the company's after business income tax profit plan in 2018 are explained in detail in the report of the Board of Directors.

2. Plan of profit distribution and dividend for 2018: According to the results of the audited separate financial statements of 2018 profit loss 1,157 million dong so the BOM proposed the General Meeting of Shareholders **non distribute profit, non payment dividends to shareholders and non remuneration is paid by the Board of Management, and Supervisory Board of year 2018.**

3. Liquidation of joint venture contract at Saigon Morin Hue Co.,Ltd.

The term of the joint venture contract ended on June 30th, 2016, but so far the liquidation has not been completed because 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 to the Party Committee, Ho Chi Minh City People's Committee to propose their direction to Saigon Tourist Corporation for the cooperation and real implementation of procedures for liquidation of joint venture contracts as prescribed. Currently, the Company agrees with the partner of Saigon Tourist 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 joint venture contract.

4. Huong Giang Hotel Resort & Spa:

Huong Giang Hotel continues to maintain production and business activities and fix small and urgent items, affecting service quality. In 2018, the after-tax profit of Huong Giang hotel surpassed that of 2017 to reach 4,173 billion dong (2017 profit after tax is 256 million dong).

5. Festival restaurant renovation project at 11 Le Loi street:

The Board of Management issued Resolution No. 17/18/QĐ-HĐQT dated on December 26th, 2018 approving the investment plan for renovation and business plan at Festival Restaurant- 11 Le Loi street, Hue city according to the request of the Board of Director 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 let Hotel De La Cite Imperiale Co., Ltd lease for the management and operation in the form of leasing assets on land.

6. The transfer of capital of Huong Giang Tourist Joint Stock Company at My An Tourist Joint Stock Company to Bitexco Group Company Limited:

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

7. For Nama resort project at 85 Nguyen Chi Dieu, Hue city. On October 2nd, 2018, the Board of Management issued the Resolution No. 13/18 / NQ-HĐQT agreeing to provide additional support for households under the project which has been 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 Document 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 the official letter No. 1846 / SXD-QLXD dated August 24th, 2018;

Due to the location of the project belongs to the 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 area out the protected area of the monument.

The total cost deployed for the project to date is VND 61,9 billion.

II. Executive management:

1. Organization and personnel:

In 2018, the Board of Management has met 05 times including 03 indirect meetings and 02 direct meetings.

Some resolutions issued by the BOM in 2018, including:

- Decisions No. 03&04/18/QD-HDQT dated on February 26th, 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 February 26th, 2018 on the appointment of Director of Huong Giang Hotel Resort & Spa to Mr. Nguyen Dang Nhan from March 1st, 2018;

- Decision No. 06/18/QD-HDQT dated on February 26th, 2018 on dismissing the title of Director of Huong Giang Travel Company Limited for Mr. Nguyen Bon;

- Decision No. 07/18/QD-HDQT dated on February 26th, 2018 on the appointment of Mr. Nguyen Chau Tuan to hold the position of Director of Huong Giang Travel Company Limited from March 1st, 2018;

- Decisions No. 10 and 11/18/QD-HDQT dated on April 27th, 2018 on the termination of the appointment of Mr. Nguyen Bon to join the Members Council at Saigon Morin Hue Company Limited and appointing Mr. Le Ba Giang to be the representative of Huong Giang Tourist Co.,Ltd to participate in the Member Council at Saigon Morin Hue Company Limited;

- Decisions No. 14 and 15/18/QD-HDQT dated on November 7th, 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 on November 7th, 2018 on changing the contents of Business Registration certificate (changing legal representative) of Huong Giang Tourist Joint Stock Company.

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

2. Regarding the selection of auditing company to audit the separate financial statements and the consolidated financial statements of 2018. The annual general meeting of shareholders approved the list of 03 companies. At the request of the Supervisory Board, the Board of Management has approved the selection of AASC Auditing Company Limited to audit the separate Financial Statements and consolidated financial statements for 2018.

3. Evaluating the implementation of resolutions of the BOM:

The independent members of the Board of Management who do not participate in the management fully participate in the meetings of the Board of Management and the General Meeting of Shareholders as well as contributing feedback on arising

problems that the Chairman of the Board of Management proposed to give opinion in writing in addition to the content at the regular session.

The Board of Director closely followed resolutions of the General Shareholders Meeting as well as resolutions issued by the Board of Management in 2018 to well implement the decisions and resolutions proposed.

B. Planning of the BOM in 2019:

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

I. Focus 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 Corporation.

Continue to direct the General Director of the Company and the capital representative of Huong Giang Tourist JSC at Saigon Morin Hue Co., Ltd to urge the completion of procedures for liquidation and termination of joint-venture contract soon at Saigon Morin Hotel Hue.

2. Investment project to renovate the Festival Restaurant - 11 Le Loi street.

The Board of Management has agreed to invest in upgrading Festival restaurant facilities at 11 Le Loi, Hue city. General Director of the Company is requested to carry out and complete the items to strive to put into operation in the 4th quarter, 2019

3. The project of upgrading and renovation Huong Giang Hotel Resort & Spa:

In 2019, Huong Giang Hotel continues to focus on improving service quality, ensuring stability and maintaining business results as well as training and developing human resources. In addition, the Board of Management continues to work with consultants, selecting the optimal plan for the project of upgrading & renovating Huong Giang Hotel.

4. The project of Nama resort at 85 Nguyen Chi Dieu street, Hue city:

Continue to follow the departments 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 of 2019.

5. The peoject of expanding Azerai-La Residence Hotel - 05 Le Loi street.

Striving to complete the procedures for land lease (the expanded area) in the 1st quarter of 2019 and deploying the construction of the approved expansion project. Continue to upgrade and renovate A and C block in 2019.

6. Implementing business targets in 2019:

Direct the General Director and the functional departments of the company to strive to complete the business targets according to assigned plan, as follows:

- (1) The expected profit after tax of the company in 2019: 7,231 million dongs
- (2) Plan for set up funds:



- Welfare and reward fund: 10% of the profit after tax
- Remuneration for the BOM and Supervisory board: 2,5% of the profit after tax.

(3) Average dividend per 01 share: 316,36 dongs

II. Executive management:

1. Maintain the BOM meetings of the Company once a quarter to evaluate the effectiveness of business operations of the Board of Directors as well as supervising the implementation of resolutions issued by the General Shareholders Meeting and Board of Management.

2. Continue to strengthen management in joint venture companies, consider re-appointing officials or rotating capital representatives of the Company in joint ventures, focusing on completing projects early to put into operation, improve service quality at joint venture companies, subsidiary... to increase revenue for the Company.

Dear shareholders!

The Board of Management sincerely thanks the shareholders who have cooperated and shared with the BOM in the past time. The BOM with the aims to change new management methods, will continue to effort and strive harder to fulfill its duties and improve the business performance of the Company./.

**FOR THE BOARD OF MANAGEMENT
CHAIRMAN**

(signed)

Yukio Takahashi