# 3. DETAILS OF THE PUBLIC ISSUE

## 3.1 INTRODUCTION

This Prospectus is dated 27 April 2007.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the application forms with the Registrar of Companies who takes no responsibility for its contents.

We have applied to Bursa Securities for its approval-in-principle for the Listing, admission of our Shares to the Official List of the Second Board of Bursa Securities and permission to deal in our Shares, including the Issue Shares, which are the subject of this Prospectus. Our Shares will be admitted to the Official List of the Second Board of Bursa Securities and official quotation will commence after Bursa Securities receives the application for quotation, including the confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and an undertaking that all notices of allotment will be despatched to all successful applicants prior to the Listing.

Any allotment made on an application to subscribe for our Shares pursuant to this Prospectus will be void if permission is not granted within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the six (6) weeks or such longer period as may be specified by the SC.

Where permission has not been granted by Bursa Securities within the time frames as mentioned above, we will repay without interest all monies received from the applicants. If any such monies are not repaid within fourteen (14) days after we are liable to repay them, the provision of sub-section 52(2) of the SCA will apply accordingly.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Bursa Securities LR, at least twenty five per centum (25%) of our issued and paid-up share capital must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Public Issue. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus. We, our promoters and advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation to buy any Issue Share in any jurisdiction and in any circumstance in which such an offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an offer or invitation.

**You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in us. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

## 3.2 STATUS OF THE ISSUE SHARES

Immediately after the Listing, the Issue Shares will rank equally in all respects with our existing issued Shares including as to voting rights and rights to all dividends and distributions and any surplus in the event of our liquidation, the entitlement date of which is subsequent to the date of their allotment. There are no special rights attached to the Issue Shares. Our Company only has one (1) class of shares, namely ordinary shares of RM0.50 each.

## 3.3 THE PUBLIC ISSUE

The Public Issue comprises an offering of the Issue Shares at an issue price of RM0.80 per Share as follows:

(a) 8,776,000 new Issue Shares for application by our eligible employees and Directors, and persons who have contributed to our success. Out of these, 6,596,000 Issue Shares are reserved for the non-director eligible employees of the HIC Group, whereas 1,400,000 Issue Shares are reserved for the eligible Directors of our Group and 780,000 Issue Shares are reserved for persons who have contributed to the success of our Group; and

(b) 6,000,000 new Issue Shares for application by the Malaysian Public, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

If the Public Issue may not be completed, monies paid in respect of any application for the Issue Shares will be returned in full to applicants without interest.

In the event that any of the Issue Shares under Section 3.3(a) above are not taken up by the eligible Directors and employees of our Group and persons who have contributed to the success of our Group based on the pre-determined allocation list, such number of unsubscribed shares will first be re-allocated to those eligible employees who apply for excess Issue Shares on top of their pre-determined allocation on a proportionate basis (subject to rounding of odd lots). In the event that there are still Issue Shares not taken up after the above re-allocation, such shares will then be made available for application by the Malaysian Public.

The entire 14,776,000 Issue Shares have been underwritten by the Underwriter. Please see Section 3.12 (Details of the Underwriting Agreement) for the salient terms of the Underwriting Agreement dated 9 April 2007 between the Underwriter and our Company.

At the point of listing of our Shares on Bursa Securities, prior to the first trade on our Shares, the market capitalisation of our Group would be RM71.0 million based on the Issue Price of RM0.80 each and our enlarged issued and paid-up share capital of 88,776,000 Shares.

### 3.4 MINIMUM LEVEL OF SUBSCRIPTION

The minimum level of subscription in respect of the Public Issue shall be the entire 6,596,000 Issue Shares allocated for the eligible employees of our Group, the 780,000 Issue Shares allocated to persons who have contributed to our success and 6,000,000 Issue Shares made available for subscription by the Malaysian Public. This minimum level of subscription has been determined based on the number of shares required to meet the minimum public shareholding spread of 25%.

### 3.5 BROKERAGE AND UNDERWRITING COMMISSION

We will pay brokerage at the rate of one per centum (1%) of the issue price of RM0.80 per Issue Share in respect of successful applications which bear the stamp of CIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

We will pay the Underwriter an underwriting commission of one point seven five per centum (1.75%) of the issue price of RM0.80 per Issue Share for underwriting the entire 14,776,000 Issue Shares.

### 3.6 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

(i) to achieve listing status for our Company, which in turn enhances our stature in marketing our products and services both locally and abroad, as well as provide liquidity to our shares;

(ii) to enable us to have access to the capital market in order to give us the financial flexibility to pursue growth opportunities;

(iii) to enhance our transparency and discipline of our corporate management; and

(iv) to provide an opportunity for the investing community, including the Malaysian Public, our eligible employees and Directors, and persons who have contributed to our success to participate in our equity and future performance.

### 3.7 BASIS OF ARRIVING AT THE ISSUE PRICE

We, and CIMB, as our Adviser and Underwriter, have determined and agreed on the issue price of RM0.80 per Issue Share, after taking into consideration the following factors:

(i) Our Group's operating and financial history and condition, as outlined in Section 9 (Business) and Section 14 (Financial Information) of this Prospectus;

(ii) The future prospects of our Group and of the industry in which our Group operates as outlined in Section 8 (Industry Overview) and Section 9 (Business) of this Prospectus;

(iii) The prevailing market conditions;

(iv) The proforma consolidated NTA per Share of our Company as at 31 October 2006 of RM0.71, details of which are set out in Section 14.1 (Financial Information - Reporting Accountants' Letter on the Proforma Consolidated Financial Information) of this Prospectus;

(v) The forecast net PE Multiple of 8.0 times based on the forecast net EPS of our Group for the financial year ending 31 October 2007 of 10.0 sen and our enlarged issued and paid-up share capital of 88,776,000 Shares; and

(vi) The historical net PE Multiple of 8.8 times based on the EPS of 9.1 sen computed based on HUC Group's audited PAT after MI of RM8.1 million for the financial year ended 31 October 2006 and our enlarged issued and paid-up share capital of 88,776,000 Shares.

Investors should also note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the prices of these shares.

## 3.8 IMPORTANT DATES

The following events are intended to take place on the following tentative dates:

| **Event** | **Date** |
|---|---|
| Issuance of prospectus/Opening of applications | 27 April 2007 |
| | **Tentative dates** |
| Closing of applications | 10 May 2007 |
| Balloting of applications | 14 May 2007 |
| Allotment of Issue Shares to successful applicants | 17 May 2007 |
| Listing | 22 May 2007 |

***Note:***

*The applications for the Issue Shares will remain open until 5 p.m. on 10 May 2007 or such later date or dates as our Directors and the Underwriter may mutually decide, at their absolute discretion. If the closing date for applications is extended, the dates for the balloting of applications, allotment of the Issue Shares and our Listing will be extended accordingly. We will announce any extension of the above dates in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.*

## 3.9 ESTIMATED EXPENSES OF THE PUBLIC ISSUE

The expenses of this Public Issue are estimated to be RM2,000,000, which include brokerage and underwriting commission relating to the Listing, and will be borne by us. An amount of RM1.10 million out of the above listing expenses is provided for professional fees of our advisers and experts.

### 3.10 ALLOCATION TO OUR ELIGIBLE EMPLOYEES AND DIRECTORS, AND PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS

The eligible employees and Directors of our Group, and persons who have contributed to our success are allocated an aggregate of 8,776,000 Issue Shares.

(i) The allocation to our eligible Directors is as set out below.

| Name of Director | No. of Shares |
|---|---|
| Dr. Chan Tuck Hoong | 490,000 |
| Low Kam Yoke | 430,000 |
| Ng Teh Kha | 160,000 |
| Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohd Ali | 130,000 |
| Dato' Dr. Zakaria Bin Ahmad | 130,000 |
| Chong Koon San | 60,000 |
| **TOTAL** | **1,400,000** |

(ii) The criteria of allocation to the eligible employees of our Group are the position, number of years of service and persons who are confirmed employees of our Group as at 30 March 2007. Based on these criteria, as at 30 March 2007, there are 298 employees (who are not our Directors) who are eligible to subscribe for the Issue Shares reserved for the eligible employees of our Group; and

(iii) The 780,000 Issue Shares that have been reserved for persons who have contributed to our success are allocated based on their respective contributions and continuous support to the growth of our Group.

