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DRAFT

**REPORT OF THE BOARD OF MANAGEMENT
ON OPERATIONAL AND MANAGEMENT PERFORMANCE IN 2024 AND
PLAN FOR 2025**

A - Part One:

**SITUATION AND CHARACTERISTICS OF THE COMPANY'S PRODUCTION
AND BUSINESS IN 2024**

I. ASSESSMENT OF BUSINESS ENVIRONMENT IN 2024

1. Advantages:

Vietnam's socio-political conditions are fundamentally stable, and the economy continues its recovery and growth momentum. The implementation of new textbooks under the 2018 General Education Program is in its peak phase. The education and training sector consistently receives significant attention and investment from the State, the government, and the Vietnamese people.

The demand for information technology application products that support teaching, learning, reviewing, and assessment activities in schools and society is urgent and growing. Entities with content production capabilities, ensuring knowledge standards, and effectively undergoing digital transformation to meet this societal need will have numerous opportunities for development, opening up a highly potential business and service direction.

The attention and active support in all aspects of the leaders and staff and experts of the Vietnam Education Publishing House (VEPH) and the Education Publishing House in Hanoi.

The team of authors and collaborators have high professional qualifications and extensive experience in book compilation.

The Company's staff and employees are qualified, skilled, self-motivated and highly responsible.

The Company's products released on the market have reasonable low prices.

2. Difficulties:

The impact of high inflation has led to stagnant economic growth and financial crisis. Geopolitical instability from the war in Ukraine and other conflicts, along with climate

change and increasing natural disasters, have also damaged the economy and made supply chains difficult for production and distribution of goods.

The consumption power of the economy, society and population declines.

Slow, insufficient, and unsynchronized printing of books at the time of publication causes difficulties in the distribution process, affecting the position and reputation of the VEPH and HEID; negatively affecting business results if there is no appropriate and drastic solution.

Fierce competition in the English Book segment (*the Company's main product*) , as well as Textbooks, reference books, etc.

The illegal printing of educational products of the VEPH causes great damage to the publishing output of the VEPH in general and HEID in particular.

Most of the companies in the system of local Book - School Equipment Joint Stock Company (*partners supplying goods and products*) in the provinces and cities, although having a lot of experience, are in small scale and have low capital. If they encounter difficulties and risks in the issuance stage, especially in debt collection, it will lead to a situation of prolonged debt and inability to repay the debt to HEID.

II. RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES IN 2024

Facing many difficulties and challenges, HEID has been affected to some extent, however, with the efforts and determination of employees, in 2024, the Company has exceeded the targets and plans assigned by the General Meeting of Shareholders (GMS) and the VEPH. Specifically:

1. Business results of main publications:

No.	PRODUCTS	UNIT	PLAN 2024	ACTUAL RESULT OF 2024	COMPARE ACTUAL RESULT TO PLAN
1	Textbook	copy	34,263,600	33,715,567	98
2	English Books	copy	9,220,000	9,498,371	103
3	Supplementary Books	copy	12,914,000	12,357,712	96
4	Reference books and other publications	copy	600,000	1,957,552	326
Total		copy	56,997,600	57,529,202	101

2. Key financial indicators:

No.	Items	Plan 2024 (billion VND)	Actual result (Parent Company) 2024 (billion VND)	Compare actual result to 2024 plan (Parent company)	Compare actual result to 2023 (Parent Company)	Actual result (consolidated) 2024 (billion VND)
1	Total revenue (<i>Net revenue + Financial revenue + Other income</i>)	936	1,131	121%	107%	1,152
2	Profit before tax	64	85	133%	98%	96
3	Dividends	14%	14%	100%	100%	
4	Basic Earnings Per Share					4,551

Regarding equity as of December 31, 2024, it was 460.5 billion VND, an increase of 43.9 billion VND and equal to 110.5% compared to the same period in 2023, in which some key indicators include:

- Owner's equity: 150 billion VND;
- Surplus capital: 1.9 billion VND;
- Development investment fund: 187.4 billion VND;
- Other equity funds: 33.9 billion VND;
- Undistributed profit after tax: 85.2 billion VND;
- Non-controlling interests: 2.1 billion VND;

(According to audited 2024 Consolidated Financial Statements)

Thus, equity is preserved and developed with a book value of VND 30,700/share.

