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HELP exports education to region

HELP sets in motion plans to spread wings further

Max Koh

KUALA LUMPUR: Education stocks have been among the local bourse's best performers this year, as investors start to appreciate their defensive qualities, robust growth prospects and the fact that Malaysia is gaining importance as a regional education hub.

Despite some profit-taking in the past couple of weeks, shares of HELP International Corporation Bhd are up 98% year-to-date. Masterskill Education Group, which was listed

in May, is up 11.58% from its IPO price. By comparison, the FBM KLCI is up 6.88% for the year.

SEG International (SEGi) was the top performer in the sector. Its shares have surged 6.5 times, from a one-into-two share split and two-for-five bonus issue adjusted price of 34 sen at the start of the year to RM2.22 last Friday.

Analysts have made promising calls on HELP and Masterskill, but there is

no research coverage on SEGi.

Among the lot, it seems that HELP is favoured as it has a better foothold on its expansion plans due to its market not being limited to the domestic front. The company, which has been in the industry since 1986, has set into motion plans not only to expand its local student intake, but also to spread its wings in the region through its internationalisation plan.

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The HELP family team of (from left) Adam Chan and his parents Datuk Dr Paul Chan and Datin Low Kam Yoke

HELP targets 50:50 contribution from overseas, local campuses by 2017

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HELP already has a foothold in Vietnam and Indonesia, and will soon make its mark in China, Australia, Cambodia and Thailand largely through the licensing and franchising of its courses.

Speaking to *The Edge Financial*

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Daily recently, corporate planning director Adam Chan Eu-Khin said HELP hoped to see a 50:50 contribution from overseas and local campuses by 2017. Currently, 90% of profits are from local campuses.

"This is our target as part of our internationalisation plan," he said, adding that the plan would require little capital expenditure, as it would focus on partnering with local partners in the various countries.

"Our strategy is to not invest in any infrastructure, but only provide the intellectual property," said Adam, who is also the son of HELP co-founder and president Datuk Dr Paul Chan.

A little HELP from friends

In June, HELP entered into a smart partnership with Asia Pacific Land Bhd (AP Land) to identify education business opportunities in Malaysia and China. For this purpose, it set up a joint-venture company that would see HELP providing educational services and AP Land, the infrastructure.

The first big project for the JV is the setting up of a 250 million yuan (RM116 million) campus in Changshu, China providing, among others, vocational training for the automotive industry.

The 20,000-sq ft training centre is strategically placed near Toyota's R&D facility that is set to come into operation by year-end, Paul Chan had said at the signing of the memorandum between HELP and AP Land last month.

HELP's centre itself is expected to start operations by October, with an initial enrolment of 500 students. "Located nearby are also China's customs and quarantine department and plants owned by multi-national companies," Adam said.

"There are two million people residing in Changsu alone and the city is strategically located between Shanghai and Suzhou. Changsu is also classified as a second-tier city by the Chinese government, which

would see fast growth," AP Land joint managing director Low Gee Teong had said recently.

However, the Changsu project is only the beginning. "The JV company will also oversee operations of AP Land's Victoria International College in Kuala Lumpur and Rawang," Adam said. "We are currently conducting due diligence to see how we can manage these operations and how much stake the JV company could acquire of Victoria College. We hope to reach something concrete next year.

"It is a truly beautiful partnership, as both HELP and AP Land believe in quality education. But, this is only the beginning. We are also looking at other places where AP Land has presence, and see how we could work on another likewise agreement in the future."

The IDE Plan

The AP Land-HELP partnership is only part of HELP's internationalisation plan to fuel its growth in the next seven years. For this, HELP has developed the IDE — internationalisation, diversification and expansion — strategy.

"The Malaysian education market is growing at a certain percentage, but HELP recognises the need to grow as a regional player in providing quality education. That is why we are looking at expanding into other countries.

"Driving HELP's growth is the IDE plan, or without it, we would DIE," Adam quipped. "We are not only entering new markets, but also ensuring we can offer a diversity of new courses to drive the growth," he added.

HELP currently has an established presence in Vietnam via its tie-up with Vietnam National University in Hanoi to offer HELP-accredited postgraduate courses. It currently has 1,200 students under its wing there and will be offering new programmes in the future.

HELP's courses are also franchised in six centres in Indonesia, with about 500 students enrolled in its IT and business programmes. "We are happy with our partnerships there (Indonesia), although we only recently entered into the market. In fact, one of the partners said they want to offer only HELP programmes. We expect to tie up with three new centres every

year, and add up to 600 students a year," Adam said.

Apart from Changsu in China, he said HELP was also looking into setting up partnerships in Nanjing and Suzhou.

"We have been approached to enter Cambodia, and it is very fascinating because it is an early market. Its population might not be as big as Vietnam, but there's a lot of potential. There are many local universities, but they are looking for foreign top-ups in order to get jobs in multi-national companies.

"There are a lot of investments going into Cambodia, and this is definitely an opportune time to offer professional and language programmes," Adam said, adding that HELP hoped

to finalise the agreement with its partner in the next three months.

Tie-ups, new local campuses

Last month, HELP also signed an agreement with Pearson eCollege to support its expansion by providing additional materials and an online platform. "On top of our own materials, Pearson eCollege will support us with additional content such as online library and other resources. This is a great collaboration for us, as Pearson is the leading platform provider for top online universities in US," Adam said.

Apart from providing online resources, its online platform would allow students and lecturers to communicate via webcam and chat. "Apart from South Korea, China and Japan, online learning is still slow to pick up in Asia. It is only a matter of time before it becomes a norm and Pearson has a proven system in this regard," he said.

Pearson eCollege is the online arm of the Pearson group, which is the world's largest publisher of education books. The tie-up with Pearson eCollege is also in line with HELP's establishment of ELM College in Australia, which will begin operations in January.

"ELM College is based on an online franchising model with a small domestic market. This had to be supported by a good online platform that is supported by Pearson eCollege," Adam said.

With all eyes on internationalisation, it's not all quiet on the domestic front. HELP will open its new HICT campus at Fraser Business Park, in downtown Kuala Lumpur, by October, with the first intake slated for January. The campus has a capacity of 5,000 students.

Its new flagship campus in Subang 2, with a 10,000 capacity, is expected to be ready by 2013. "We currently have 12,000 students. With the two new campuses, in addition to the one we have at Pusat Bandar Damansara, we target to have 20,000 students by 2016," Adam said.

Bonus issue and future fund raising

Last month, HELP proposed a bonus issue of 53.26 million shares on the basis of three shares for every five existing shares. After the exercise, its share base will increase from 88.8 million to 142 million shares.

Chan said the bonus issue was to reward shareholders who had stuck by the group through the bull

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and bear.

OSK Research said the proposed bonus issue was no surprise, as its management had indicated it was looking at rewarding its shareholders and improving liquidity of its shares. "Following the proposed bonus issue, we believe it could be a prelude to another corporate exercise, which may potentially involve the issuance of new shares, such as through a private placement or rights issue," it said.

Commenting on this, Adam said there might be corporate exercises in the future, but it would only happen next year. "We currently have RM80 million cash in hand. We do not need to do any fund-raising at the moment, but we might look at a rights or bond issue next year.

"We are also proud to say we do not have any bank borrowings since we started. However, we might have to start borrowing as we need to make investments in our new cam-

pus," he said.

Adam said HELP would need to invest RM100 million in its Subang 2 campus, RM10 million in the Fraser Business Park campus and another RM15 million in ELM College.

"We would only raise the funds whenever we need them. At the moment, we are comfortable with our cash level," he said.