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### 3.11 PROCEEDS OF THE PUBLIC ISSUE

The Public Issue will raise total net proceeds of RM9.821 million (being gross proceeds of RM11.821 million less estimated listing expenses of RM2.0 million). The proceeds will accrue entirely to us and will be fully utilised for our core business in the following manner:

| | Time frame for utilisation from date of listing | Note | RM 000 |
|---|---|---|---|
| Improvement to existing facilities | 18 months | (i) | 4,000 |
| Investment in and development of intellectual property, including staff development | 24 months | (ii) | 2,660 |
| International business development | 18 months | (iii) | 1,179 |
| Working capital | 12 months | (iv) | 1,982 |
| **Net proceeds** | | | 9,821 |

***Notes:***

*(i)* *We have allocated RM4 million to finance improvements to our existing facilities. From the RM4 million, we have allocated RM2 million to improve our existing library facilities, which will include development of infrastructure to facilitate e-research, expenditure on books to improve the existing collection and provision of state-of-the-art library facilities; we have allocated RM1 million to finance improvements and expansion of the science laboratories and computer facilities; the remaining RM1 million is for general improvement to the existing campus.*

*(ii)* *We have allocated RM2.66 million to finance our investment in and development of intellectual property. With the conferment of university college status in August 2004, we are able to confer our own degrees up to Masters level. We are working on achieving a full university status within the next 2-4 years whereby we will be able to confer our own degrees up to Doctorate level. To achieve this, it is necessary for us to develop our own quality degrees and intellectual property and this will also assist us in our efforts to internationalise our programmes. The development of intellectual property will also involve extensive staff development and training to equip our existing staff with the necessary skills to develop academic content and also the 'purchase' of the necessary talent through local and foreign consultants.*

*(iii)* *We have allocated RM1.179 million to finance our international business development. We intend to expand our international network to offer HELP programmes worldwide through our direct licence model. Our expansion plans will require funds to facilitate visits to these countries and to assist our international partners in the setting up of representative offices and teaching institutions in their respective countries. We also intend to explore the possibility of obtaining accreditation of our HELP programmes from the US and Australia; we believe that accreditation will improve the marketability of the HELP programmes internationally.*

*(iv)* *We have allocated RM1.982 million to finance the working capital requirements of our Group. We will use it for, amongst others, payment of our Group's operating expenses. We anticipate expenditure to support our marketing efforts, internationally and locally, as competition for students become stiffer; we will also need to maintain and strengthen the HELP brand name. We anticipate expenditure to provide better services to our students on campus; for example, by improving our existing shuttle service, expenditure on extra curricular activities etc.*

*(v)* *Estimated listing expenses amounting to RM2.0 million, which include brokerage and underwriting commission relating to the Listing, will be borne by us. An amount of RM1.10 million out of the above listing expenses is provided for professional fees of our advisers and experts. An excess or shortfall in the amount allocated to listing expenses will be transferred to or from the amount allocated to working capital requirements.*

Our Directors expect the utilisation of the proceeds above to contribute positively to the financial position of our Group.

### 3.12 DETAILS OF THE UNDERWRITING AGREEMENT

An underwriting agreement was entered into between our Company and the Underwriter on 9 April 2007 to underwrite 14,776,000 Issue Shares ("Underwritten Shares"), for an underwriting commission of one point seven five per centum (1.75%) of the Issue Price i.e. RM0.80 per Share ("Underwriting Agreement").

The obligations of the Underwriter to underwrite the subscription for the Underwritten Shares are conditional upon, *inter alia*, the following conditions being fulfilled:

(i) the SC having approved this Prospectus (and if such approvals will be conditional, all conditions being upon terms acceptable to the Underwriter) within one (1) month from the date of the Underwriting Agreement;

(ii) Bursa Securities having agreed-in-principle to the listing of and quotation for the entire paid-up share capital of our Company (including the Issue Shares and Shares offered for sale under the Restricted Offer for Sale) on the Second Board of Bursa Securities within one (1) month from the date of this Prospectus (or such longer period as may be specified by the SC);

(iii) the issue and offer of the Shares offered under the Public Issue and the Restricted Offer for Sale having been approved by the shareholders of our Company in a general meeting; and

(iv) the representations, warranties and undertakings of our Company contained in the Underwriting Agreement are true, accurate and correct and not misleading in all respects on and as of the date of Listing as though they had been given and made on the date of Listing and our Company having complied with all the terms of the Underwriting Agreement and satisfied all the conditions on its part under the Underwriting Agreement to be performed and satisfied on or prior to the date of Listing.

The Underwriter may elect to treat any material breach of any representations, warranties and undertakings on the part of our Company set out in the Underwriting Agreement as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement. If any of the conditions set out in the Underwriting Agreement are not satisfied on or prior to the Closing Date (defined in the Underwriting Agreement to be a date to be fixed by our Company with the agreement of the Underwriter for the closing of the application list for the Underwritten Shares, being a date not later than three (3) months from the date of registration of this Prospectus with the Companies Commission of Malaysia), the Underwriter will be entitled to terminate the Underwriting Agreement by notice in writing to us.

The Underwriting Agreement is terminable upon the occurrence of certain events including but not limited to any event of force majeure; any adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates as may or is likely, in the opinion of the Underwriter, to have a material adverse effect on the business, operation, financial condition or prospect of our Company taken as a whole or the success of the Public Issue and/or the Restricted Offer for Sale or the distribution or sale of the Shares (whether in the primary market or in respect of dealings in the secondary market); suspension of trading of securities on Bursa Securities for three (3) consecutive Market Days or more; or the listing and quotation for the entire issued and paid-up share capital of our Company (including the Shares offered pursuant to the Public Issue and the Restricted Offer for Sale) on the Second Board of Bursa Securities does not take place by the fourth (4th) month after the date of the Underwriting Agreement.

# 4. RISK FACTORS

*Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may arise in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.*

## 4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

### 4.1.1 We rely on the directions of our Directors and the continued employment and performance of our key management personnel and academic staff

We believe that human capital is our single most important asset. Our continued success depends on the abilities, dedication, enthusiasm and continued efforts of our existing Directors, key management personnel and academic staff. The loss of any of our Directors or key management personnel could adversely affect our ability to compete effectively in the education industry and in turn, our operational and financial performance. Further, the collective efforts and competence of our academic staff, who must have the necessary qualifications, expertise and pedagogic skills, are crucial in ensuring our continued success in the education sector.

As such, we recognise the importance of our ability to retain our Directors as well as attract and retain skilled and experienced personnel for our management and academic areas. To be a high performance organisation, we have in place human resource strategies and are developing a human resource plan that includes suitable compensation packages, career development and human resource training and development for our management and academic staff. There is also a succession plan that identifies potential leaders and managers for key positions in the organisation.

We are one of the preferred employers in the education industry in Malaysia. We anticipate that there is always competition for our staff especially since they are regarded as well trained people. Despite the above risks, it is comforting to know that our staff turnover over the past three (3) years up to 2006 and the first two (2) months of 2007 (as shown below) has been relatively low. However, a repeat of our past success in retaining staff in the future cannot be guaranteed.

| **Year** | **Staff Turnover %** |
|---|---|
| 2004 | 1.30 |
| 2005 | 1.57 |
| 2006 | 1.27 |
| 2007* | 1.12 |

***Note:***

* *Annualised figure based on the first two (2) months of calendar year 2007.*

### 4.1.2 Our business and operations are governed by government policies and the regulatory framework governing or affecting our industry

The education industry in Malaysia is regulated by the MOE and the MOHE. As we operate in the higher education segment, we come under the purview of the MOHE and any changes in the policies and requirements of this ministry or its agencies may affect our operations, including programmes offered, student recruitment, programme fees and offerings of foreign programmes.

For example, LAN, a statutory body established under the Lembaga Akreditasi Negara Act 1996, is responsible for maintaining the quality and standards of academic programmes in private institutions. Prior to offering any course, we must have it certified by LAN. All our proposed courses should therefore meet the minimum standards and/or criteria for accreditation set by the LAN. However, differences in requirements by LAN may occasionally conflict with those required by foreign partners, foreign governments, industry and client needs.

As a new university college, we face the challenge of meeting the perceived needs of both Malaysian and foreign students in terms of academic standards and professional requirements. The MOHE also encourages us to be more independent and robust. To encourage local colleges to synergise with foreign partners, the MOHE introduces the innovative practice that the former can have 20% of its programmes with foreign universities. We are also encouraged to explore joint degrees and dual degrees.

Any abrupt changes in government policies and regulations would have adverse impact on the education industry and thus our Group. At the same time, the Government is streamlining its policies and regulations to enhance Malaysia as a regional hub for higher education.

Thus, there have been some recent developments that are encouraging for us as well as the local education industry as a whole. The MOHE frequently engages in dialogues with key players in the education market to address the needs of higher education providers. The MOHE has strengthened its initiatives to be the main driver to promote Malaysia as the regional education hub. As such, it has designed policies that support the whole education sector (both public and private) and has also invited principal education institutions to be members of policy making committees.