Maintain and ensure accumulated resources, supplement production development investment funds, reserve funds, etc.

3. Other investments and businesses:

- **Hong Ha Thanh Cong Limited Company**, in which HEID owns 100% of charter capital (*charter capital: 110 billion VND*), is the unit assigned to operate and exploit the

HEID office building. In 2024, Hong Ha Thanh Cong Limited Company has exploited and leased 12/12 floors (reaching 100% of the area) with:

+ Total Revenue (*Net Revenue + Financial Revenue + Other Income*): 16.8 billion VND

+ Profit before tax: 6.5 billion VND

- **Lang Son Book - School Equipment JSC:** The ownership ratio of HEID is 66% of charter capital equivalent to 1.98 billion VND (charter capital is 3 billion VND). In 2024:

+ Total Revenue (*Net Revenue + Financial Revenue + Other Income*) : 46.1 billion VND

+ Profit before tax: 2.5 billion VND

+ Dividend: 15%

- **Ha Tay Books and School Equipment JSC:** HEID currently owns 46.34% of shares. In 2024:

+ Total Revenue (*Net Revenue + Financial Revenue + Other Income*): 227.8 billion VND

+ Profit before tax: 8 billion VND

+ Dividend: 13%

- **Contribute capital to Hanoi Education Publishing Services „JSC** (*The ownership ratio of HEID is 4.85% of the Company's charter capital*), expected dividend: 12%.

- **Educational Dictionary and Translation Book JSC:** The ownership ratio of HEID is 89% of charter capital equivalent to 2,670 billion VND (*charter capital is 3 billion VND*). In 2024:

+ Total Revenue (*Net Revenue + Financial Revenue + Other Income*) : 915 million VND

+ Profit before tax: 70 million VND

III. RESULTS OF CORPORATE GOVERNANCE

The Company conducts annual reviews to amend and supplement the internal management rules and regulations in accordance with the provisions of the Law and the Company's Charter in order to enhance the responsibility of employees and improve work efficiency. The Board of Management (BOM) manages the Company on the basis of

enhancing the role of collectives and employees, promoting the sense of responsibility, being exemplary, daring to think, daring to do, daring to take responsibility of department's heads.

1. In terms of completing the organizational model and reinforcing key personnel

Continue to improve the organizational structure and key personnel of departments associated with creating motivation and internal solidarity within the unit, in order to improve efficiency, work quality, and production and business efficiency.

By December 31, 2024, the Company had 09 functional departments, 05 departments/offices of the Content Division; the Party Cell had 41 Party members, the Trade Union had 147 members, and the Youth Union had 35 members.

The Company is a united, cohesive, cooperative and determined group to complete its tasks. This is the foundation and motivation for the Company to complete its tasks well in difficult times.

2. Implementing business and consumption support mechanisms in a competitive context

VEPH in general and HEID in particular are in a period where competition in the industry is becoming more and more fierce. Changing mechanisms and policies force HEID to urgently transform, change its thinking, awareness, build and complete from the overall strategy to business strategies and mechanisms at all levels, in all functional departments (*production, marketing, finance, research and development*) ...

In 2024, continue to prioritize the implementation of appropriate mechanisms, creating incentives to develop market share and promote product consumption, including:

- Promotion and discount policy;
- Customer relations policy;
- Policy to motivate sales team;
- Policy to encourage and promote debt collection;

3. About policies for employees

- Ensure employment, pay full and timely salary to employees. Average salary and

income ratio increased compared to 2023.

- Increase monthly fixed salary (*as the basis for increasing the social insurance contribution salary of employees*).
- Fully and correctly implement social insurance, health insurance, etc. for employees.
- Organize periodic health check-ups for employees; Organize study tours.
- Organize many activities to maintain and strengthen trust, love and internal solidarity of employees.

