

**HUONG GIANG TOURIST  
JOINT STOCK COMPANY**
**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

Hue City, April ..., 2023

Draft

**REPORT OF THE GENERAL DIRECTOR OF THE COMPANY**
**On business results in 2022 and business plan in 2023**
**At 2023 Annual General Meeting of Shareholders**

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**I. Business results in 2022**
**1. Factors affecting business results in 2022:**

Since the end of the second quarter of 2022, the Covid-19 pandemic situation has been basically controlled, and isolation measures have been gradually removed, creating favorable conditions for the operation of the tourism industry to prosper, especially domestic tourism. However, the restriction of tourist visas in some countries continues to disrupt supply chains, and unimproved in-bound arrivals have continued to affect the business results of the whole Company.

**2. Business performance results in 2022**

No.	Target	Unit	Actual 2021	Plan 2022	Actual 2022	Act 2022/ Act 2021 (%)	Act 2022/ Plan2022 (%)
1	Sales and service delivery revenue	million dong	8.961	25.285	36.644	408,94	144,93
2	Cost of goods sold	"	14.611	23.214	28.739	196,70	123,80
3	Sales and service delivery gross profit	"	(5.650)	2.071	7.905	-	381,72
4	<i>Revenue from financial operations</i>	"	1.130	470	1.109	98,14	235,85
5	<i>Financial expenses</i>	"	16.117	7.759	3.511	21,78	45,25
	<i>In which: loan interest</i>		37	451	644	1.741, 05	142,70
6	<i>Sales expenses</i>		525	912	928	176,68	101,70
7	<i>Enterprise management expenses</i>	"	8.732	13.181	10.569	121,04	80,18
8	Net Profit from business activities	"	(29.894)	(19.312)	(5.994)	-	-
9	<i>Other incomes</i>	"	18	-	21	113,33	-
10	<i>Other expenses</i>	"	1.345	-	7	0,54	-
11	Other profits	"	(1.327)	-	13	-	-
12	Accounting profit before tax	"	(31.221)	(19.312)	(5.980)	-	-
13	Current corporate income tax expense						
14	Profit after corporate income tax	"	(31.221)	(19.312)	(5.980)	-	-

According to the business results report, the target of profit after tax in 2022 made a loss of 5,980 million dong, reducing the loss compared to the plan is 13,332 million dong (the plan 2022, the loss is 19,312 million dong).

**3. Cause analysis and performance results:**
**3.1 Huong Giang Hotel Resort & Spa:**

Regarding the business results in 2022 of Huong Giang Hotel unit, the economic

and social recovery after the Covid-19 pandemic has had a positive impact on all industries and especially the tourism industry, this positive impact has brought better business results compared to the same period last year and compared with the plan for 2022, specifically:

Revenue in 2022 realized VND 36,133 million, an increase of 80.1% compared to the plan in 2022 (increased VND 16,066 million) and an increase of 303.2% compared to the same period in 2021 (an increase of VND 27,172 million).

Profit after tax: profit of VND 4,273 million, an increase of VND 10,103 million compared to the 2022 plan (the 2022 plan has a loss of VND 5,830 million). In 2021, the loss is VND 8,617 million.

### **3.2 Huong Giang Travel Company Limited:**

Regarding business results in 2022, the target of sales of goods and services is 11,855 million VND, up 167.9% over the same period in 2021 (increase VND 7,430 million); Profit after tax: loss of VND 2,461 million, increase 20.2% over the same period in 2021 (increased loss by VND 414 millions).

### **3.3 Hotel De La Cite Imperiale Company Limited:**

Regarding business results in 2022, the target of sales of goods and services is VND 35,740 million, increase 327.9% over the same period in 2021 (increase VND 27,388 million); Profit after tax: loss of VND 15,742 million, in 2021 profit after tax loss was VND 28,792 million.

### **3.4 Saigon Morin Hue Company Limited:**

Regarding business results in 2022, the target of sales of goods and services is VND 41,257 million, increase 191% over the same period in 2021 (increase VND 27,078 million); Profit after tax: VND 5,818 million, in 2021 profit after tax loss was 9,412 million dong.

### **3.5 Lang Co Tourist Company Limited:**

Regarding business results in 2022, the target of sales of goods and services in 2022 is VND 21,607 million, increase 514.2% over the same period in 2021 (increase VND 18,089 million); Profit after tax: VND 3,684 million, compared to the same period in 2021 profit after tax loss was VND 2,634 million.

## **II. Performance result of projects:**

### **1. Huong Giang Travel Co., Ltd.**

After transforming the business form from Huong Giang Travel One Member Limited Liability Company to Huong Giang Travel Company Limited in order to diversify financial resources and facilitate the development of business activities of the unit; At the same time, to upgrade the facilities of restaurant and catering services to serve tourists, the Company has invested in expanding the garden restaurant at 11 Le Loi with a capital of nearly 1 billion VND.

Completed in August 2022.

### **2. Renovation project at Le Cercle Sportif Restaurant 11 Le Loi:**

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

Up to now, after many efforts to overcome difficulties, the Company has

completed the investment in upgrading the Festival Restaurant (including 02 phase), handed it over to the receiving unit which is Hotel De La Cite Imperiale co., Ltd to put it into service at the beginning 2023.

