

HUONG GIANG TOURIST JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM **Independence - Freedom - Happiness**

Hue City, July 20th, 2021

REPORT OF THE GENERAL DIRECTOR OF THE COMPANY

About business results in 2020 and business plan in 2021

At the Annual General Meeting of Shareholders in 2021

I. Business results in 2020

1. Factors affecting business results in 2020:

2020 is a year when the tourism industry's activities face many difficulties due to the outbreak of the Covid-19 pandemic in Vietnam from the second half of March 2020. After the first phase of the pandemic was controlled at the beginning of June, then the second wave of pandemic broke out at the end of July and lasted until the end of 2020. In 2020, there were many storms and major floods that directly impacted Hue and seriously affected the business results of the Company.

2. Business performance results in 2020

a) Consolidated business results of the Company

No.	Target	Unit	Actual 2019	Plan 2020	Actual 2020	Act 2020/ Act 2019 (%)	Act 2020/ Plan2020 (%)
1	Sales and service delivery revenue	milli on dong	93,787	29,026	28,972	30.89	99.81
2	Cost of goods sold	"	76,583	32,978	32,700	42.70	99.16
3	Sales and service delivery gross profit	"	17,203	-3,952	-3,729	-	-
4	Revenue from financial operations	"	5,002	1,362	1,479	29.56	108.60
5	Financial expenses	"	285	217	215	75.57	99.05
	<i>In which: loan interest</i>		282	217	215	76.19	98.78
	<i>Interest in affiliates</i>		1,716	-10,986	-14,167	-	-
6	Sales expenses		1,899	1,018	1,034	54.43	101.51
7	Enterprise management expenses	"	18,662	13,310	14,195	76.07	106.65
8	Net Profit from business activities	"	3,076	-28,122	-31,861	-	-
9	Other incomes	"	699	-	768	109.90	-
10	Other expenses	"	19	9,436	11,271	-	119.44
11	Other profits	"	680	-9,436	-10,502	-	-
12	Accounting profit before tax	"	3,756	-37,559	-42,364	-	-
13	Current corporate income tax expense		3	-	-	-	-
14	Profit after corporate income tax	"	3,753	-37,559	-42,364	-	-

3. Cause analysis and performance results:

3.1 Huong Giang Hotel Resort & Spa:

In 2020, Huong Giang Hotel proceeded to replace the corridor carpets of block A and block C, build a walkway along the river, replace the corrugated iron roof of block B, repair and upgrade equipment and install new wastewater treatment system for the hotel.

Regarding the business results of Huong Giang Hotel in 2020, due to the impact of the Covid-19 pandemic, storms and floods occurred in a row, so the targets of Revenue - Profit after tax in 2020 are much lower than those of same period in 2019, specifically:

Revenue in 2020 reached VND 18,703 million, down 66% compared to the same period in 2019 (down VND 35,681 million).

Profit after tax: loss of VND 6,861 million, compared to the same period in 2019 with profit of VND 5,119 million.

3.2 Huong Giang Travel One Member Company Limited:

The implementation of the project to upgrade the entire restaurant Festival 11 Le Loi Hue, in which the construction of the main building has affected the premises - the business environment of the company, Binh Minh Restaurant continues to be degraded, ... thus affecting the business results of the company.

In terms of business results in 2020, due to the impact of the Covid-19 pandemic, storms and floods, the revenue of Restaurants, Transportation, Travel and air ticket Office in 2020 reached VND 10,559 million, down 74% compared to the same period last year in 2019 (down VND 29,352 million); Profit after tax: loss of VND 4,323 million compared to the same period in 2019 with profit of VND 12.5 million.

3.3 Hotel De La Cite Imperiale Company Limited:

Regarding business results in 2020, due to the impact of the Covid-19 pandemic, storms and floods, Sales of goods and services in 2020 reached VND 25,566 million, down 65% compared to the same period in 2019 (down VND 48,060 million); Profit after tax: loss of VND 27,017 million, compared to the same period in 2019 with profit after tax is VND 247 million.

3.4 Saigon Morin Hue Company Limited:

Due to the expiration of the joint venture contract between Huong Giang Tourist Joint Stock Company and Saigon Tourist Corporation (Saigon tourist), the Board of Members has limited the investment in replacing tools and service equipments for business activities such as rooms, restaurants and other services and currently the Company is operating in a short-term extension (by each phase).

Regarding business results in 2020, due to the impact of the Covid-19 pandemic, storms and floods, the sales of goods and services in 2020 reached VND 21,844 million, down 63% compared to the same period in 2019 (decreased by VND 37,465 million); Profit after tax: loss of VND 6,378 million, compared to the same period in 2019 profit after tax of VND 7,809 million

3.5 Lang Co Tourist Company Limited:

Regarding business results in 2020, due to the impact of the Covid-19 epidemic, storms and floods, Sales of goods and services in 2020 achieved VND 11,105 million, down 63% compared to the same period in 2019 (down VND 18,905 million); Profit after tax: loss of VND 3,626 million, compared to the same period in 2019 profit after tax is VND 2,354 million.

