

Hue, on December 04, 2020

**REPORT OF THE BOARD OF MANAGEMENT  
AT THE ANNUAL GENERAL SHAREHOLDERS MEETING IN 2020  
(FISCAL YEAR 2019)**

**A. Performance report in 2019:****I. Assessment on implementation of tasks assigned by General shareholders meeting ("GSM"):**

The Annual GSM of Huong Giang Tourism Joint Stock Company held on May 31, 2019 voted 10 contents, approved 09 issues, not approved 01 content. The results of some resolutions are as follows:

**1. Regarding business results in 2019:****a. According to the resolution approved by the GSM:**

(1) Profit after tax: VND 7,231 million

(2) Plan to set up funds

- Welfare and reward fund: 10,0 %

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

(3) Average dividend payout for shareholders/ 1 share: VND 316

**b. According to the result of the audited consolidated financial statement in 2019:**

Net profit after tax: 3,753 million VND, increase of 4.46% compared to 2018 and reaching 51.9% of the 2019 plan approved by the GSM;

*The reasons for affecting the company's profit after-tax target in 2019 are explained in detail in the report of the Board of Directors.*

**2. Plan of profit distribution and dividend for 2019:** As a result of the consolidated financial statements and audited separate financial statements in 2019; Profit after tax in the parent company's separate financial statements in 2019 reached **VND 2,975 million**, this amount will be offset by accumulated losses of previous years and provision for risks for 2020, so the Board of Management recommended the GSM: **"Non distribute profit, non payment dividends to shareholders and non remuneration is paid by the Board of Management, and Supervisory Board of year 2019".**

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

The liquidation of the joint venture contract between Saigon Tourist Corporation and Huong Giang Tourist Joint Stock Company at the Saigon Morin Hue Hotel joint venture is still being discussed by the two sides to complete the termination procedures of the joint venture, although the Board of Council of Saigon Morin Hue Co., Ltd. has issued many resolutions related to the liquidation and dissolution of the joint venture since 30/6/2016 up to now and the most recent resolution related to the dissolution of the joint venture on September 30, 2020. The

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Board of Directors of Saigon Morin Hue Co., Ltd. is continuing to carry out the procedures related to the dissolution work in accordance with the law.

#### **4. Huong Giang Hotel Resort & Spa:**

Huong Giang Hotel's business operations in 2019 continued to be stable and increased compared to 2018. In 2019, the profit before tax of Huong Giang hotel reached 5,17 billion VND, up 23,9% over the year 2018 and 3,3% higher than the 2019 plan.

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

The project was approved by the Board of Management in December 2018 (Resolution No. 17/18 / QĐ-HĐQT) with a total estimated investment of USD 1 million (equivalent to VND 23.3 billion), in which loans ( 60%) and equity capital (40%).

Due to the effects of the Covid 19 epidemic, the project had to temporarily stop the renovation from March 2020. The company is pushing the construction units to strive to complete the items to put the project into operation on the occasion of Hue Festival 2020.

#### **6. The Nama project at 85 Nguyen Chi Dieu, Hue city.**

The project has completed site clearance of the extension and detailed of technical design was approved by the Department of Construction. However, due to the location of the project's land belonging to region 1 of historical site, the signing of land lease contract is being entangled by current legal documents. The People's Committee of Thua Thien Hue Province is carrying out the procedures for adjusting the zoning area of Kham Thien Giam monument to submit to the Ministry of Culture, Sports and Tourism for approval as a basis for adjusting the planning to bring the project's land out of protection area of monuments.

#### **7. Expansion Azerai La Residence Hotel project**

Investor – Hotel De La Cite Imperiale Co., Ltd has completed steps on project management, design consultancy, site clearance compensation, leveling, basic design appraisal, fire protection, impact assessment. environment with a total cost of 30.7 billion VND. However, at the request of the People's Committee of Thua Thien Hue province, the project must repeat the land lease process from the beginning. Specifically, the land use right auction of the project is being implemented by agencies and agencies. Currently, the project is still waiting for instructions on completing the auction of the use rights from the government of Thua Than Hue province.

### **II. Executive management:**

#### **1. Organization and personnel:**

In 2019, the Board of Management had 04 meetings including 03 indirect meetings (in written opinions) and 01 direct meeting.

Some resolutions that the Board of Management issued in 2019 include:

- Decision No. 24/19 /QĐ-HĐQT dated May 21, 2019 approving the contents of the meeting on May 21, 2019 of the Board of Management of the Company;

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- Decision No. 37/19/QĐ-HĐQT dated September 16th, 2019 on the reappointment of the position of General Director of the Company to Mr. Johnny Cheung Ching Fu;

- Decision No. 39/19/QĐ-HĐQT dated September 27th, 2019 on the establishment of Business Development Department under Huong Giang Tourism Joint Stock Company;

- Decision No. 40/19 / QĐ-HĐQT dated September 27, 2019 on the resignation of Mr. Nguyen Viet Tao to participate in managing the capital of HGT at Hotel De la Cite imperiale Company Limited;

- Decision No. 41/19/QĐ-HĐQT dated September 27, 2019 regarding the appointment of Mr. Johnny Cheung Ching Fu to manage the capital of HGT at Hotel De la Cite imperiale Company Limited in place of Mr. Nguyen Viet Tao;

- Decision No. 46/19/QĐ-HĐQT dated December 30, 2019 regarding increase of charter capital at Hotel De la Cite imperiale Company Limited;

- Decision No. 47/19 / QĐ-HĐQT dated December 30, 2019 on the unanimous content of the Report of the Board of Directors of the Company on the estimated business results of 2019 and business plan of 2020;

2. Regarding the selection of auditing company to audit the separate financial statements and the consolidated financial statements of 2019. The annual GSM 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 2019.

