

**HUONG GIANG TOURIST  
JOINT STOCK COMPANY**

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

*Hue City, April<sup>th</sup>, 2024*

**REPORT OF THE GENERAL DIRECTOR OF THE COMPANY**

**On business results in 2023 and business plan in 2024**

**At 2024 Annual General Meeting of Shareholders**

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Draft

**I. Business results in 2023**

**1. Factors affecting business results in 2023:**

In 2023, although the Covid-19 pandemic situation has been controlled, the number of visitors has tended to increase again, especially domestic tourists, but has not yet regained the growth rate as before the pandemic. The tourism industry is still facing difficulties because tourists tend to tighten their spending; Other influencing factors such as: slow restoration of the frequency of international flights, inflation, rising exchange rates, political conflicts... have caused great pressure on production costs and product prices, affecting directly to the business results of the enterprise.

**2. Business performance results in 2023**

No.	Target	Unit	Actual 2022	Plan 2023	Actual 2023	Act 2023/ Act 2022 (%)	Act 2023/ Plan2023 (%)
1	Sales and service delivery revenue	million dong	36,644	54,537	51,056	139	94
2	Cost of goods sold	"	28,739	44,132	36,287	126	82
3	Sales and service delivery gross profit	"	7,905	10,405	14,769	187	142
4	<i>Revenue from financial operations</i>	"	1,109	1,106	1,470	133	133
5	<i>Financial expenses</i>	"	3,511	926	1,369	39	148
	<i>In which: loan interest</i>		644	926	2,299	357	248
6	<i>Sales expenses</i>		928	1,126	1,035	112	92
7	<i>Enterprise management expenses</i>	"	10,569	12,326	12,892	122	105
8	Net Profit from business activities	"	(5,994)	(2,867)	943	-	-
9	<i>Other incomes</i>	"	21	-	59	281	-
10	<i>Other expenses</i>	"	7	-	-	-	-
11	Other profits	"	14	-	59	421	-
12	Accounting profit before tax	"	(5,980)	(2,867)	1,002	-	-
13	Current corporate income tax expense						
14	Profit after corporate income tax	"	(5,980)	(2,867)	1,002	-	-

According to the business results report, the target of profit after tax in 2023 made a profit of VND 1,002 million, increasing the profit compared to the plan is VND 3,869 million (the plan 2023, the loss is VND 2,867 million).

**3. Cause analysis and performance results:**

**3.1 Huong Giang Hotel Resort & Spa:**

Regarding the business results in 2023 of Huong Giang Hotel, the recovery of the

tourism industry continues in 2023, bringing positive business results compared to the same period last year, specifically:

Revenue in 2023 reached VND 44,252 million, an increase of 22% compared to the same period in 2022. Profit after tax: profit of VND 6,186 million, an increase of 206% compared to the 2023 plan and increase 45% compared to 2022.

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

Regarding business performance results in 2023, the target revenue from sales of goods and services is VND 21,422 million, an increase of 85% compared to the same period in 2022; Profit after tax: loss of VND 2,803 million VND, increase loss of 13.8% compared to the same period in 2022.

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

Regarding business results in 2023, the target of sales of goods and services is VND 70,458 million, an increase of 97% over the same period in; Profit after tax: loss of VND 18,682 million, increase loss by 18% over the same period in 2022.

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

Regarding business results in 2023, the target revenue from sales of goods and services is VND 60,719 million, an increase of 40% compared to the same period in 2022; Profit after tax: VND 13,883 million, an increase of 139% over the same period in 2022.

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

Regarding business results in 2023, the target of sales of goods and services in 2023 is VND 21,284 million, reached 99% compared to the same period in 2022; Profit after tax: VND 2,739 million, reached 87% compared to the same period in 2022.

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

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

Completed upgrading service facilities, investing in expanding the garden restaurant at 11 Le Loi and additional investment in a Japanese BBQ restaurant at 11 Le Loi Hue.

Total investment capital: VND 1,587 million.

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

After many efforts to overcome difficulties, Huong Giang Joint Stock Company has completed the investment in upgrading Le Cercle Sportif Restaurant (including 2 phases), handing it over to the receiving unit to organize business activities, Azerai La Residence Hotel. Currently, the business of Le Cercle Sportif Restaurant 11 Le Loi is operating stably and has a growing trend for foreign tourists.