** Separate business result of the Company*

No.	Target	Unit	Actual 2019	Plan 2020	Actual 2020	Act2020/ Act2019 (%)	Act2020/ Plan2020 (%)
1	Sales and service delivery revenue	million dong	54,384	17,904	18,703	34.39	104.46
2	Cost of goods sold	"	40,476	19,874	20,449	50.52	102.89
3	Sales and service delivery gross profit	"	13,909	-1,970	-1,745	-	-
4	Revenue from financial operations	"	4,999	1,291	1,450	29.01	112.34
5	Financial expenses	"	-948	8,926	9,780	-	109.57
	<i>In which: loan interest</i>		-	-	-	-	-
	<i>Interest in affiliates</i>		1,859	1,018	1,034	56.60	101.51
6	Sales expenses		15,484	11,335	12,025	77.66	106.08
7	Enterprise management expenses	"	2,513	-21,959	-23,134	-	-
8	Net Profit from business activities	"	481	-	751	156.21	-
9	Other incomes	"	19	9,436	11,271	59,917.53	119.44
10	Other expenses	"	462	-9,436	-10,519	-	-
11	Other profits	"	2,975	-31,396	-33,653	-	-
12	Accounting profit before tax	"	-	-	-	-	-
13	Current corporate income tax expense		2,975	-31,396	-33,653	-	-

According to separate report of the Company: the profit after tax plan for 2020 is loss of VND 31,396 million, increase of VND 2,257 million compared to the plan (profit after tax in 2020: loss of VND 33,653 million). The reason for the increase in loss is that in 2020, the company has to allocate the land rent of the 11 Le Loi facility for the Festival restaurant renovation project with the amount of 2.3 billion VND because this project is behind schedule.

II. Performance result of projects:

1. Project at 85 Nguyen Chi Dieu – NAMA resort.

According to the plan, the construction will be started in May 2018 and completed in April 2019. However, at present, the project has not started because the Company is still waiting for the competent authorities of Thua Thien Hue province to adjust the detailed planning of Hue Imperial City for the Nama project implementation area.

2. Expansion project of La Residence hotel (Azerai La Residence)

Up to now, Hotel De La Cite Imperiale Company Limited. has completed the relevant procedures to start construction. However, at the request of the People's Committee of Thua Thien Hue province, the project must re-implement the process of renting land from the beginning. Specifically, the auction of the project's land use rights and is being implemented by agencies and departments is expected to be implemented in August 2021.

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

The term of the joint venture contract ended on June 30, 2016 and the Board of Members of the Company had many resolutions approving the termination of the joint venture. On the part of Huong Giang Tourist Joint Stock Company, it has prepared financial resources to pay the liquidation value of assets at Saigon Morin Hue Hotel for

its partners. At the same time, develop a plan to receive, renovate and operate the hotel with a new brand.

However, the liquidation of the joint venture contract between Saigon Tourist Corporation and Huong Giang Tourist Joint Stock Company at the joint venture Saigon Morin Hue Hotel is still being discussed by the two parties to complete the grading procedures although the Board of Members of Saigon Morin Hue Co., Ltd. has issued many resolutions related to the liquidation and dissolution of the joint venture. Currently, the Board of Members of Saigon Morin Hue Co., Ltd. has allowed Saigon Morin Hue Hotel to continue operating until December 31, 2021 so that SGT has more time to consult the management level, the City Party Committee, Ho Chi Minh City People's Committee and the Ministry of Finance on the plan to liquidate the Joint Venture Contract in accordance with the law.

4. Project of upgrading Tourist Service Center Festival 11 Le Loi:

The company has started construction work since November 2019. However, until March 2020, the construction was halted because of the Covid 19 pandemic and the flood situation.

Currently, although the business situation has been seriously affected by the Covid-19 pandemic, the Company is trying to mobilize all resources and negotiate with the project management company and construction company to continue carrying out the work upgrading Festival Restaurant to welcome tourists in 2021

III. Performance result of other tasks

1. Regarding investment and purchasing:

- At Huong Giang Hotel: due to the serious impact of the Covid pandemic, the business situation is very difficult, the hotel has calculated and carefully considered the procurement of equipments for business activities, only purchasing items that are really needed, items that are damaged beyond repair, etc.

Specifically: purchasing for the Housekeeping department (towels, pillows, linens), replacing carpets in the corridors of block A and C, replacing corrugated iron roofs in block B, building a new wastewater treatment system for the whole hotel, and some items of the hotel's garden landscape. The total value of investment in 2020 at the hotel is about VND 2.5 billion from asset depreciation

- At Huong Giang Travel One Member Limited Liability Company: in 2020 the business activities of the company are very difficult, so the company has saved in procurement, hardly new purchases.

2. Regarding financial work:

The financial situation of the Company during the year is always reflected honestly, timely and transparently. Strictly implementing the regime of management of capital and asset use, profit distribution, financial management and accounting regime in accordance with the law. Fully implement the purchase of property insurance and make provisions according to the provisions of law. Reviewed semi-annual and year-end audit results as prescribed. Maintain inspection and control of cash flow at the subsidiaries and branch. Implement effective cost control, GOP gross profit ratio. Actively collect debts, reduce receivables and bad debts.