In this context, the Malaysian Government has, for example, allowed foreign students to work in Malaysia. There are government-to-government initiatives to boost international student recruitment to Malaysia, to cultivate partnerships with world-class foreign universities to promote Malaysia as a regional education hub and to get mutual recognition for our degree awards. The MOHE has created the Education Counsellor post in strategic country markets (for example China) and these senior officers work closely with the local governments and with the Malaysian embassies.

The MOHE also works collaboratively with the Ministry of Home Affairs to liberalise student visa applications and professional visas for foreign academic staff. While the Ministry of Home Affairs is not a governing body for the education industry, it does, via the Department of Immigration, set policies that affect the entry of foreign students into Malaysia. As such, any further restrictions or tightening of immigration rules relating to the entry of foreign students may impede our future performance, since we are expecting a healthy growth in overseas student recruitment, in line with the Government's aim for Malaysia to be a regional centre for education.

**4.1.3 Changes in requirements of professional bodies could influence recognition and demand for our courses**

Professional bodies such as the Bar Council, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and CPA Australia currently recognise certain degree courses conducted by HELP University College for the purpose of membership entry requirements. Changes in the requirements of these professional bodies could affect the demand for our degree courses.

**4.1.4 Competition from local and foreign education providers**

Similar to all businesses, the education sector faces competition.

We compete intensely for students with public universities, private universities and other institutions of higher learning, both in Malaysia and outside of Malaysia. The education sector is becoming increasingly competitive due to more governments and large corporations taking a serious interest in the education sector, resulting in the establishment of more public, private and branch campus universities, and the internationalisation of the industry.

Regionally, we face competition from China and other South East Asian countries such as Singapore and Thailand. These countries are serious in developing their education industry as education is a big foreign exchange earner and to developing nations, education is a catalyst for transformation of their socio-economic status.

Further, the growing array of courses offered by the various universities and institutions of higher learning provides potential students with an abundance of choice for courses. This has increased competition and also makes Malaysia a more attractive hub for foreign students.

We anticipate that the Malaysian education sector will rationalise as it evolves into a regional hub with a cluster of top class providers. This provides an opportunity for mergers and acquisitions. This fits well with both Malaysian and foreign students as they are now offered high quality programmes from globally benchmarked institutions.

**4.1.5 Implications of our partnership and strategic alliances with foreign universities**

Since the inception of HELP University College, we have relied on collaboration with our foreign university partners as part of our evolutionary growth. This dependency is expected to phase out in the future as our own degrees become more recognised and accepted by the market. This is already happening as foreign students are now enrolling into our degree programmes.

Our alliances with reputable foreign universities have enhanced our "HELP" brand name, created demand for our pre-university courses and enabled us to take on the teaching, delivery and marketing of degree courses. This corporate reputation and brand position will continue to ensure that HELP University College retains and sustains its academic status and professional stature among competitors.

In responding to changes in the education environment we are actively creating more partnerships, exploring new geographic markets, developing new products, and creating additional sources of revenue from executive education.

The new university college status has enhanced our academic standing. This helps us in our negotiation with foreign partners for new products and collaborations. This new status also gives us strong credibility with foreign governments.

**4.1.6 A drop in student enrolments will have a cyclical effect on our revenues**

Due to the recurring nature of education revenue, a drop in student enrolment in a particular year will affect revenues for the next few years, depending on the duration of courses. For example, a dwindling enrolment for a 3-year degree programme not only contributes to a decline in revenue for the year of enrolment but also would continue to do so over the following two years. On the other hand, this also operates in the reverse.

To minimise our exposure to the above risk, we will continue to monitor the education scene, conduct market research activities and liaise with employers of various industries and professional bodies to keep tabs of changes in the academic needs of students as well as the ultimate consumer, i.e. the employers. Efforts to minimise the negative effects should there be a decrease in student enrolments involves HUC actively pursuing ways to diversify its consumer pool. Such efforts include the offering of professional and executive courses to cater to corporate and adult consumers as well as offering new training programmes through partner universities in addition to aggressively promoting the "HELP" brand internationally.

**4.1.7 Risks arising from foreign exchange fluctuations**

On 21 July 2005, Bank Negara Malaysia announced the discontinuation of the peg on the exchange rate between the Ringgit and the USD at RM3.80:USD1.00. Following that, the Ringgit is allowed to operate in a managed float with its value being determined by economic fundamentals monitored against a basket of currencies. Similar to many other businesses, there are risks arising from foreign exchange fluctuations, as demand for our courses may fluctuate according to exchange rate movements.

### 4.1.8 The inadequate protection of our foreign investment by the foreign legal system in which we operate may affect our revenue and profits

Our operations as a licensor and franchiser in overseas markets are subject to the framework of the foreign legal systems and regulations applicable in those countries. Although most governments have made considerable progress in the promulgation of laws and regulations dealing with economic matters such as foreign investment, intellectual property, commerce, trade and taxation in relation to, *inter alia*, the protection of foreign investors, some of the laws and regulations and the interpretation, implementation and enforcement thereof in less developed countries are still at an experimental or early stage and are therefore subject to policy changes. As such, the outcome of dispute resolutions may not be as consistent or predictable as in more developed jurisdictions and it may be difficult to obtain swift and equitable enforcement of the laws in the less developed countries.

### 4.1.9 Political, social and environmental developments may affect our business

Our business, prospects, financial condition, operations and results may be adversely affected by adverse political and social developments in countries we operate or have business relationships in. Any developments that result in political or social instability in these countries, whether through a change in government or otherwise, could have a material adverse effect on us and our business, prospects, financial condition, operations and results. Further, any change in the policies of the governments of these countries may result in increasing competition, increased cost in doing business and/or increasing regulation of our business and activities leading to a highly restrictive operating environment.

### 4.1.10 Risks from infrastructure breakdown, civil emergency and terrorism

Like other businesses, our operations may be adversely affected by events such as infrastructure breakdown, the breakout of fire, prolonged disruption in electricity supply, terrorism or other emergencies.

Some of these, like civil strives, are not within our control. Others like fire risks are containable. For these, the necessary precautions are already taken as per the requirements of various regulatory authorities.

As a responsible organisation we ensure that we have the security management in place to respond to the above risks. We have a Crisis Management Committee that oversees and manages risks and security issues that arise from such threats. Our staff and students are trained regularly in civil emergency response.

### 4.1.11 HIC is controlled by SPB

Upon the Listing, the controlling shareholder of HIC, namely SPB, will directly own 51% of the issued and paid-up share capital of our Company. Accordingly, it will be able to control most matters requiring a shareholder vote, unless it is required to abstain from voting by law and/or the relevant authorities.

Despite this, the structure of the HIC Group is such that members of the Board and management have their own independent functions but overall decisions are made on a collective basis. There are also control procedures in place to ensure business decisions and outcomes are made on a rational and independent basis and not through undue influence. Such procedures include the requirement for the Independent Directors and the Audit Committee, formed in accordance with the provisions of the Bursa Securities LR, to ensure transactions involving parties related to our Group are entered into on commercially acceptable terms that are fair to our Group. Further, where a situation of conflict of interest is present, the affected party will be required to abstain from voting on the subject matter.

## 4.2 RISKS RELATING TO OUR SHARES

### 4.2.1 There has been no prior trading market for our Shares within or outside Malaysia and a market for our Shares may not develop

There is currently no prior trading market for our Shares within or outside Malaysia. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. While the SC has approved the Public Issue and given approval for our Listing, there can be no assurance that our Shares will be accepted for listing and quotation on the anticipated date. We have made an application to Bursa Securities for the quotation of the Shares on the Second Board of Bursa Securities. If our Shares are not admitted to the Official List, we will return the monies paid in respect of any application for our Shares without interest.

Our Shares could trade at prices that may be lower or higher than the issue price of RM0.80 per Share depending on many factors, including the prevailing economy, political and financial conditions in Malaysia, our operating results and the markets for similar securities. Neither we nor the Underwriter has any obligation to make a market in our Shares.

### 4.2.2 Our Share price may be volatile in future, which could cause substantial losses to investors purchasing Shares under the Public Issue

The market price of our Shares may fluctuate widely after the Listing depending on numerous factors, including:

(i) investors' perception on our prospects and the workability of our Group's future business plans and the general outlook of the education business in Malaysia and other countries in which we operate;

(ii) differences between our Group's actual results and those expected by investors and the market;

(iii) changes in analysts' recommendations on our Company and/or Shares;

(iv) changes in government policy, legislation or regulation;

(v) changes in the general economic conditions in Malaysia and other countries in which we operate;

(vi) changes in the share prices of other Malaysian public listed companies involved in the education sector; and

(vii) depressed or volatile stock market conditions in Malaysia and other world markets.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares.

