

EDUCATION IN VIETNAM

▶ Legal Services



▶ Market Research &
Development Advisory



▶ Architecture & Design



▶ Financial Services



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Having the 3rd largest population in ASEAN and a young age structure, Vietnam has enormous potential for the education industry.

The education market is expected to surge in enrolments following the new decree which will raise the limit of local student enrolments at foreign-invested schools.

A collaboration of Vietnam's leading advisors for all educational requirements.

From legal, market entry, development advisory and in-depth studies to architectural design and operations.





Legal Services

Establishment Of Foreign Invested Educational Institutions

Legal update

Decree No. 73/2012/ND-CP
(invalid from 1st August 2018)

Pre-school: Only foreign students;

Elementary and Junior schools:
10% maximum of Vietnamese students;

High school: 20% maximum of Vietnamese students.

Decree No. 86/2018/ND-CP (effective from 1st August 2018)

Pre-school, Compulsory schools (elementary, junior and high schools):
Up to **49.9 %** of Vietnamese students per foreign program

Investment capital

	Vocational training centers	Vocational training schools and Colleges	Short-term training institutions	Pre-schools	Compulsory schools	Universities and Academies
Total minimum capital (exclusive of expenses incurred from land tenancy)	50 million VND per student	100 million VND per student <i>(but shall not be lower than 100 billion VND)</i>	20 million VND per student	30 million VND per student	50 million VND per student <i>(but shall not be lower than 50 billion VND)</i>	1,000 billion VND
Notes	For projects leasing (minimum of 5 years) existing or contributed facilities from a Vietnamese partner, total minimum capital requirements are lowered by 30%. The number of student shall be based on the project's highest estimations.					

Abbreviations

IRC: Investment Registration Certificate

ERC: Enterprise Registration Certificate

MET: Ministry of Education and Training

DET: Department of Education and Training

DOC: Department of Construction

MPI: Ministry of Planning and Investment

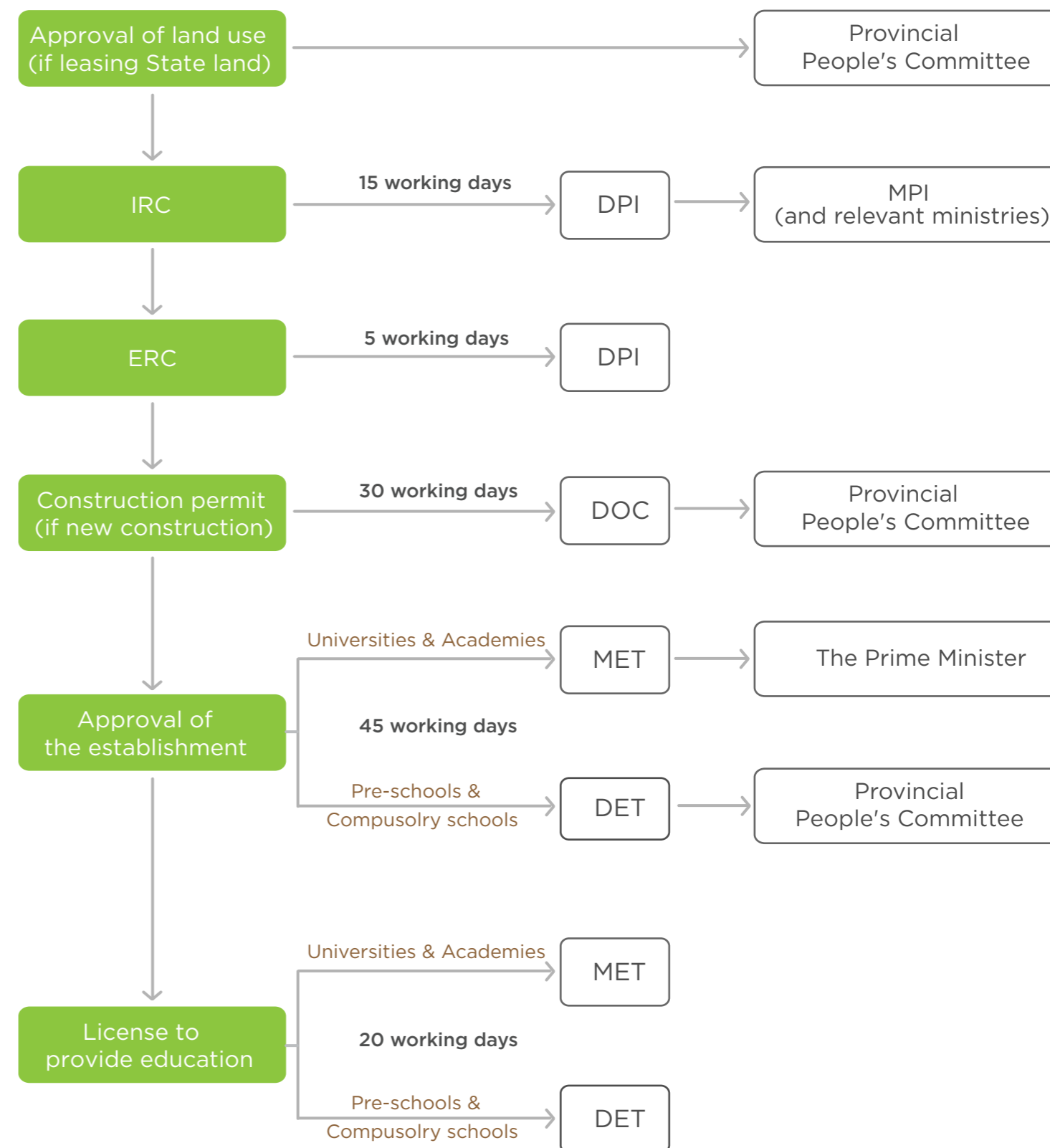
DPI: Department of Planning and Investment

