

Hue City, April ..., 2022

Draft

**REPORT OF THE BOARD OF MANAGEMENT  
AT ANNUAL GENERAL MEETING OF SHAREHOLDERS 2022  
(FISCAL YEAR 2021)**

**A. Performance report in 2021:**

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

The Annual General Meeting of Shareholders of Huong Giang Tourist Joint Stock Company held on July 20th, 2021 voted and approved on 10 contents. The results of some resolutions are as follows:

**1. Regarding business results in 2021:**

**a. According to the resolution approved by the GSM:**

<b>(1) Profit after tax 2021 (loss):</b>	<b>(31.242) million dong.</b>
<b>(2) Plan to set up funds</b>	
- Welfare and reward fund:	0,0 %
- Remuneration of the BOM, BOS and Secretary:	0,0 %
<b>(3) Average dividend payout for shareholders/ 1 share:</b>	<b>0 dong</b>

**b. According to the result of the audited financial statement in 2021:**

According to the business results report, the target of profit after tax in 2021 made a loss of 31,221 million dong, reducing the loss compared to the plan of 21 million dong (the plan for 2021, the loss was 31,242 million dong).

*The reasons for affecting the company's profit after-tax target in 2021 are explained in detail in the report of the Board of Directors.*

**2. Plan of dividend for 2021:** According to the results of the implementation of business targets in 2021, the profit after tax target is all a loss, so it is recommended to the General Meeting of Shareholders: **“Non distribute dividends to shareholders and non remuneration is paid by the Board of Management, and Supervisory Board of year 2021”**.

**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 joint venture Saigon Morin Hue Hotel is still being discussed by the two parties to complete the termination procedures of the joint venture 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. After many years of negotiation and exchange, the Board of Members of Saigon Morin Hue Co., Ltd. has allowed Saigon Morin Hue Hotel to continue operating until June 31, 2022 in order to agree on a plan to settle the liquidation of the joint venture contract in accordance with the law.

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

Business operations of Huong Giang Hotel in 2021, due to the impact of the Covid-19 epidemic, storms and floods occurred in a row, so the targets of revenue and profit after tax in 2021 decreased compared to the set plan and compared to the same period last year 2020.

Revenue in 2021 reached VND 8,961 million, reaching 58.51% of the plan 2021 (decreased VND 6,354 million) and decreased by 47.91% compared to the same period in 2020 (decreased VND 9,742 million).

Profit after tax: loss of 8,617 million dong, compared to the same period in 2020 with loss of 6,861 million dong.

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

According to the original plan, the Company has started construction work since November 2019, and will be completed in May 2020. However, the construction work was interrupted by the impact of the Covid 19 epidemic.

Up to now, after many efforts to overcome difficulties, the Company has completed the investment in upgrading the Festival Restaurant, prepare procedure to hand over to the receiving unit which is Azerai La Residence Hotel and put it into service in 2022.

#### **6. The NAMA project**

According to the original 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 in order to report to the Ministry of Culture, Sports and Tourism for appraisal and submission to the Prime Minister for approval.

The company regularly monitors, captures, and coordinates with authorities and departments to promote the project to complete the procedures and start construction as soon as possible.

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

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

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

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

In 2021, the Board of Management held 10 meetings, in which 10 indirect meetings (collecting written opinions).

Some resolutions that the Board of Management issued in 2021 include:

- Resolution No. 06/21/NQ-HĐQT dated February 12, 2021 on approval of the General Director's report on the estimated implementation of the business results in 2020 and the plan for 2021;

- Resolution No. 07/21/NQ-HĐQT dated February 17, 2021 on extending the time for holding the General Meeting of Shareholders 2021;
- Resolution No. 19/21/NQ-HĐQT dated May 26, 2021 on the continuation of the labor contract with Mr. Tuan as Director of Huong Giang Travel One Member Limited Liability Company;
- Resolution No. 20/21/NQ-HĐQT dated June 3, 2021 on the plan to organize the General Meeting of Shareholders in 2021, fiscal year 2020;
- Resolution No. 21/21/NQ-HĐQT dated June 28, 2021 on approval the plan of temporarily selecting a unit to audit the financial statements for the first 6 months of the year;
- Decision No. 23/21/QD-HĐQT dated July 13, 2021 on the transfer of a part of equity which has been appraised and transformed into a legal entity model at Huong Giang Travel Company One Member Limited;
- Resolution No. 24/21/NQ-HĐQT dated July 20, 2021 on the 2021 Annual General Meeting of Shareholders;
- Resolution No. 26/21/NQ-HĐQT dated 20/07/2021 on approval the election results for the position of Chairman of the Board of Management of Huong Giang Tourist Joint Stock Company for the term 2021 - 2026;
- Resolution No. 28/21/NQ-HĐQT dated October 29, 2021 on approval of contents at the BOM meeting of the Company on October 29, 2021;
- Decision No. 29/21/QD-HĐQT dated October 29, 2021 on the re-appointment of the person in charge of corporate governance, cum Head of the Secretary team of the BOM;
- Resolution No. 30/21/NQ-HĐQT dated December 17, 2021 on approval of contents at the BOM meeting of the Company on December 17, 2021;

At the 2021 Annual General Meeting of Shareholders, the GSM implemented to revise the Company's Charter, the Internal Management Regulations, issued the BOM's Operation Regulations and the BOS's Operation Regulations; Electing the members to BOM and BOS for the term 2021 - 2026.