### 4.2.3 A delay or failure in our Listing is possible

The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

(i) *force majeure* events or circumstances which are beyond our or the Underwriter's control, prior to the Listing; or

(ii) We or our Underwriter fail to honour our respective obligations under the Underwriting Agreement; or

(iii) Our Company is unable to meet the public spread requirements of Bursa Securities which state that at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon completion of the Public Issue and at the point of Listing.

## 4.3 OTHER RISKS

### 4.3.1 Forward-looking statements

This Prospectus includes forward-looking statements. All statements other than historical fact, including without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for our future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions which our Management believes to be reasonable as at the date hereof and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as word "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Investors should note that our actual results may differ materially as such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environments in which we will operate in the future. Such factors include, *inter alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

### 4.3.2 Potential significant variation to our profit forecast

Our consolidated profit forecast for the financial year ending 31 October 2007 is set out in Sections 14.10 (Financial Information – Consolidated Profit Forecast) and 14.12 (Financial Information - Reporting Accountants' Report on Consolidated Profit Forecast). The consolidated profit forecast is based on assumptions made by our Directors and is presented on a basis consistent with the accounting policies adopted by our Group. Furthermore, it reflects the current judgement of our Directors regarding expected conditions and our expected course of action, which is subject to change.

The consolidated profit forecast is based on a number of assumptions which are inherently subject to significant uncertainties due to factors including, but not limited to, those identified above in Section 4 (Risk Factors). Many of these factors are not within our control and some of the assumptions with respect to future business decisions and strategies are subject to change. Our actual results will differ from such forecast and such differences may be contemplated.

Under no circumstances should the inclusion of the profit forecast be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions, or that we had or will achieve or are likely to achieve any particular result.

The profit forecast should be reviewed in conjunction with the description of the business, the historical financial information and the other materials contained in this Prospectus, including information elsewhere in Section 4 (Risk Factors) of this Prospectus.

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# 5. RESTRUCTURING AND LISTING SCHEME

## 5.1 RESTRUCTURING

In conjunction with and as an integral part of the Listing, we completed the Restructuring, which involved the following:

### 5.1.1 Share Split

On 14 March 2007, we undertook a share split which involved the sub-division of our subscriber shares, i.e. two (2) ordinary shares of RM1.00 each into four (4) Shares.

### 5.1.2 Acquisitions

The Acquisitions comprise the Acquisition of HUC and Acquisition of HUC Subsidiaries, details of which are set out below:

#### 5.1.2.1 Acquisition of HUC

We acquired the entire equity interest in HUC comprising 22,293,000 ordinary shares of RM1.00 each from the shareholders of HUC as at 15 March 2007 for a total purchase consideration of RM45,611,857 satisfied wholly by the issuance of 73,999,996 new Shares, credited as fully paid-up, at an issue price of approximately RM0.62 per Share as follows:

| Vendors | Equity interest in HUC acquired | | Consideration | No. of Shares issued |
|---|---|---|---|---|
| | No. of shares | % | RM | |
| Low Kam Yoke | 856,128 | 3.84 | 1,751,653 | 2,841,855 |
| Dr. Chan Tuck Hoong | 624,624 | 2.80 | 1,277,991 | 2,073,394 |
| Ng Teh Kha | 624,624 | 2.80 | 1,277,991 | 2,073,394 |
| Dato' Dr. Zakaria Bin Ahmad | 1,000,272 | 4.49 | 2,046,573 | 3,320,330 |
| Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohd Ali | 310,128 | 1.39 | 634,527 | 1,029,447 |
| ZCS | 645,000 | 2.89 | 1,319,681 | 2,141,031 |
| SPB | 16,695,224 | 74.89 | 34,158,712 | 55,418,585 |
| Kamil Ahmad Merican | 167,109 | 0.75 | 341,908 | 554,706 |
| Halimaton Saadiah Hashim | 20,891 | 0.10 | 42,744 | 69,346 |
| KRU | 460,000 | 2.06 | 941,168 | 1,526,937 |
| TSR | 889,000 | 3.99 | 1,818,909 | 2,950,971 |
| Total | 22,293,000 | 100.00 | 45,611,857 | 73,999,996 |

The 22,293,000 ordinary shares of RM1.00 each in HUC were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from 5 April 2007, being the date of completion of the Acquisition of HUC.

The purchase consideration for the Acquisition of HUC was arrived at on a willing-buyer willing-seller basis and represents the adjusted NTA of the HUC Group as at 31 October 2005 derived as follows:

| | RM |
|---|---|
| Share capital | 22,293,000 |
| Share premium | 325,680 |
| Retained earnings | 35,905,955 |
| Audited NTA of the HUC Group as at 31 October 2005 | 58,524,635 |
| Add: Gain on disposal of BS[*i] | 163,875 |
| Less: Net dividends paid[*ii] | (13,000,000) |
| Less: Impairment of goodwill[*iii] | (76,653) |
| Adjusted NTA of the HUC Group | 45,611,857 |

***Notes:***

[*i] *Prior to the Acquisitions, on 10 July 2006, HUC disposed of its entire equity interest in BS, i.e. 210,000 ordinary shares of RM1.00 each in BS, for a nominal cash consideration of RM1. This disposal resulted in a gain on disposal of RM1 and RM163,875 at HUC and HUC Group levels respectively, computed based on the audited NTA of BS as at 31 October 2005.*

[*ii] *On 23 January 2006, HUC paid to its then existing shareholders an interim dividend of approximately 36.43% net of tax and a tax exempt interim dividend of approximately 32.08% amounting to RM5,847,554 and RM7,152,446 respectively.*

[*iii] *Prior to the Acquisitions, during the financial year ended 31 October 2006, the goodwill arising from HUC's investment in ICSM was impaired.*

### 5.1.2.2 Acquisition of HUC Subsidiaries

Following the completion of the Acquisition of HUC, HIC acquired from HUC the entire equity interest in all of the following HUC Subsidiaries for cash consideration equal to their unaudited NTA as at 15 March 2007, except for HEAT which was acquired for cash consideration of RM1.00:

| HUC Subsidiaries acquired by HIC | Equity interest acquired by HIC | Purchase consideration |
|---|---|---|
| HTC | 2 ordinary shares of RM1.00 each | 32,731,869 |
| HA | 200,000 ordinary shares of RM1.00 each | 165,852 |
| HEAT | 2 ordinary shares of RM1.00 each | 1 |
| ICSM | 204,000 ordinary shares of RM1.00 each | 9,335 |

The above shares of HTC, HA, HEAT and ICSM were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion of the Acquisition of HUC Subsidiaries.

### 5.1.3 Restricted Offer for Sale

After the Acquisitions, the Offerors offered for sale 13,145,058 Shares or an equivalent of approximately 14.81% of the enlarged issued and paid-up share capital of HIC at the point of listing, to the existing Bumiputera shareholders of HUC as at 15 March 2007 and a Bumiputera investor as follows:

| **Offerors** | **No. of Shares offered for sale** |
|---|---|
| SPB | 10,142,825 |
| Low Kam Yoke | 1,220,825 |
| Dr. Chan Tuck Hoong | 890,704 |
| Ng Teh Kha | 890,704 |
| **Total** | 13,145,058 |

| **Offerees** | **No. of Shares Acquired** |
|---|---|
| Dato' Dr. Zakaria Bin Ahmad | 9,429,017 |
| TSR | 924,245 |
| KRU | 2,099,063 |
| Dr. Noraini Bt A.R. Abdullah ("Dr. Noraini") | 692,733 |
| **Total** | 13,145,058 |

The Restricted Offer for Sale was carried out in order for HIC to comply with the 30% Bumiputera shareholding requirement of the National Development Policy ("NDP")/National Vision Policy ("NVP"), upon the Listing.

The recognition of the above offerees as Bumiputera shareholders/investor for the purpose of the NDP/NVP requirements, except for Dr. Noraini, was approved by the MITI on 9 January 2007. The recognition for Dr. Noraini was received on 2 April 2007.

The Restricted Offer for Sale was made at an offer price of RM0.80 per Share, which equals the issue price of the Public Issue. The proceeds from the Restricted Offer for Sale amounting to approximately RM10.5 million have accrued entirely to the Offerors.

The Restricted Offer for Sale was completed on 6 April 2007.

## 5.2 PUBLIC ISSUE

Pursuant to the Public Issue, we will issue 14,776,000 Issue Shares, representing approximately 16.64% of our enlarged issued and paid-up share capital. The Public Issue was approved by the SC in its letter dated 6 December 2006 and is subject to the terms and conditions as stated in Section 6.1 (Approvals and Conditions - Approvals and Conditions). Details of the Public Issue are set out in Section 3 (Details of the Public Issue).