3. Regarding Administration and Human Resource management

In 2020, the management of the Company's BOD encountered difficulties when not being directly present for management due to the pandemic. However, the Board of Directors has assigned tasks to run and manage all activities of the Company. To participate and solve the requirements of the local government and relevant agencies.

Fully implemented reporting regimes to the Board of Management, disclosing relevant information about the Company's operations in accordance with the law. Thoroughly overcome the problem of late reporting and information disclosure of previous years. Timely prepare reports and proposals for opinions of the Board of Management on issues in accordance with the provisions of the Charter and fully implement the resolutions of the Board of Management of the Company.

Proactively develop a plan to arrange personnel appropriately when the epidemic occurs. Specifically, actively reduced working days and wages of all employees. Cutting 25% of employees, suspending labor contracts, only maintaining security team and maintenance team with 50% of salary. With those human resource policies, the Company has cut more than 6,255 million dong of labor costs. Ensure minimum insurance policies for employees during closure and contract suspension.

Continue to perform centralized record at the Company's Human Resources Department. Deploying legal service contracts to advise on the Company's activities. Update the State's changes in human resource policy to adjust accordingly, in accordance with the law, regulations and development orientation of the Company such as: policy on regional minimum wages, participation in insurance of the Employee, the provisions on retirement benefits and other relevant regulations.

4. General assessment:

In the past year, the pandemic situation has had a great impact on the Company's business results, income, employment and employees' psychology. The company has implemented flexible policies, ensuring the harmony of interests between businesses and employees. At the same time, the Company also recognized the positive contributions and difficult sharing from the leaders of the units and from the employees to the Company during the pandemic.

Despite many difficulties, the subsidiaries and branch have made efforts to open more services, to generate revenue, to maintain facilities against deterioration. Prepare facilities to serve guests when the situation changes in a positive direction.

IV. Business Plan 2021:

1. General perception

2021 continues to be identified as a difficult year for the tourism industry due to the Covid-19 pandemic situation. International flights to Vietnam have not been opened yet. The travel plans of domestic tourists were completely disrupted and canceled along with the caution about the pandemic situation with complicated and fast-spreading new variants. The end of this difficult situation is difficult to predict.

2. Business targets:

Facing the particularly difficult situation of 2021 due to the continued influence of the Covid-19 pandemic, based on the forecast of the business plan of each unit, the Board of Directors of the Company has developed a general business plan for 2021 as follows:

Net Revenue: 22,634 million dong.

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Profit after tax: (31.237) million dong.

Specific by unit:

a. Huong Giang Hotel Resort & Spa

No.	Target	Unit	Business Plan 2021
1	Total number of rooms sold	room	10,969
2	Room occupancy	%	18.44
3	Average room rate (include VAT, service fee)	VND/room/night	857,367
4	Total net revenue (include service fee)	VND million	15,315
5	Total cost	VND million	22,696
6	Profit before tax	VND million	(7,381)

b. Huong Giang Travel One Member Company Limited.

No.	Target	Unit	Business Plan 2021
1	Total net revenue (include service fee)	VND million	6,369
2	Total cost	VND million	10,628
3	Profit before tax	VND million	(4,259)

c. Head Office of Huong Giang Tourist JSC

No.	Target	Unit	Revised Business Plan 2021
1	Revenue from financial operations <i>In which:</i> - Interest on deposits and loans	VND million	950 950
2	Total cost <i>In which:</i>	VND million	20,547
A	Operating costs and depreciation of fixed assets	VND million	8,434
B	Provision expenses for JV	VND million	10,160
	<i>JV Hotel De La Cite Imperiale Co., Ltd</i>	"	4,557
	<i>JV Lang Co Tourist Co., Ltd</i>	"	1,929
	<i>JV Saigon Morin Co., Ltd</i>	"	3,674
C	Project land rental cost at 11 Le Loi	VND million	1,953
3	Profit after tax	VND million	(19,597)

Regarding the plan to adjust profit after tax of the Company's Office, the cost of land rent in 2021 at the premises 11 Le Loi, Hue is VND 1,953 million (the land rent payable for the construction phase of the Project Festival restaurant renovation project); provision for losses in 2021 of joint venture companies is VND 10,160 million.

3. Main solutions:

- Open more services such as BBQ, coffee to serve domestic and local guests in the condition not yet received foreign visitors.

- Flexible implementation of labor policies such as arranging to reduce working days, suspend labor contracts in accordance with the situation of the number of visitors. Review, reduce, restructure the workforce at the units to minimize costs

- Urging units to actively collect debts to ensure operating cash flow.
- Supplement and complete internal management regulations. Focus on management reports, periodical reports, and irregular reports from the units.
- Ensuring security and safety, disease prevention, fire prevention and fighting, flood and storm prevention, occupational safety and hygiene, food hygiene.

The above is the report of the General Director of the Company on business results in 2020 and business plan in 2021. Kindly submit to the General Meeting of Shareholders of the Company.

**BOARD OF DIRECTORS
DEPUTY GENERAL DIRECTOR**



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