MOLISA: Ministry of Labor, Invalids and Social Affairs

DOLISA: Department of Labor, Invalids and Social Affairs

DRET: Directorate of Education and Training

Universities, Academies, Pre-schools, Compulsory Schools



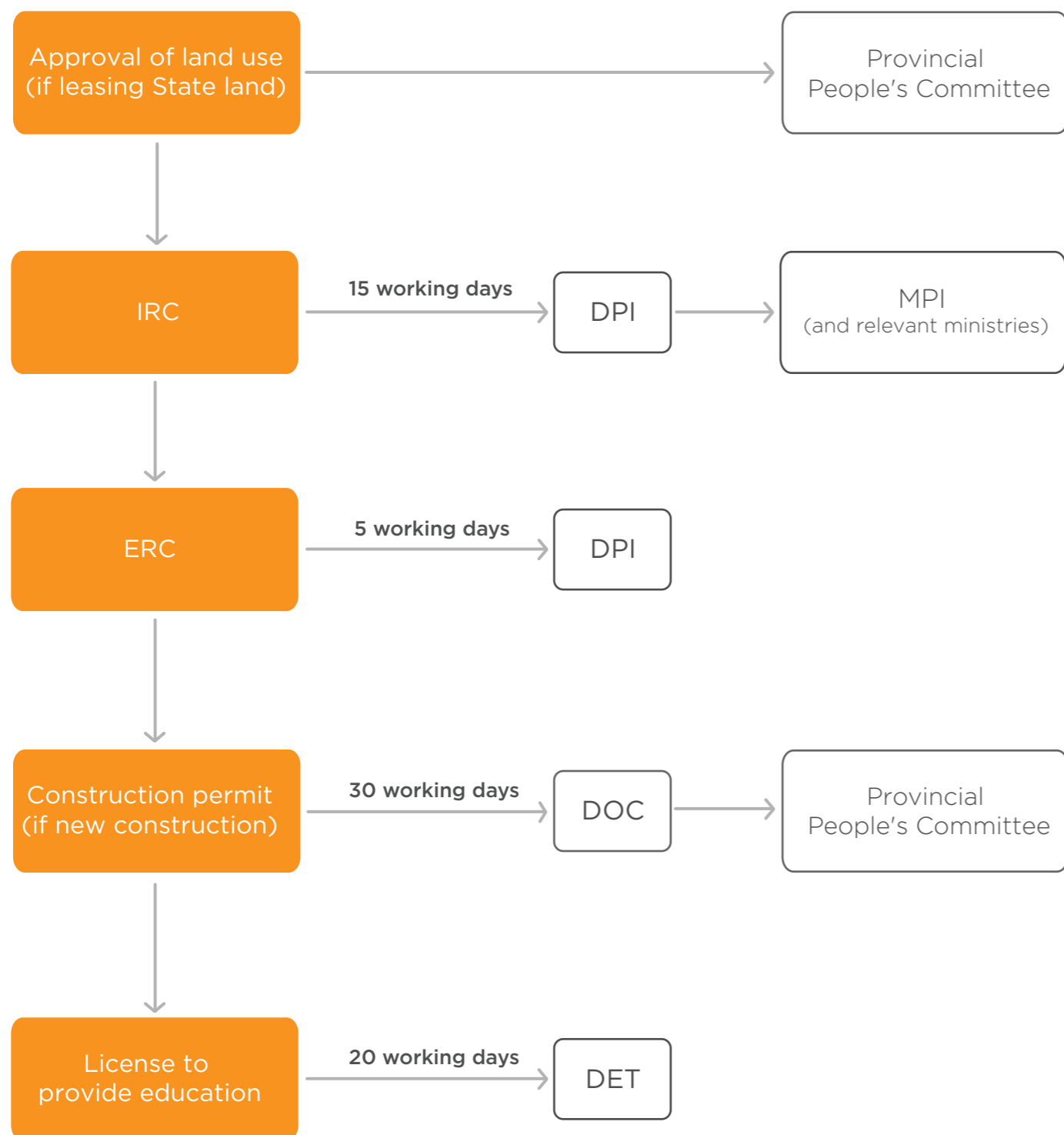


Legal Services

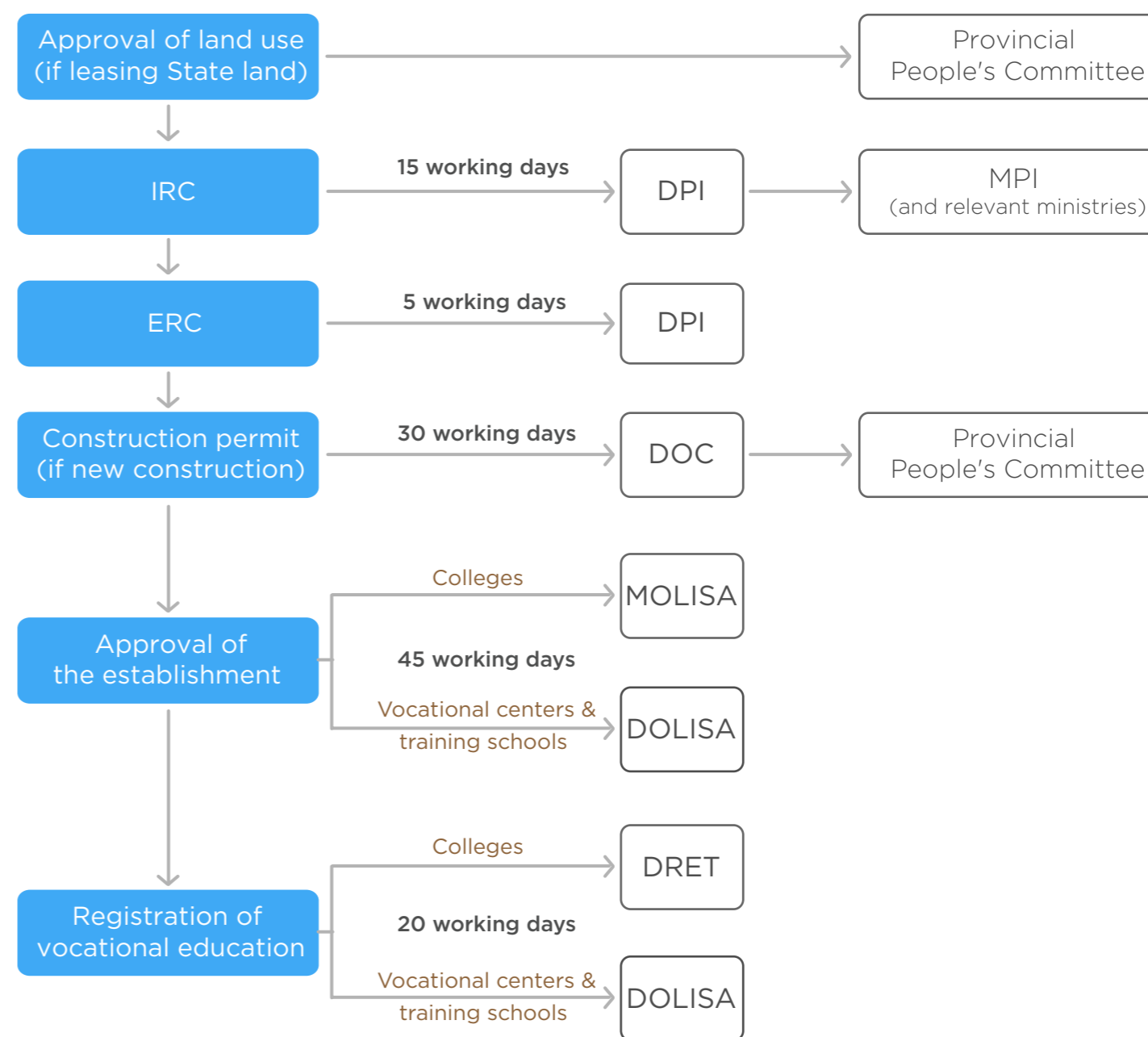
Establishment Of Foreign Invested Educational Institutions