## 5.3 LISTING

Under the Listing, our entire enlarged issued and paid-up share capital comprising 88,776,000 Shares, including the Issue Shares which are the subject of this Prospectus, will be admitted to the Official List, listed and quoted on the Second Board of Bursa Securities, subject to the approval of Bursa Securities.

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# 6. APPROVALS AND CONDITIONS

## 6.1 APPROVALS AND CONDITIONS

The Restructuring, Public Issue and Listing were approved by the following:

| | Date of Approval |
|---|---|
| SC | 6 December 2006 |
| SC (under the FIC Guidelines) | 6 December 2006 |
| MITI | 9 January 2007 / 2 April 2007 |
| MOHE | 3 February 2006 |
| Shareholders of SPB | 27 February 2007 |

The conditions imposed by the authorities and the status of compliance with these conditions are as follows:

(i) The approval of the SC and SC (under the FIC Guidelines), via its letter dated 6 December 2006, are subject to the following conditions:

| | Details of conditions imposed | Status of compliance |
|---|---|---|
| (a) | Moratorium be imposed on the disposal of the Shares held by the shareholders/promoters of HIC as detailed in Section 6.2 below; | Met |
| (b) | CIMB and HIC to confirm to the SC that the proceeds from the Public Issue will not be used either directly or indirectly for the payment of dividends by HIC; | Met. The confirmations were given to the SC on 6 April 2007. |
| (c) | Full disclosure to be made in this Prospectus with regard to the following:<br>(aa) The Government's policy on the collaborative '3+0' programmes and the impact of the policy on HIC (if any); and<br>(bb) Plans by HIC to address the phasing out of the collaborative '3+0' programmes; | Met. Please refer to Section 9.4 (Business – Future Plans and Prospects) |
| (d) | All non-trade debts owing to the HIC Group by its directors/substantial shareholders and other companies controlled by the directors and substantial shareholders should be settled prior to the issuance of this Prospectus; | Met |
| (e) | The Directors and substantial shareholders of the HIC Group who are involved on a full time basis in the operations and management of the HIC Group, are not allowed to be involved on a full time basis in the operational and management functions of any of their other personal businesses; | Met as of to date. The affected parties have undertaken that they will continue to comply with this condition, insofar as they are still a Director and/or substantial shareholder of our Group |

| Details of conditions imposed | Status of compliance |
|---|---|
| (f) HIC to comply with the NDP requirement whereby MITI recognised Bumiputera investors to be allocated 30% of the enlarged share capital of HIC; | Met. MITI vide its letters dated 9 January 2007 and 2 April 2007 recognised Bumiputeras with total shareholdings of about 30.51% of the enlarged share capital of HIC |
| (g) CIMB and HIC to inform the SC on the status of compliance with the NDP requirement stated in paragraph (f) above upon completion of the listing exercise; | To be met after the Listing |
| (h) HIC to comply with other relevant requirements with regard to the proposed flotation on the Second Board of Bursa Securities ("Proposed Flotation"), as stipulated in the SC Guidelines; and | Complied to the extent applicable as of the date of this Prospectus |
| (i) Upon completion of the Proposed Flotation, CIMB to confirm to the SC that HIC has complied with the relevant requirements as stipulated in the SC Guidelines. | To be met after the Listing |

The shareholding structure of HIC before and after the Listing Scheme are as follows:

| | Before Listing Scheme | After Listing Scheme |
|---|---|---|
| | % | % |
| Bumiputera | - | *30.51 |
| Non-Bumiputera | 100.00 | *69.49 |
| Foreign | - | - |
| Total | 100.00 | 100.00 |

***Note:***
* *Based on the Bumiputera shareholdings recognised per MITI's letters dated 9 January 2007 and 2 April 2007 and assuming that the entire Issue Shares are subscribed by Malaysian non-Bumiputeras.*

(ii) The approvals of the MITI vide its letters dated 9 January 2007 and 2 April 2007 are subject to the following conditions:

| Details of conditions imposed | Status of compliance |
|---|---|
| (a) That thirty per centum (30%) of the Shares allocated to Bumiputera investors can only be sold after three (3) months from the listing date and the remaining seventy per centum (70%) may be sold in stages subject to obtaining prior approval from the MITI; | To be met |
| (b) HIC is to allocate 248,573 Shares representing 0.28% equity interest in HIC to pre-approved Bumiputera investors; | Met |

| Details of conditions imposed | Status of compliance |
|---|---|
| (c) HIC is to inform the MITI of its recognised Bumiputera shareholders within six (6) months from the date of listing; and | To be met |
| (d) HIC to obtain the SC's approval for the Listing and to comply with the Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests. | Met |

(iii) The approval of the MOHE for the changes in shareholders, shareholdings and directorships in HIC/HUC in connection with the Listing was obtained vide its letter dated 3 February 2006 without any conditions; and

(iv) The approval of the shareholders of SPB for the Restructuring, Public Issue and Listing was obtained on 27 February 2007.

## 6.2 MORATORIUM ON OUR SHARES

Under the SC Guidelines and as one of the conditions imposed by the SC via its approval for the Listing, SPB, Low Kam Yoke, Dr. Chan Tuck Hoong and Dato' Dr. Zakaria Bin Ahmad are not allowed to sell, transfer or assign their shareholdings in our Company amounting to 45% of our nominal issued and paid-up share capital for one (1) year from the date of admission to the Second Board of Bursa Securities.

| | Shareholdings in our Company after the Public Issue | % of issued and paid-up share capital | No. of Shares under moratorium | % of issued and paid-up share capital |
|---|---|---|---|---|
| SPB | 45,275,760 | 51.00 | 29,734,757 | 33.49 |
| Low Kam Yoke | *1,621,030 | 1.83 | 1,064,608 | 1.20 |
| Dr. Chan Tuck Hoong | *1,182,690 | 1.33 | 776,729 | 0.88 |
| Dato' Dr. Zakaria Bin Ahmad | *12,749,347 | 14.36 | 8,373,106 | 9.43 |
| | | | 39,949,200 | 45.00 |

***Note:***

* *Excluding the Issue Shares allocated to these HIC Directors under the Public Issue as set out in Section 3.10 (Details of the Public Issue - Allocation to our Eligible Employees and Directors, and Persons who have Contributed to our Success).*

The restriction, which is fully accepted by SPB, Low Kam Yoke, Dr. Chan Tuck Hoong and Dato' Dr. Zakaria Bin Ahmad, is specifically endorsed on the share certificates of our Company representing the shareholdings of SPB, Low Kam Yoke, Dr. Chan Tuck Hoong and Dato' Dr. Zakaria Bin Ahmad in our Company upon which moratorium on disposal has been imposed to ensure that Bursa Depository will not register any transfer not in compliance with the restriction imposed by the SC and Bursa Securities.

By their letters dated 16 June 2006, SPB, Low Kam Yoke, Dr. Chan Tuck Hoong and Dato' Dr. Zakaria Bin Ahmad have given their undertakings to the SC to comply with the abovementioned terms relating to the sale of their Shares under the moratorium as outlined above.

Our Registrar and Bursa Depository have been informed in writing in relation to the above moratorium to ensure that they will not register any transfer not in compliance with the moratorium restrictions.

## 7. DIVIDEND POLICY

We have not declared or paid any dividends since our date of incorporation on 20 June 2005.

On 25 August 2005, HTC paid an interim dividend of 368,407,100% less 28% taxation and a tax exempt dividend of 34,746,900% amounting to RM5,305,062 and RM694,938 respectively in respect of the financial year ended 31 October 2005. On 23 January 2006, HUC paid an interim dividend of 36.43% less 28% taxation and a tax exempt interim dividend of 32.08% amounting to RM5,847,554 and RM7,152,446 respectively in respect of the financial year ended 31 October 2006. No dividends have been paid by other subsidiaries in respect of the three (3) financial years ended 31 October 2004 to 2006 and the subsequent financial period up to 15 March 2007.

Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to our having profits and excess funds which are not required to be retained to fund our operations, other obligations or business plans and may in the future be subject to restrictions contained in future loan agreements which limit the payment of dividends without the prior written consent of our lenders.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors. We may, by ordinary resolution of the shareholders, declare dividends at a general meeting, but no dividend shall exceed the amount recommended by our Board of Directors. See Section 19.8 (Description of Share Capital - Dividends).

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

(i) the level of our cash, marketable financial assets and level of indebtedness;

(ii) required and expected interest expense, cash flows, our profits and return on equity and retained earnings;

(iii) our expected results of operations; and

(iv) our projected levels of capital expenditure and other investment plans.

In addition, the level of franking credits or exempt account income available to us to distribute dividends in a tax efficient manner may also limit the amount of dividends.