4. Debt collection and financial security

Debt collection rate as of December 31, 2024 is 98%.

5. Carry out social and charity work

During the year, the Company participated in social and charitable work to support the education sector such as: donating books and school equipment to provinces, supporting education promotion funds... with a total value of more than 6.6 billion VND.

6. General assessment

Overview of production and business results in 2024:

- In 2024, despite many difficulties, high workload and requirements, the Company achieved and exceeded the planned targets according to the Resolution of the 2024 Annual General Meeting of Shareholders.
- The company has maintained its position as a large-scale company (*capital, human resources, facilities, etc.*) in the system of units under VEPH.
- Building and consolidating brand credibility in the market in general and the education sector in particular.
- The BOD and the BOM are united, unanimous, dedicated and responsible for the assigned work.

- Employees are united, committed, strive to overcome difficulties, complete work, and effectively contribute to the overall results of the Company.

Problems that need to be overcome:

- Human resource: Compared to current work requirements (*volume, progress, quality*), the Company has been in a state of shortage of specialized and experienced labor force. There is no suitable mechanism to both recruit more high-quality personnel into the Company, screen and ensure the quality of the employees.

- Training: Although human resource quality is identified as a vital factor determining the sustainable development, training activities in 2024 was only been organized on a small scale and has not been organized and implemented systematically.

7. Report on the salary of Chief Executive Officer and other managers in 2024

** Details in Section 35 - Notes to the 2024 Audited Consolidated Financial Statements 2024 (Page 38) .*

B - Part two:

PRODUCTION - BUSINESS PLAN 2025

Identify influencing factors

- The Government has introduced a series of policy mechanisms to remove difficulties and support businesses to develop and recover growth in 2025. However, the results still depend on many objective factors and potential risks.

- The general education publishing market continues to face increasing challenges to maintain growth; there are more demands for transparency, cost reduction, profit reduction, and service improvement.

- The cover price of textbooks published by VEPH and English books drafted and distributed by the Company has decreased; VEPH has drastically cut down on the amount spent on distribution, communication, and book introduction that the Company is currently responsible for.

- The work of supplying books from VEPH to the Company for distribution is slow and lacking compared to market demand.

- Competition in publishing and distributing paper publications for use in schools is becoming increasingly fierce and intense. Digital content technology products supporting teaching, learning and reviewing are increasingly numerous and have demonstrated their advantages, are more trusted and more popular.

- The problem of counterfeit books and books published outside the designated areas reduces the output of paper books in the areas under the Company's management.

- All of the above factors will have a major impact on HEID's business operations. Recognizing and evaluating the opportunities, challenges and promoting the achievements, HEID determines the goals and orientations of the production and business plan for 2025 as follows:

I – GOALS AND ORIENTATIONS OF PRODUCTION AND BUSINESS PLAN IN 2025

HEID's goals and directions for 2025 are:

- Complete production and business targets assigned by the General Meeting of Shareholders.

- Complete the publishing task assigned by VEPH (*completed and synchronized textbooks in the responsible areas*) .

- Building a stable and sustainable development for the Company; Creating a healthy working environment, promoting the qualities and abilities of employees.

- Ensure the rights of Shareholders (*minimum dividend rate of 14%*) and of Employees.

Main planning targets for 2025 submitted for approval by the General Meeting of Shareholders:

No.	ITEMS	UNIT	PLAN 2025	ACTUAL RESULT OF 2024	COMPARE 2025 PLAN TO ACTUAL RESULT OF 2024 %
1	Publishing educational publications	million copies	52,614	57,529	91.4 %
2	HEID Building Operational Capacity	%	100	100	100 %
3	Total revenue (<i>net revenue, financial revenue, other income</i>)	billion Dong	942	1,152	8 1.8 %
4	Profit before tax	billion Dong	70	96	73%
5	Dividends	%	15	14	-

(according to 2024 Audited Consolidated Financial Statements)