Short-term Training Schools



Colleges, Vocational Schools And Training Centers



Notice:

The above timelines are based on the laws of Vietnam and on the assumption that the facilities are located outside of economic/industrial zones.

It may take longer in practice since competent authorities are still waiting for guidance on Decree 86/2018/ND-CP.

Based on our experience, key success factors are the investment capital, facilities, equipments, education programs and teaching staffs.

- ▶ Economic and Social trends
- ▶ In-depth understanding of the education market
- ▶ Forecasting future supply and demand

- ▶ Refined Knowledge
- ▶ Optimised Strategies
- ▶ Highest Return/Lowest Risk



Macro Background

Micro Study

Catchment Modelling



Survey

Rent/Lease Develop

Structuring



Site plan, Master plan and Land Use Studies

Economic indicators: GDP growth, FDI, income level

Key national and expatriate: Population, Age Cohorts, Disposable Income

Policy: current and future legal framework and effects

Infrastructure

Supply v Demand Analysis, Performance and Growth, Future competitive landscape

Case Studies: Local and Regional Benchmarks

Conceptual Development advisory: via market inputs and modellings

Market inputs: Optimal scale, performance estimation, target

SPM: Strategic Population Model to derive quantitative demand for subject site

GIS: understanding catchment radius, transportation analysis, premium location mapping