For a start and subject to the above factors, we hope to declare dividends to our shareholders in respect of the financial year ending 31 October 2007. Again subject to the above factors, we anticipate an annual dividend payout ratio of between 10% and 30% of our PAT after MI, and hope to increase this band of ratios over time if conditions are favourable.

Strictly for illustrative purposes only, based on our forecast consolidated PAT after MI for the financial year ending 31 October 2007 of RM8.9 million, a dividend payout ratio of 20% and an enlarged issued and paid-up share capital of 88.776 million Shares, we will be able to propose net dividend of RM1.8 million or gross dividend of 2.7 sen per Share. Such amount of dividend represents a gross dividend yield of 3.4% based on the issue price of RM0.80 per Share and net dividend cover of 5.0 times.

## 7. DIVIDEND POLICY *(Cont'd)*

You should note that all the foregoing statements are merely statements of our present intention, are not legally binding statements in respect of our future dividends or dividends payable pursuant thereto, and are subject to modification (including reducing the pay-out ratio or amending or repealing the dividend policy, and reducing or eliminating dividends payable pursuant thereto) at our Directors' sole and absolute discretion.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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# 8. INDUSTRY OVERVIEW

## 8.1 DESCRIPTION OF THE EDUCATION INDUSTRY

### 8.1.1 The Global and Asian Content

The global education industry is a multi-billion enterprise, estimated by the Organization for Economic Co-operation and Development (OECD) to be in the region of US$30 billion (*Source: Education Quarterly, Issue 22*). All developed nations have relied on their growth path via education. As such, there is always demand for education. As an industry, it can only expand. In Asia, this has become the core agenda of national development planning. Education is also driving the growth and sustaining the success of corporations. At the individual level, education is the gateway to socio-economic mobility and personal success.

In many countries, education is now a legitimate business and is regarded as an industry to be nurtured. Large population countries like India and China are experiencing rapid and fundamental socio-economic transformation. Both these powers and other Asian countries rely on education as the driver for their social economic transformation and by so doing also create a huge industry opportunity. Among Association of South East Asian Nations (ASEAN) members, Singapore has targeted 5% of its Gross Domestic Product (GDP) to come from the education sector (*Source: Education Quarterly, Issue 36*). Malaysia has set up the MOHE to forge policies to support the country as a regional centre for higher education. Australia and New Zealand are also targeting higher education as a significant foreign exchange earner.

The education industry is unique in that it appeals to the different interests of many stakeholders: customers, end-users, policy makers and investors. Students as customers look at it as an opportunity to fulfil their aspirations; end users (employers and society) need productive people; the government knows that, besides being an integral part of its strategic planning for nation building, it is a powerful foreign exchange earner; and fund managers and investors are discovering that education is an enduring theme with increasing returns. Indeed, as far as HUC is concerned, it is difficult to find an industry where the convergence of interests is so congruent.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.1.2 Malaysia

Higher education options in Malaysia have in the past been extremely limited-confined to an elite at the University of Malaya (established in 1950) with a total enrolment of approximately 3,000 in 1966. In the late 1960s, graduates still accounted for only 1% of the population (*Source: Education Quarterly, Issue No. 8*). There were a handful of vocational and teacher training colleges, such as the College of Agriculture at Serdang and the Technical College in Kuala Lumpur (which later became Universiti Pertanian, now Universiti Putra Malaysia, and Universiti Teknologi Malaysia respectively). Kolej Tunku Abdul Rahman was set up in 1969 under a Malaysian Chinese Association initiative, with the original aim of providing training at the 'sub-professional' level. Meanwhile, MARA College (which was renamed Institut Teknologi MARA in 1967, now Universiti Institut Teknologi MARA) was charged with the task of creating a class of Malay professionals, technicians and entrepreneurs.

The 1970s witnessed a big push at the higher education level, with the setting up of new universities. The University of Malaya was joined by Universiti Sains Malaysia in 1969, Universiti Kebangsaan Malaysia in 1970, Universiti Pertanian Malaysia in 1971 (now Universiti Putra Malaysia) and Universiti Teknologi Malaysia in 1972. With the creation of these new universities and other institutions of higher learning, such as the Ungku Omar Polytechnic in 1969, enrolment in tertiary education in public institutions increased dramatically, and the regulatory framework for this new higher education system was provided by the Universities and University Colleges Act of 1971.

Despite the government's continued commitment to growth, there remained a shortage of higher education places. With no other options available, many went overseas. In 1980, an estimated 39,908 Malaysian students were studying abroad, of whom 60.5% were Chinese, 23% Malays, 15.9% Indians and 0.6% other Malaysians. This figure increased to 50,600 in 1995 and has stayed more or less the same over the past ten (10) years, despite currency fluctuations and a significant reduction in the number of government sponsored students being sent abroad (*Source: Education Quarterly, Issue 8*).

However, the spiralling costs of overseas studies (particularly in the UK) coupled with the effects of the late 1980s' economic recession, provided the ideal breeding ground for the growth of local private colleges. With a few notable exceptions (Goon Institute in 1936, Stamford College in 1950 and Taylor's College in 1969), private colleges such as HELP Institute, INTI College, KDU College, Metropolitan College, PRIME College, Sedaya College and Sunway College arrived on the educational landscape in the 1980s, to be followed in the 1990s by colleges like KBU International College, Limkokwing Institute of Creative Technology, Asia Pacific Institute of Creative Technology and Nilai College. In 1996, a raft of education-related Acts was passed, to monitor these developments, which included, *inter alia*, legislation enabling the establishment of 'branch campuses'. A further catalyst to educational innovations in the private sector came with the Asian financial crisis in the late 1990s.

As at January 2007, Malaysia has eighteen (18) public universities and university colleges, twenty-seven (27) private universities and university colleges, four (4) foreign university branch campuses, and twenty (20) polytechnics. Community Colleges have also been introduced around the country that will eventually cater to students in technical and IT related disciplines at the technician level. In addition to this, according to the MOHE Data Resource Department, as of December 2005, 559 licenses had been issued to operate private institutions. As of 31 July 2006, this figure was reduced to 552, following the closure of a number of dormant colleges. These institutions offer a huge range of courses at a variety of levels – certificate, diploma, degree, professional, technical and postgraduate. As at January 2007, there was a total of 3,497 courses that had received approval from LAN.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.1.3 Industry Sectors

The Education Industry covers a range of sectors, including areas such as schools, tuition centres, enrichment centres, publishing houses, study aids, and educational retail as well as higher education. HUC is part of the higher education sector. The elements that make up this sector can be broken down into the following key components:

(i) **Private Colleges** – initially set up to offer sub-degree programmes and professional courses, they expanded in the 1980s to run twinning and transfer courses, mainly with foreign universities, before taking the further step of offering '3+0' foreign degrees. These colleges include *inter alia,* KBU International, Nilai International College and Stamford College;

(ii) **Private University Colleges** - the top private colleges have been upgraded to University College ("UC") status over the past three years. They can offer their own degrees but must satisfy strict requirements related to academic quality and facilities. The leading UCs include Limkokwing University College of Creative Technology, University College Sedaya International, Sunway University College, HELP University College, University College of Technology & Innovation (UCTI), INTI International University College, Taylor's University College and Kolej Universiti Teknologi dan Pengurusan Malaysia;

(iii) **Private Universities** - over the past decade, eleven private universities have been established in Malaysia, most of which offer specialised courses in areas such as multimedia, medicine, and engineering. The leading private universities include, Multimedia University (MMU), Universiti Teknologi Petronas (UTP), Universiti Tenaga Nasional (UNITEN), Open University of Malaysia (OUM), Universiti Tun Abdul Razak (UNITAR) and Universiti Tunku Abdul Rahman (UTAR);

(iv) **Foreign Branch Campuses** - these are physical branches of international universities, offering the same programmes, taught to the same level as the host country. Malaysia currently has four (4) foreign branch campuses, namely Monash University, Malaysia; Curtin University of Technology, Sarawak Campus; University of Nottingham, Malaysia Campus; and Swinburne University of Technology, Sarawak Campus;

(v) **Public Universities** - there are currently eighteen (18) public universities (including public university colleges), although one (1) more in Kelantan and one (1) for the Armed Forces will begin operations in 2007. The public universities are generally comprehensive and research-based. Universiti Malaya, Universiti Sains Malaysia, Universiti Kebangsaan Malaysia and Universiti Putra Malaysia constitute the top four institutions;

(vi) **Public University Colleges** – as of December 2006, there were six (6) public university colleges offering their own degrees. They tend to specialise in particular areas and on average have a student population of around 5,000. These university colleges have now been upgraded to full university status; and

(vii) **Public Polytechnics** - there are twenty (20) polytechnics specialising in vocational training and education that has a practical work oriented outlook.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.1.4 HUC's Position within the Education Industry

HUC began operations in 1986 and initially focused on Law and Economics under the UOL External programmes. HUC then forged strong links with Australian providers, first with the University of Southern Queensland (on 1 May 1988) and later CSU (on 1 January 1998), resulting in a steady growth in student numbers and an enlarged student population.