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

Hotel De La Cite Imperiale Co., Ltd. has completed relevant procedures to start construction of the expansion project. However, at the request of the People's Committee of Thua Thien Hue province, the project must redo the land leasing process from the beginning. Specifically, the project's land use rights auction is being carried out by authorizations and departments.

In November 2023, the Company carried out procedures and participated in the auction of land use rights of this project. Despite trying very hard to mobilize financial resources for the auction, Hotel De La Cite Imperiale Co., Ltd. did not win the auction

for land use rights for this project. The main reason is because the winning bid price is too high, inconsistent with the investment and business efficiency of the project.

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

Currently, the project has not started construction because Citadel Investment Tourist Co., Ltd. is still waiting for the general planning of Thua Thien Hue province to be submitted to the Prime Minister for approval, and then the detailed zoning plan for the Citadel Hue area to be approved by the People's Committee of Thua Thien Hue province. After these two plans are approved, the Provincial People's Committee will direct the authorizations and departments to guide the project investor to begin implementing procedures according to the provisions of law.

The company regularly monitors, captures, and coordinates with authorizations and departments of Thua Thien Hue Province to prepare related procedures according to the instructions of authorizations in order to soon deploy the project after being approved and grants construction permit from the Provincial People's Committee.

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

The 2023 General Meeting of Shareholders of Huong Giang Tourist Joint Stock Company has a resolution to assign the Board of Directors to carry out tasks related to the operations of Saigon Morin Hue Co., Ltd. The Member Council of Saigon Morin Hue Co., Ltd. has issued a resolution to extend operations until June 30th, 2024.

Implementing the direction of the People's Committee of Thua Thien Hue province on continuing the joint venture at Saigon Morin Hue Co., Ltd., Huong Giang Tourist Joint Stock Company and Saigon Tourist Corporation are in the process of exchanging and negotiating to complete the draft of the new joint venture contract between the two parties.

### **III. Performance result of other tasks**

#### **1. Regarding investment and purchasing:**

- At Huong Giang Hotel: after being seriously affected by the Covid pandemic, in 2023 the hotel's business situation has improved again, revenue/profit figures have grown. The hotel has carefully calculated and considered in procurement of equipment to serve business activities, only purchasing items that are truly necessary, items that are damaged beyond repair. In 2023, Huong Giang Hotel unit has invested in purchasing to upgrade facilities from asset depreciation at the unit.

- At Huong Giang Travel Co., Ltd: in 2023, despite many efforts, the unit's business activities are facing many difficulties regarding travel and transportation activities, so the unit has saved money on purchasing and only focused on investing in Festival restaurant activities at 11 Le Loi.

#### **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. Perform well Tax work and obligations to the State according to regulations.

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 effectively cost control, GOP gross profit ratio. Actively collect debts, reduce receivables and bad debts.

### ***3. Regarding Administration and Human Resource management***

In 2023, in addition to performing the daily management and administration tasks of the Company according to the provisions of the Charter, the Company's Board of Directors regularly maintains a meeting plan with departments at the end of every 2 weeks and carries out reports monthly on the overview of the operations of the Company Head Office and its affiliated units to the Chairman and members of the Board of Management to promptly adjust, supplement and decide on flexible policies for Company's activities.

Complete procedures with the State Securities Commission to change the maximum foreign investor ownership ratio at Huong Giang Tourist Joint Stock Company. Accordingly, on June 30th, 2023, Vietnam Securities Depository and Clearing Corporation announced the adjustment of the maximum foreign investor ownership ratio at the Company from 49% to 100%, effective from July 3rd, 2023.

Along with the gradual recovery of tourism activities, the Company has implemented a recruitment plan and supplemented the workforce to ensure service manpower consistent with the actual situation. Maintain the organization of evaluating each employee's performance to have a basis for implementing labor policies. Carry out procedures for appointing the position of Chief Accountant of the Company and appointing personnel to hold the position of Chief Accountant at Saigon Morin Co., Ltd.