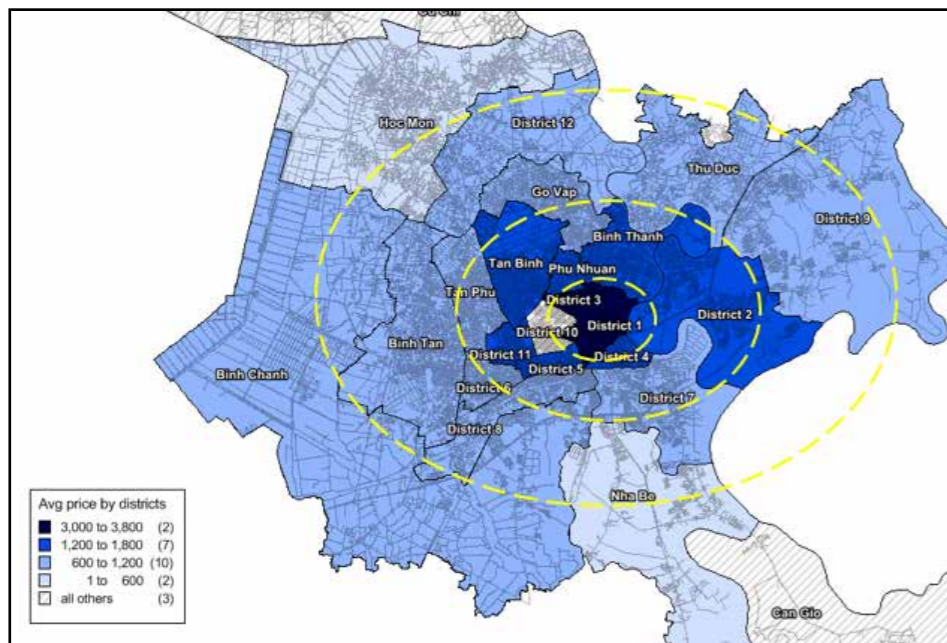
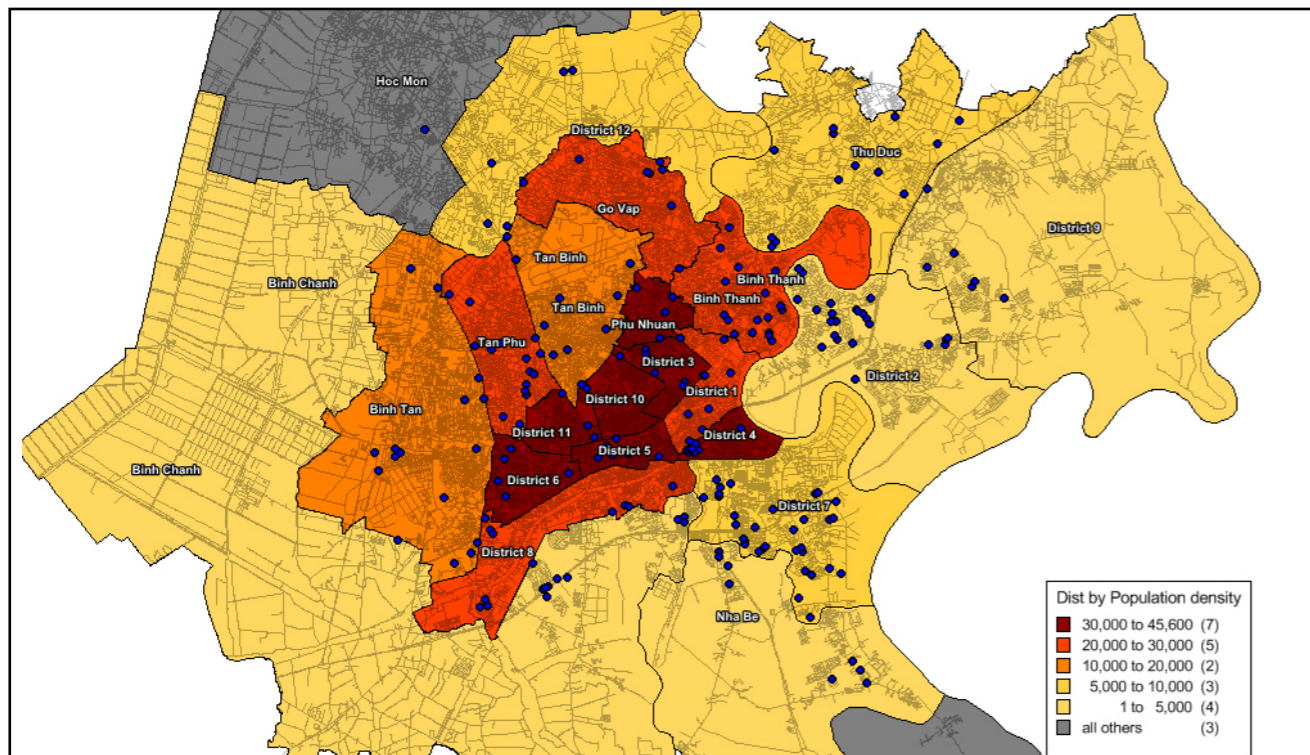
Feasibility Study:

Highest and Best Use Study: Establish maximum returns on assets and minimize risk exposure.