**Student Numbers (2000 - 2006)**

| **Year** | **Number** |
|---|---|
| 2000 | 6,730 |
| 2001 | 6,883 |
| 2002 | 7,026 |
| 2003 | 7,407 |
| 2004 | 8,000 |
| 2005 | 7,861 |
| 2006 | 8,241 |

As at 15 March 2007, HUC has a student population in excess of 8,500 registered students, including approximately 1,500 students from overseas.

The colleges that have seen the most consistent growth are the ones that have either concentrated on a specific market sector (for example, Art & Design, Pre-university, IT or ADTP) or those that have offered a focused range of programmes (for example, Business, Finance and Economics) in tune with market demand. HUC responded successfully to a growing interest in American degree transfer programmes, the law boom in the early 1990s, the IT boom in the late 1990s and the continuing demand for Business/Finance/Commerce courses. HUC is a major provider of post graduate programmes and has the largest number of post graduate degrees among private university colleges. It is also the largest provider of the London EdExcel A Levels programme outside UK and in Malaysia.

HUC has a strong brand image and a high market profile. It is regarded as one of the leading players both by its competitors and by the general public, in part because it has managed to attract a relatively high proportion of affluent, urban students. Other factors in its favour is its strategic location in the heart of Damansara Heights, a strong management team, conducive study environment, good mix of programmes, a committed academic faculty and a well-balanced student body. In August 2004, HELP Institute (now HELP University College) was officially conferred university college status. This expands HUC's opportunities to grow its market niches and diversify internationally.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.2 INDUSTRY GROWTH AND SIZE

The educational 'democratisation' agenda of the Malaysian government, a phenomenon also taking place in industrialised and other developing countries, has resulted in a rapid increase in higher education participation rates. Private sector enrolments have thus climbed steadily and now cater to well over 300,000 students, as can be seen in the table below.

**Private Sector Enrolment (1995 - 2006)**

| | Private Higher Education Institutions | Private Universities | Total |
|---|---|---|---|
| 1995 | 127,596 | n/a | 127,596 |
| 1996 | 133,199 | n/a | 133,199 |
| 1997 | 143,803 | n/a | 143,803 |
| 1998 | 168,489 | n/a | 168,489 |
| 1999 | 199,613 | 15,981 | 215,594 |
| 2000 | 209,589 | 22,480 | 232,069 |
| 2001 | 243,844 | 27,060 | 270,904 |
| 2002* | n/a | n/a | n/a |
| 2003 | 252,789 | 41,811 | 294,600 |
| 2004 | 237,839 | 76,505 | 314,344 |
| 2005 | 235,379 | 78,598 | 313,977 |
| 2006 | 238,164 | 85,623 | 323,787 |

*(Source: 1995 to 2005 figures are extracted from the Education Guide Malaysia (1st to 10th Edition) and the 2006 figures are extracted from MOHE Research Division)*

**Figures for 2002 were not available.*

The annual turnover for the industry can thus be estimated at a conservative figure approaching RM2.1 billion (assuming each student pays average annual fees of RM7,000). This growth in enrolment was accompanied by a corresponding increase in registered private colleges until 2001 when there was a significant decrease due to inactive colleges being removed from the list.

**Private Higher Educational Institutions (2000 and 2006)**

| | 2000 | 2006 |
|---|---|---|
| University | 5 | 12 |
| University College | 0 | 12 |
| Foreign Branch Campus | 3 | 4 |
| College | 632 | 523 |
| Total | 640 | 552 |

*Source: MOHE (9th Malaysia Plan)*

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.3 INDUSTRY PLAYERS AND COMPETITION

### 8.3.1 Competition

The higher education arena is intensely competitive, with the private sector vying with a number of providers, including foreign universities, local public universities, government backed private universities owned by corporations such as Telekom Malaysia Berhad, Tenaga Nasional Berhad and Petroliam Nasional Bhd, as well as from other private college competitors.

Estimates put the number of active colleges at approximately 322, based on the number of IPTS which have made programme submissions to LAN (*Source: LAN Website*). There are more than 300,000 private sector students nationwide and it is estimated that more than half of this number are enrolled with the top 50 major IPTS (*Source: MAPCU Guide 2006*).

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.3.2 Main Players in the Malaysian Education Industry

Private sector higher education providers can be broken down into the following broad categories:

(i) foreign university branch campuses;

(ii) private universities;

(iii) private university colleges; and

(iv) private colleges.

In addition to HELP University College, the main players include the following:

(i) Asia Pacific University College of Technology & Innovation;

(ii) Binary University College;

(iii) Informatics;

(iv) INTI International University College;

(v) KBU International College;

(vi) KDU College;

(vii) Limkokwing University College of Creative Technology;

(viii) Metropolitan College;

(ix) Monash University Malaysia;

(x) Multimedia University;

(xi) Nilai International College;

(xii) Olympia College;

(xiii) SEGi College;

(xiv) SIT International College;

(xv) Stamford College;

(xvi) Sunway University College;

(xvii) Taylor's University College;

(xviii) University College of Technology and Management Malaysia;

(xix) University College Sedaya International;

(xx) University of Nottingham, Malaysia; and

(xxi) Universiti Tunku Abdul Rahman.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.4 RELEVANT LAWS AND REGULATIONS GOVERNING THE EDUCATION INDUSTRY

As an educational institution, we are subject to various legislations or regulations in carrying out our business. A brief summary of the relevant legislations or regulations is as follows:

**(i) Private Higher Educational Institutions Act 1996**

This Act provides for the establishment, registration, management and supervision of, and the control of the quality of education provided by private higher educational institutions in Malaysia.

**(ii) Lembaga Akreditasi Negara Act 1996**

This Act provides that the LAN will be responsible for the standards and quality of programmes offered by private institutions and specifies its functions as follows:

(a) to formulate policies on the standard and quality control of courses of study and the award of certificates, diplomas and degrees;

(b) to set, monitor, review and oversee the standard and quality of courses of study and certificates, diplomas and degrees;

(c) to determine the level of achievement for the national language and compulsory subjects specified in the Private Higher Educational Institutions Act 1996 as prerequisites for the award of certificates, diplomas and degrees; and

(d) to advise and make recommendations to the Minister of Education on approval of courses of study to be conducted by private higher educational institutions with regard to:

(aa) the suitability of arrangements relating to the educational facilities relevant to the courses of study, and

(bb) the standard and quality assurance mechanisms of the courses of study.

Section 3 of the Lembaga Akreditasi Negara Act 1996 provides that the LAN will be responsible for the standards and quality of programmes offered by private institutions. This Act also establishes the LAN and provides for its functions and power. Part V of the Lembaga Akreditasi Negara Act 1996 states the Accreditation procedure and power of the LAN to grant or refuse an application.

Section 39 of the Lembaga Akreditasi Negara Act 1996 stipulates that all certificates, diplomas and degrees can only be awarded upon satisfying minimum standards as determined by the LAN. Section 38 of the Lembaga Akreditasi Negara Act 1996 provides for accreditation of programmes. While minimum standards are mandatory for all courses conducted by private institutions, accreditation is generally optional, except for certain specified programmes, such as '3+0's, where achieving accreditation level is compulsory. Benefits attached to accreditation include eligibility for students to apply for study loans from the National Higher Education Fund and automatic recognition by the Public Services Department.

**(iii) Education Act 1996**

The Education Act 1996 repealed the Education Act 1961. The National Philosophy of Education was incorporated into the Education Act 1996. Under this Act, the national system of education was further defined, and a core curriculum was introduced for all national schools.

**(iv) National Council on Higher Education Act 1996**

An initiative to plan, formulate and determine national policies on higher education, to ensure orderly growth and expansion in line with national aspirations.

**(v) Universities and University Colleges (Amendment) Act 1996**

This Act streamlines the administration and management of public universities especially in matters relating to student and staff discipline.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.4.1 Administration, Approval and Recognition

Since March 2004, educational policy-making and administration comes under the purview of two (2) distinct Ministries: the MOE and the MOHE.

**(i) JPS**

JPS was a department within the old single MOE, tasked with the role of ensuring that the planning and development of private education is in keeping with national educational policies and laws, such as the Education Act 1996 and the Private Higher Educational Institutions Act 1996. Every private institution must therefore be registered with JPS, which also carries out periodic reviews and enforcement exercises to ensure institutions comply with all relevant regulations. The role of the former JPS with regard to higher education is now carried out by the Sektor Pengurusan IPTS within the MOHE.