**2. Regarding the selection of an auditing company to audit the separate financial statements and the consolidated financial statements for 2021.** The Annual General Meeting of Shareholders approved a list of 03 companies. At the request of the Board of Supervisors, the Board of Management approved the selection of AASC Auditing Firm Co., Ltd. to audit the separate financial statements and the consolidated financial statements for 2021.

### **3. Evaluation of the activities of the independent members of the BOM and the implementation of the BOM resolutions:**

In 2021, due to the Covid-19 epidemic situation, all the meetings of the BOM has been held in the form of collecting members' opinions on issues that need to be discussed through votes. Independent members of the BOM who do not participate in company management, fully participate in the Annual General Meeting of Shareholders and the BOM meetings. In addition, members of the BOM

participated in giving feedback on arising issues that the Chairman of the BOM suggested in writing.

The Board of Management held quarterly meetings to review the implementation of the Company's production and business plans, promptly adjust the Company's business policies and strategies to suit the actual situation, analyze and measure risks and promptly solve arising problems. In addition to the regular meetings, the Board of Management considers and gives written comments on arising in business activities that are out of the plan or beyond the authority of the Board of Directors.

Through the inspection and supervision mechanism, the BOM assessed that the BOD had performed their assigned rights and duties in accordance with the provisions of the current Law, the Company's Charter, the Resolution of the General Meeting of Shareholders and the Board of Management, and at the same time exercise their assigned rights and duties carefully, ensuring the maximum legitimate interests of the Company and its shareholders.

## **B. Operation orientation of the Board of Management in 2022:**

Pursuant to the issued Charter and regulations, the Board of Management has delegated to the Board of Directors to manage daily business activities, decide to organize the implementation of investment and repair projects according to the decisions, resolutions, business plans and operational directions assigned by the Board of Management and the General Meeting of Shareholders. The Board of Management exercises the rights and obligations of shareholders, capital contributors and joint venture members through the management of the Representative of HGT's investment capital in other enterprises. The Board of Management regularly directs the Representative to exercise the rights of HGT in other enterprises in accordance with the law and the charter of that enterprise on the principle of not harming the interests of other enterprises and shareholders.

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

#### **1. Termination of Joint Venture Contract at Saigon Morin Hue Co., Ltd.**

Continue to direct the General Director of the Company who is also the capital representative of Huong Giang Tourist Joint Stock Company at the joint venture Saigon Morin Hue Co., Ltd. to work with SGT and the management level to soon complete the procedures of liquidation, termination of joint venture contract at Saigon Morin Hue hotel.

#### **2. Project of upgrading and renovating Festival Restaurant – 11 Le Loi, Hue.**

Requesting the Board of Directors of the Company to urge the construction units to soon complete and hand over the works to put them into operation at the end of the second quarter of 2022.

#### **3. NAMA Project:**

Continue to closely follow the guidance of the Provincial People's Committee, Department of Culture and Sports and Hue Monuments Conservation Center in completing the task of planning to preserve and promote the value of Hue

Monuments Complex until 2030. On the basis of the new planning task, the project's land area will be adjusted out of the relic protection zone, converted the use purpose into commercial and service land, carrying out the procedures for land lease, obtaining a building permit for the project.

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

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

#### **5. Transfer of contributed capital in the uncontrolled joint venture companies:**

Planning to transfer part or all of HGT's contributed capital in uncontrolled joint venture companies with inefficient business activities. The recovered capital will be reinvested in potential future projects.

#### **6. Implement business targets in 2022:**

The Board of Management believes that business activities in 2022 will continue to face difficulties due to the impact of the Covid 19 pandemic. Based on the proposal of the General Director and functional departments, the business plan targets for the year 2022 are built as follows:

***(1) Expected profit after tax of the Company in 2022 (loss): (19,311) million VND;***

***(2) Plan for setting up funds: No setting aside funds and no remuneration of the Board of Management and Board of Supervisors;***

***(3) Not paying dividends because business results loss;***

## **II. Executive management:**

1. Maintain Board of Management meetings once a quarter to evaluate the business performance of the Board of Directors as well as monitor the implementation of resolutions of the General Meeting of Shareholders and resolutions of the Board of Management has issued.

2. Continue to strengthen the management at the joint venture companies, improve the service quality at the affiliated units, focus on completing the unfinished investment projects to soon put them into operation, increase the scale and revenue for the Company. Seeking investment cooperation opportunities in the future to enhance the position and develop the brand of the Company.

3. Review and consolidate the organizational structure of advisory and assisting departments; improve the capacity and responsibility of managers at all levels; strengthen training and human resource development, rationally restructure the workforce, and improve labor productivity.

#### **Dear valued 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. BOARD OF MANAGEMENT  
CHAIRMAN**

**Yukio Takahashi**