Continue to carry out the assignment of responsibilities within the Board of Directors of the Company to operate and manage all activities of the Company and participate in and promptly resolve requests from local authorities and other relevant agencies, especially for the Company's projects.

Effectively deploy Resolutions of the General Meeting of Shareholders and Resolutions of the Company's Board of Management in the fields of investment, finance, human resources and business.

### **4. General assessment:**

Although the business situation in 2023 has shown good signs, there are still difficulties and challenges. The units have made efforts to exploit the traditional customer market to the fullest, expanding relationships with travel companies with a large and potential customer supply; Focus on exploiting domestic and local tourist sources through conferences, seminars (MICE) and major events and holidays.

Units have made efforts to open more services to generate revenue. Arrange, consolidate and improve labor quality and labor productivity. Focus on investing in repairing and upgrading business facilities in accordance with financial capacity to serve customers.

## **IV. Business Plan 2024:**

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

The tourism business situation in 2024 is forecast to have a good recovery. The new visa policy allows the issuance of electronic visas (e-visas) to visitors from all countries and allows visitors from some countries to be exempted from visas from 15 days up to 45 days, which is a positive leverage to exploit in-bound tourists. The trend of independent tourists, experiential tourism and adventure tourism opens up prospects

for units to improve business efficiency. However, economic recession, inflation, and degraded business establishments are still present risks.

Based on each unit's business plan forecast, the Company's Board of Directors develops a business plan for the whole company in 2024 as follows:

Net Revenue: VND 57,545 million.

Profit after tax: (loss) VND 3,410 million.

### **Specific by unit:**

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

No.	Target	Unit	Business Plan 2024
1	Total net revenue (include service fee)	VND million	50,202
2	Total cost	VND million	45,895
3	Profit before tax	VND million	4,307

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

No.	Target	Unit	Business Plan 2024
<b>1</b>	<b>Revenue from financial operations</b>	VND million	<b>7,343</b>
	<i>In which:</i>		
	- Revenue from financial activities (Interest on deposits and loans)		1,109
	- Revenue from Facility 11 Le Loi		6,179
	- Revenue from service provision:		55
<b>2</b>	<b>Total cost</b>	VND million	<b>15,060</b>
	<i>In which:</i>		
A	Operating costs and depreciation of fixed assets	VND million	9,742
B	Interest expenses	VND million	690
C	Cost at unit 11 Le Loi	VND million	4,628
<b>3</b>	<b>Profit after tax</b>	VND million	<b>(7,717)</b>

## **2. Main solutions:**

Regularly approach and maintain relationships with traditional customers; Collect data to selectively exploit new and potential customers, especially those with high paying ability; Implement appropriate short-term promotion policies to attract lost customers; Focus on exploiting visiting visitors, online visitors, exploiting the domestic tourist market, conference and seminar visitors (MICE), etc. especially guests from agencies and departments in the Province.

- Proactively contact and monitor procedures from state agencies to implement investment projects, especially projects at 85 Nguyen Chi Dieu.

- Review the current status and conditions of facilities to have a plan to invest in repair and purchase equipment and tools according to the approved plan to serve business activities and prevent deterioration of business facilities.

- Focus on controlling and managing cash flow, depreciation sources, pre-tax profits, and tool allocation throughout the Company. Structure loans to ensure capital for production, business and development investment activities in the 2024 plan.

- Urge units to actively collect debts to ensure operating cash flow. Check and monitor expenses; Optimize profits and minimize indirect costs. Develop a profit optimization program, evaluate and review applied economic and technical norms to adjust accordingly.

- Review the current status of human resources to have a reasonable arrangement and selection plan. Organize effective employee training programs.

- Focus on management reports, periodic reports, and extraordinary reports from units. Enhance the roles and responsibilities of the Company's Capital Representatives at joint venture units.

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

- Ensure security and safety, disease prevention, fire prevention, flood and storm prevention, labor safety and hygiene, and food hygiene.

The above is the report of the General Director of the Company on business results in 2023 and business plan in 2024. Kindly submit to the General Meeting of Shareholders of the Company.

**GENERAL DIRECTOR**

**Johnny Cheung Ching Fu**