### **3. Expansion project of La Residence hotel 05 Le Loi, Hue (Azerai La Residence)**

Up to now, Hotel De La Cite Imperiale Co., Ltd 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 authorities and departments. After obtaining the land use right, the Company will implement the project.

### **4. Project at 85 Nguyen Chi Dieu – NAMA resort.**

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.

### **5. Liquidation of joint venture agreement at Saigon Morin Co., Ltd.**

In the year 2022, Saigon Morin Hotel was allowed to operate until the end of the year. Due to the complicated nature of the case and many issues related to the joint venture, HGT and SGT still need more time to work and discuss the most beneficial option for the two investors.

## **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.

The total value of investment and purchasing in 2022 at the hotel is about VND 2.35 billion from the source of asset depreciation.

- At Huong Giang Travel Co., Ltd: in 2022, the unit's business activities face many difficulties, so the unit has saved in procurement, almost no new purchases. In order to create more infrastructure for food service business, the unit has tried to mobilize resources to invest in upgrading and expanding garden restaurant Festival 11 Le Loi with a value of nearly VND 1 billion.

### **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***

Along with the gradual recovery of tourism activities, the Company has implemented a plan to arrange employees to return to work together with the re-employment of the workforce to ensure that the service personnel are suitable for the current situation. Organized to evaluate each employee's labor performance to have a basis for implementing labor policies.

Deploying the monthly report on the overview of the operation of the Company's Head Office and its affiliated units to the Chairman and members of the Management Board.

Continue to perform the assignment of duties in the Board of Directors of the Company to run and manage all activities of the Company and participate in and promptly solve the requirements of the local authorities and relevant agencies.

Effectively implement the Resolutions of the General Meeting of Shareholders, the Resolutions of the Board of Management in the fields of investment, finance, human resources and business.

Update the State's changes in human resource policy to adjust accordingly, in accordance with the law, in accordance with the 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:**

Regarding business results: Although the pandemic situation still has a great impact on the Company's business results in 2022, the units have made efforts to exploit the relationships with travel companies with high supply and potential customers; Focus on exploiting the source of domestic tourists and local visitors through conferences, seminars (MICE) and big events.

In addition, 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 difficult times.

The units 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 2023:**

### **1. Business targets:**

The tourism business in 2023 is forecasted to be better than in 2022, however, the Company will continue to face difficulties as a result of the pandemic, global supply disruptions and economic recession, based on the business plan of each unit, the Board of Directors of the Company develops business plan in 2023 for the whole company as follows:

Net Revenue: 55,637 million dong.

Profit after tax: (loss) 2,867 million dong.

### **Specific by unit:**

#### ***a. Huong Giang Hotel Resort & Spa***

No.	Target	Unit	Business Plan 2023
1	Total number of rooms sold	room	33,460
2	Room occupancy	%	56.24
3	Average room rate (include VAT, service fee)	VND/room/night	978,754
4	Total net revenue (include service fee)	VND million	47,769
5	Total cost	VND million	44,764
6	Profit before tax	VND million	3,005

#### ***b. Head Office of Huong Giang Tourist JSC***

No.	Target	Unit	Business Plan 2023
	<b>Revenue from financial operations</b>	VND million	7.869
	<i>In which:</i>		
1	- Revenue from financial activities (Interest on deposits and loans)		1,155
	- Revenue from Facility 11 Le Loi		6,714
2	<b>Total cost</b>	VND million	<b>13,741</b>
	<i>In which:</i>		
A	Operating costs and depreciation of fixed assets	VND million	8.679
B	Interest expenses	VND million	710
C	Cost at unit 11 Le Loi	VND million	4.352
3	<b>Profit after tax</b>	VND million	<b>(5.872)</b>

## **2. Main solutions:**

Review the current state and conditions of facilities to have an investment plan to repair, purchase equipment and tools according to the approved plan to serve business activities and prevent deterioration of business establishments.

- Continue to monitor procedures from state agencies to implement investment projects.

- Approaching customer booking trends to change the way sales marketing in appropriate method; Evaluate market segments to determine appropriate customer sourcing and pricing strategies. Promote online sales tools.

- Selectively develop plans to participate in international and domestic tourism fairs in a flexible and effective form. Focus on organizing and exploiting the domestic market, conferences and seminars during the year.

- Planning, arranging and adding enough human resources to serve guests. Organize an effective employee training program.

- Improve the quality of services such as BBQ and coffee to serve domestic and local guests to diversify revenue sources.

- Continue to effectively implement financial solutions in operating cash flow,

structuring loans to ensure capital for business activities and investment development in the 2023 plan. Urging units to actively collect debts to ensure operating cash flow.

- Focus on governance reports, periodical reports, and irregular reports from the units. Check and monitor expenses; Optimize profits and minimize indirect costs.

- Taking care of employees' lives, improving welfare on the basis of improving labor productivity and business efficiency. Build a friendly working environment to promote the capacity and attachment of employees.

- Ensuring safety and security, disease prevention, fire prevention, flood and storm control, occupational safety and food hygiene.

The above is the report of the General Director of the Company on business results in 2022 and business plan in 2023. Kindly submit to the General Meeting of Shareholders of the Company.

**GENERAL DIRECTOR**

**Johnny Cheung Ching Fu**