**(ii) LAN**

LAN, a statutory body set up by the National Accreditation Board Act 1996, is responsible for maintaining the quality and standards of academic programmes in private institutions. Note, however, that with the launch of the Malaysian Qualification Agency and the Malaysian Qualifications Framework, the role of LAN will be subsumed within the Malaysian Qualification Agency. At present, before offering any course, it must be certified according to at least one of the following three categories: approval, minimum standard or accreditation. Approval means that the Minister of Higher Education has issued a letter allowing the private institution to offer the course. Minimum standard signifies that the course has fulfilled basic quality criteria laid down by LAN and accreditation represents the highest level of assessment and is compulsory for certain courses such as '3+0' and professional programmes like Engineering and Medicine.

**(iii) Jabatan Perkhidmatan Awam ("JPA")**

JPA has set up a permanent committee with authority to evaluate and confer recognition on qualifications for all public service appointments. JPA recognition is therefore primarily relevant for those seeking employment in the Malaysian civil service.

**(iv) Professional Recognition**

For professions such as law, engineering, accountancy or medicine, the respective professional bodies draft rules and requirements governing entry to that profession. Most professions have special statutory bodies (set up by an Act of Parliament) responsible for determining who is eligible to be registered and practice in that particular profession.

**(v) Foreign Regulation**

In addition to the functions carried out by the various local bodies outlined above, foreign programmes offered through Malaysian partners may also be subject to quality review from their country of origin. To maintain the reputation of British and Australian higher education, the respective quality agencies monitor offshore provision very closely. For example, in the UK, the Quality Assurance Agency conducts institutional and subject reviews of British universities, including their offshore arrangements. Australia also operates a system of institutional audits, similarly extending offshore.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.5 SUPPLY AND DEMAND

### 8.5.1 Supply

Supply (ability to maintain existing collaboration scheme with the respective universities) is not generally regarded as problematic as private colleges have been ideally placed to exploit shifts in the funding mechanisms of foreign universities, especially in the UK and Australia. Over the past ten (10) years, these universities have experienced a change from operating within a virtually fully funded, wholly government subsidised context, to being forced to source up to 70% of their income stream independently.

With scarce government resources, foreign students have become big business. In the US, foreign students now represent the fifth largest 'commodity' in the US economy. The UK Department of Trade and Industry estimates that foreign exchange earnings from education were at least RM9 billion in 1997, with overseas students accounting for about half of that. Further, a study by Sussex University's Institute of Development Studies claimed in 1999 that 'overseas validated courses' were worth RM250 million a year to British universities *(Source: Education Quarterly, Issue 4)*. In Australia, Malaysians make up the largest single number of foreign students in the higher education sector, generating significant revenue for Australia.

However, for colleges with university college status, supply will be less dependent on collaborative arrangements with foreign partner universities. Nevertheless, given that the 'HELP' brand will take time to fully establish recognition and credibility, it is likely that demand for foreign university degrees (especially for the international market) will continue for the foreseeable future. However, the numbers heading overseas at undergraduate level will taper off whilst demand at postgraduate level is likely to increase.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

### 8.5.2 Demand

The educational 'democratisation' agenda has resulted in private sector enrolments climbing steadily in the past six (6) years and private institutions now cater to over 300,000 students and employ more than 9,000 teaching staff. A significant area of growth for the private sector has come from the overseas market. At the height of the Asian financial crisis in 1998, statistics show a dramatic increase in overseas recruitment, as shown in the table titled 'International Students in Malaysia (1995-2006)' below, with the highest figures coming from Indonesia and China, as shown in the table titled 'Main Markets for International Students – Top Five Countries' below. Foremost amongst Malaysia's competitive advantages as an educational destination is the use of English as a medium of instruction in the private sector, affordable fees and as a gateway to a third country.

**International Students in Malaysia (1995 – 2006)**

| | Private Higher Education Institutions | Total |
|---|---|---|
| 1995 | 580 | 940 |
| 1996 | 1,298 | 2,678 |
| 1997 | 2,244 | 5,273 |
| 1998 | 6,182 | 10,927 |
| 1999 | 10,254 | 15,999 |
| 2000 | 15,003 | 20,543 |

**International Students in Malaysia (1995 – 2006)**

| | **Private Higher Education Institutions** | **Total** |
|---|---|---|
| 2001 | 13,475 | 18,019 |
| 2002 | 22,827 | 28,495 |
| 2003 | 25,158 | 39,577 |
| 2004 | 25,939 | 40,686 |
| 2005* | 33,903 | 41,559 |
| 2006* | 36,449 | 48,468 |

*(Source:1995-2002: JPS website (March 2005), based on student passes issued by the Malaysian Department of Immigration; 2003: JPS figures as published in Education Quarterly, Issue 33(2003); 2004: JPS figures as quoted on www.mca.org.my (March 2005); 2005-2006: MOHE Research Division)*

**Main Markets for International Students – Top Five Countries**

| **1999** | | **2003** | | **2004*** | |
|---|---|---|---|---|---|
| Indonesia | 61% | China | 39% | China | 28% |
| China | 19% | Indonesia | 26% | Indonesia | 26% |
| Singapore | 7% | India | 5% | Bangladesh | 5% |
| India | 5% | Thailand | 5% | Pakistan | 4.5% |
| Japan | 4% | Singapore | 4.5% | India | 4.5% |

*(Source: JPS, MOE)*

**www.studymalaysia.com*

Educational demand is also dictated by the needs of the ultimate consumers i.e. the employer, and is thus predicated upon the direction and manpower needs of the economy at the macro level. Demand for 'knowledge workers' and other key professions have increased steadily in line with economic growth but there is some concern that disciplines in the 'soft' areas may be over-subscribed.

Looking at the near future, it is apparent that there will simply not be enough students to sustain such a large number of providers. Total student enrolment at public sector tertiary level is expected to rise from 390,388 in 2005 to 853,590 by 2010 (*Source: 9th Malaysia Plan*). This big increase in public provision, assuming the system can cope, will place further strains on IPTS.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.6 SUBSTITUTE PRODUCTS AND SERVICES

For the foreseeable future, there does not appear to be a substitute that will completely replace conventional centres of higher learning, although e-learning modes are set to make significant inroads in the postgraduate and continuing education market. It is conceivable that students may increasingly opt to register directly with foreign university providers under virtual learning modes. However, since e-learning is still in the developmental stages, most models still rely on some degree of face-to-face teaching. As such, private colleges have been quick to turn this into an opportunity by acting as designated local support centres. More commonly, institutions use e-learning primarily as a means of complementing existing delivery modes.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.7 PROSPECTS AND OUTLOOK OF THE EDUCATION INDUSTRY

Malaysia is poised to educate more of its citizens to a higher level than ever before. Given a sound marketing plan and the financial assistance and expertise of bodies such as the Malaysian External Trade Development Corporation, Malaysia stands every chance of fulfilling the Government's avowed aim to be a regional centre of educational excellence. Indeed, the 9th Malaysia Plan emphasised the importance of making Malaysia a regional and international education hub.

Going forward, the key growth drivers of the industry in which our Group operates can be summarised as below:

(i) Overseas recruitment should account for 20-30% of total enrolment. The Government has set a target of 100,000 foreign students by 2010; and

(ii) Globalisation will invariably lead to networking and strategic interaction between universities, corporations and other institutions, allowing greater academic flexibility and transferability for students. The potential impact of the World Trade Organization should not be underestimated because if Malaysia does eventually sign up to the General Agreement on Trade in Services the local colleges and universities may find it difficult to compete with the more advanced and sophisticated foreign institutions.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

## 8.8 EDUCATION INDUSTRY'S RELIANCE ON AND VULNERABILITY TO IMPORTS

Since collaborative programmes have become a well-established feature of the educational landscape, it is now relatively rare for Malaysians to complete all three years of undergraduate studies overseas. Prevailing conditions of the Malaysian economy and in particular, the relative strength and weakness of foreign currencies, are the key factors influencing decisions to study overseas.

Numbers heading for the US have fallen dramatically from over 24,000 in the mid 1980s to about 5,500 today, primarily accounted for by decreases in government-sponsored students caused by economic necessity. Moreover, the global political environment and visa difficulties following the 11 September 2001 incident have also had an impact. It is unlikely that there will be a significant growth in the numbers of students heading overseas at undergraduate level, although the postgraduate sector may grow. As Malaysian undergraduate provision expands and improves, foreign universities will seek to collaborate in different ways.

*(Source: Industry Analysis and Market Report by Emigen Sdn Bhd dated 4 April 2007)*

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