Financial analysis: Determine the viability of projects and their market based returns

GIS with multi-layers: site selection

- ▶ Demographic enhanced layers: population, density, income level
- ▶ Infrastructure: current and future
- ▶ Market-based enhanced layers: current, **future** supply, average rent by location
- ▶ Catchment Mapping and Analysis



HCMC is one of only 27 cities worldwide that has more than 50 English-medium international schools

Case Studies

School Development



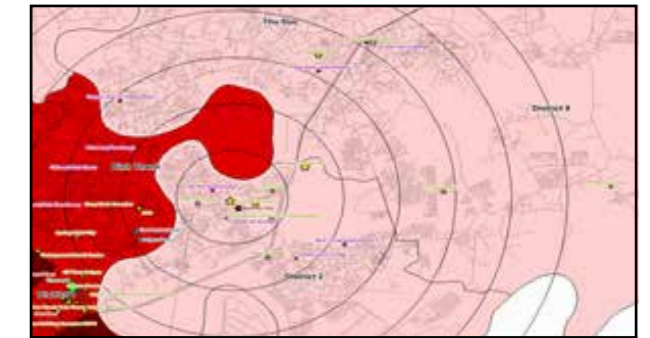
The Client wished to determine appropriate locations for an International School and International Training Centre within HCMC. Savills conducted research regarding school development in relation to demography, urban development and population growth and characteristics.

Education Center



A 2.9 ha site reserved for public services in Bac Lieu. Savills conduct a specific market study of high-standard education in Bac Lieu to identify future demand and provided concept development recommendations.

School Development



The Client wished to identify premium locations for the development of an international school in HCMC. Savills provided research on wealthy households sorted by property value by tracking future high-end residential projects in HCMC.

School Development



A proposed 4.7ha international school located next to a villa project, with a total GFA of 32,000 m².

Savills provided Valuation services for the Client.



EDUCATION ARCHITECTURE

GroupGSA have a strong education team and a large practice of 30 people in Vietnam in both Ho Chi Minh City and Hanoi.

We have proven expertise and knowledge of the education sector and will add value to any future Education projects.

Educational campuses are small towns. They require careful planning and a focus on urban place making. Through the orchestration of boulevards, streets and plazas, the use of selective materials and an understanding of appropriate scale, GroupGSA build a 'sense of place' that is appropriate and meets the vision of the organisation.

Educational buildings provide the functional spaces for teaching programmes. They also create social spaces and community in the spaces in between. These social spaces are also very important. For schools they are a place for interaction and early socialisation lessons. They create a collegiate atmosphere in which we learn how we fit in and how the social collectives work. These spaces encourage the informal meeting and exchange of ideas between the students. GroupGSA have over 220 Education projects with experience across all educational categories:

- Primary schools, Public and private schools, Specialist schools, High schools, TAFEs, Universities & Preschools
- Trade training schools
- Department of Education and Training standards
- Knowledge of pedagogical trends
- Related education sector experience
- Urban design master planning
- Library experience
- Laboratory experience
- Workshop experience
- Student housing / accommodation



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GroupGSA are willing to listen to new ideas, different perspectives and open to accommodating requests where possible
*Peter Johnston, Principal,
Bourke Street Public School*
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Education Architecture



Bourke Street Public School



Ande Lake, K-12



Wuxi University



Ande Lake, K-12



University of Sydney - School of Business



Newcastle University



Belgrade Avenue Child Care



Granville TAFE





Education Architecture



GROUP GSA

NEW WAYS OF LEARNING

Trends in learning methods inside the classroom are changing, more and more small investigative group work is replacing the traditional methods of 'blackboard lectures'.

This sees a greater need for presentation spaces, flexible seating arrangements and integration of digital technologies such as projectors, shared screens and tablet based integrated systems. The modern classroom is more like a learning hub akin to some modern co working spaces.

Learning is no longer limited to the classroom. Not only outside the classroom are there undercover learning pod spaces, that are furnished allowing students to move beyond the classroom, but overt building systems are also exposed allowing the building itself to become a learning opportunity.

Additional rooms are now given over to 'Maker spaces' which allow the students to create and experiment in a dedicated space to do so. An extension of these grade specific spaces is the Information Centre which augments the services of a traditional library, to create a full range of offerings for students as they train to enter an increasingly complicated world.