II - SOLUTIONS

In order to successfully carry out the 2025 tasks and ensure HEID's sustainable and effective development, the BOM and all employees of the company continue to promote the spirit of solidarity, cooperation, proactiveness, creativity, effort, and determination to overcome difficulties and challenges, and implement the following key policies and solutions in 2025:

1. Restructuring solutions:

Proactively and actively organize the implementation of repositioning, restructuring the organizational model, redefining the strategies, values, etc. of HEID in a synchronous, comprehensive, and appropriate manner so that HEID can develop sustainably, stably, and effectively support and accompany the political tasks and development of VEPH.

2. System management solutions:

- Comply with the Law on Enterprises, Tax Laws, relevant Laws and the Company's Charter; comply with the direction of the Board of Directors and Managers of VEPH;
- Continue to improve the modern corporate governance model; Improve the effectiveness of the Company's governance and operations, ensuring transparency and

professionalism; Implement clear, specific and distinct assignment, decentralization and authorization in the direction of enhancing the role and responsibility in managing and resolving work within the scope of authority and responsibility;

- Specifically, individualize the authority and responsibility of the collective and individuals in each stage of the work processing process, ensuring that work must be processed quickly and promptly; Cut down on unnecessary work or procedures;

- Members of the BOM and individual/ departments holding advisory roles need to proactively grasp, evaluate, and accurately forecast the situation, promptly plan policies, propose correct and appropriate solutions and mechanisms, and effectively handle situations arising in all production and business activities of the company, contributing to promoting the completion of tasks and improving the business efficiency of the Company.

3. Solutions to enhance capacity and efficiency in production and business, in line with market trends and needs, with the company's strengths, associated with ensuring efficiency in both the short and long term:

- Maintain and develop the product brand of HEID and VEPH through product, service quality, competitiveness, social responsibility, and effective cooperation with partners;

- Being innovative, creativity, flexibility in business mechanism; enhance the role, create initiative for the business team associated with work results and efficiency;

- In addition to its role in publishing publications of VEPH, HEID maintains its role as an investor in content production, developing new products, especially digital content products (*applied and deployed on information technology platforms*) and finding effective methods and partners for product production - communication - distribution;

- Continue to promote the application of technology to enhance the application level of technology's strength and advantages in production deployment and business organization of products;

- Investing in and synchronously forming tools and solutions not only helps to improve the capacity to respond and increasingly satisfy the needs of teaching, learning and practicing according to the Company's Global Success English book series according to the National General Education Program, but also aims to improve the level and skills of users according to international English knowledge standards.

4. Human resource solutions:

Focus on implementing tasks to improve the quality of the company's human resources in the direction of "refined, lean, strong". In 2025, we will implement:

- Form a department with the function of advising, organizing and implementing solutions and activities to improve the quality of the Company's human resources;
- Review and develop human resource management, training and development strategies;
- Resolutely implement the strategy for human resource management, training and development throughout the Company; aiming to have a team of good, professional, dedicated, responsible staffs, creating a foundation for the sustainable development of the Company;
- Build a salary and bonus policy based on work performance.

5. Information Technology Solutions:

Responding to the development trend in the digital age, the 4.0 technology revolution, the Company will:

- Continue to invest in upgrading, innovating and developing information technology infrastructure, perfecting management software systems, business software, thoroughly applying information technology to production - business - administration.
- Implement the digital transformation effectively according to the roadmap to maintain the company's development in line with the general trend of the Education and Training sector in the next period.

6. Create a positive working environment

- Continue to implement welfare policies, take care of physical and mental health for employees: health check-ups, separate health insurance for employees, lunch breaks, etc.;
- Organize fun, healthy, and cohesive activities; all employees can easily integrate, have the opportunity to participate, contribute, and develop freely and fairly;
- Invest in building modern, convenient working space...

7. Other suitable solutions.

Best regards!

**ON BEHALF OF THE BOARD OF MANAGEMENT
CHIEF EXECUTIVE OFFICER**

Le Thanh Anh