3. Regarding the implementation of procedures for centralized securities depository and listing on Upcom:

In 2019, the Company signed a contract with Asia-Pacific Securities Joint Stock Company to support the procedures to register the company's depository shares at Vietnam Securities Depository Center ("VSD"), then proceed to list on Upcom. However, VSD's request for the company to explain and provide related documents, so the depository and listing on Upcom has not been completed.

On July 30, 2020, VSD issued a Securities Registration Certificate for the HGT Company's shares and on October 8, 2020, the Hanoi Stock Exchange issued Decision No. 547 / QĐ-SGDHN on the approval of registration for stock trading of Huong Giang Tourist Joint Stock Company on Upcom market.

4. Assessing activities of independent members of the Board of Management and assessing the implementation of resolutions of the Board of Directors:

Independent members of the Board of Management who do not participate in the management, fully participate in the Annual GSM and the Board of Management meetings. In addition, members of the Board of Management contribute feedback on issues that the Chairman of the Board of Management requests to give written opinions in addition to the contents at the regular meeting.

Supervise the Board of Director to implement the resolutions of the General Meeting of Shareholders as well as the resolutions of the Board of Management issued in 2019.

#### **B. Planning of the Board of Management in 2020:**

Continue to restructure, consolidate the management system of the Company and its subsidiaries. Review and adjust the rules and regulations relating to business

administration activities throughout the Company to ensure compliance and support for business activities of the subsidiaries.

**I. Focus on implementing some projects of the Company:**

**1. Terminating the joint venture contract at Saigon Morin Hue Co., Ltd.**

Continuing to direct the General Director of the Company and the capital representative of Huong Giang Tourism Joint Stock Company in the joint venture of Saigon Morin Hue Co., Ltd to push the relevant division to complete the termination procedures of the joint venture contract at the Saigon Morin Hotel Hue soonest.

**2. Complete the renovation project of Festival Restaurant - 11 Le Loi, Hue**

Request the Board of Directors to urge work with the construction company to soon complete the construction items to put into operation in the 1<sup>st</sup> quarter of 2021.

**3. Nama Project at 85 Nguyen Chi Dieu, Hue City:**

Continue to closely follow the guidance of the Provincial People's Committee, the Department of Culture, Sports and the Hue Monuments Conservation Center in completing the task of preserving and promoting the value of Hue Monuments Complex till 2030. On the basis of the new planning task, the project's land will be removed from the area of protection of the monument, the purpose of use will be converted into a commercial and service land, the procedures for land renting, granting construction permits to the project.

**4. Azerai-La Residence Hotel land expanding project - 05 Le Loi, Hue.**

Continue to follow up and submit a written request to the leaders of the Provincial People's Committee, departments of Thua Thien Hue province to soon support the Company to complete the auction procedures of the project's land use rights according to the new regulations so that the project can soon be starting construction.

**5. Transforming the model of Subsidiaries and Branches:**

Plan to converting Huong Giang Hotel from the model of a dependent accounting branch to an independent accounting limited company.

**6. Implementation of business plan targets in 2020:**

The Board of Management stated that the business operation in 2020 is really difficult for the tourism industry due to the severe impact of epidemic Covid19. Based on the proposal of the General Director and the functional departments, the business plan targets for 2020 is as follows:

- (1) The expected profit after tax in 2020 (loss): (31,396) billion dongs
- (2) Plan for set up funds: None welfare and reward fund; None remuneration for the BOM and BOS.
- (3) Do not pay dividends because the business of profit loss.

**II. Executive management:**

1. Complete the adjustment of the Company's charter and corporate governance regulations in accordance with current law.

Maintain the Board meetings every quarter to evaluate the business performance of the Board of Directors as well as supervise the implementation of resolutions of the GSM and resolutions of the Board of Management were issued.

2. Continue to restructure, consolidate the management system of the Company and its subsidiaries, improve service quality at affiliated units, focus on completing investment projects to put them into operation soon, increase the company's scale and increase company's revenue. Looking for investment opportunities in the future to enhance the position and develop the brand of the Company.

Dear value of shareholders!

The Board of Management would like to thank the shareholders for your cooperation and sharing with the Board of Management over the past time. The Board of Management always aims at perfecting the management method, continuing to make more efforts to improve the business performance of the Company./.

FOR THE BOARD OF MANAGEMENT  
CHAIRMAN



*Yukio Takahashi*  
Yukio Takahashi