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VIETNAM SERVICES

Our global reach, tailored to your local needs in Vietnam

TMF Group Vietnam has a team of qualified and dedicated accountants and payroll specialists to provide both standard and tailor-made services.

Who is TMF Group?

TMF Group helps global companies expand and invest seamlessly across international borders. Its expert accountants, corporate secretarial and HR and payroll professionals are located around the world, helping clients to operate their corporate structures, finance vehicles and investment funds in different geographical locations.

“With operations in more than 80 countries providing global business services, TMF Group is the global expert that understands local needs.”

**GLOBAL REACH,
LOCAL KNOWLEDGE**

**80+ COUNTRIES
6,500+ LOCAL EXPERTS**

Corporate Secretarial services

- Attend and draft of minutes of board meetings and annual shareholders' meetings
- Prepare administrative reports
- Act as company secretary
- Custody services for safe keeping
- Other secretarial services as required by law

International Incorporations services

- Assist in business start-up
- Assist in offshore business expansion
- Perform secretarial work
- Open offshore bank accounts
- Provide correspondence addresses

Human Resources and Payroll services

We provide payroll and human resource services for companies of any size. Our services are tailored to your environment and size.

- Payroll preparation
- Payments on behalf of clients to staff and relevant local authorities
- Deal with local authorities such as tax department, social insurance department and labour department
- HR support

Tax Compliance services

- Prepare and submit Business Licensing Tax ("BLT")
- Prepare and submit Value Added Tax ("VAT")
- Prepare and submit Corporate Income Tax ("CIT")
- Prepare and submit Report on Related Party (Affiliates) transactions and transfer pricing documentation
- Prepare and submit Withholding tax ("WHT")
- Tax health-check prior to tax inspection
- Work with tax officer for tax inspection on behalf of the Clients
- Tax Legislation - Application and Updates to the Clients

Accounting services

- Initial set up of accounting system
- Bookkeeping and reporting services
- Prepare financial statements in compliance with accounting standards and practices (Vietnamese Accounting Standards and System, International Financial Reporting Standards and other jurisdictions relevant generally accepted accounting principles)
- Act as Chief Accountant
- Assist with bank accounts and payment management service
- Assist with invoice printing process
- Prepare and submit statistic reports
- Validate the legitimacy of invoices/receipts attached with expense claims and payment requests
- Accounting review for local compliance
- On-site support to client's internal accounting department for all accounting tasks
- Work with client's external/internal auditors for annual/periodical audit
- Financial and tax due diligence



Financial Services

TMF Group's Global Client - Shorelight Education LLC



Shorelight Education LLC is a U.S. company providing educational services. In particular, Shorelight Education is reinventing the international education experience for both students and universities. In partnership with leading U.S. institutions, Shorelight Education builds innovative degree programs—whether on campus or cloud-based, in the U.S. or students' home countries—that help students thrive and create a new generation of successful, globally minded alumni. (Web url: www.shorelight.com)

TMF Vietnam's Assistance to Shorelight Education in their business in Vietnam

Market Entry Analysis & Advice

TMF provided Client with comprehensive responses on various issues associated with the establishment and operation of a FIE, including but not limited to investment licensing issues, corporate governance issues, employee issues analysis etc.;

TMF approached the relevant authorities to assess their attitude and approach on Client's business in Vietnam.

Licensing & Post-licensing Support

TMF is assisting the Client in the application for establishment of a 100% FIE to carry out overseas education consultancy services;

TMF will prepare corporate governance and creation documentation;

TMF will assist Client in obtaining full investment licences & required sub-license;

TMF will conduct post-licensing services including official seal applications, labour issues, key personnel registration, insurance and accounting system registration.

Company Operation Support

TMF will provide to the Client's FIE with the following services upon its operation commencement:

Annual Corporate Secretarial Services;

Registration of Foreign Loans to the State Bank of Vietnam;

Support to Expats working in Vietnam (work permit, landing visa, temporary residence card);

Bookkeeping & Reporting Services;

Preparation of Annual Financial Statements;

Chief Accountant Services;

Preparation of Statistics Reports;

Tax Compliance Services; and

Payroll Services.

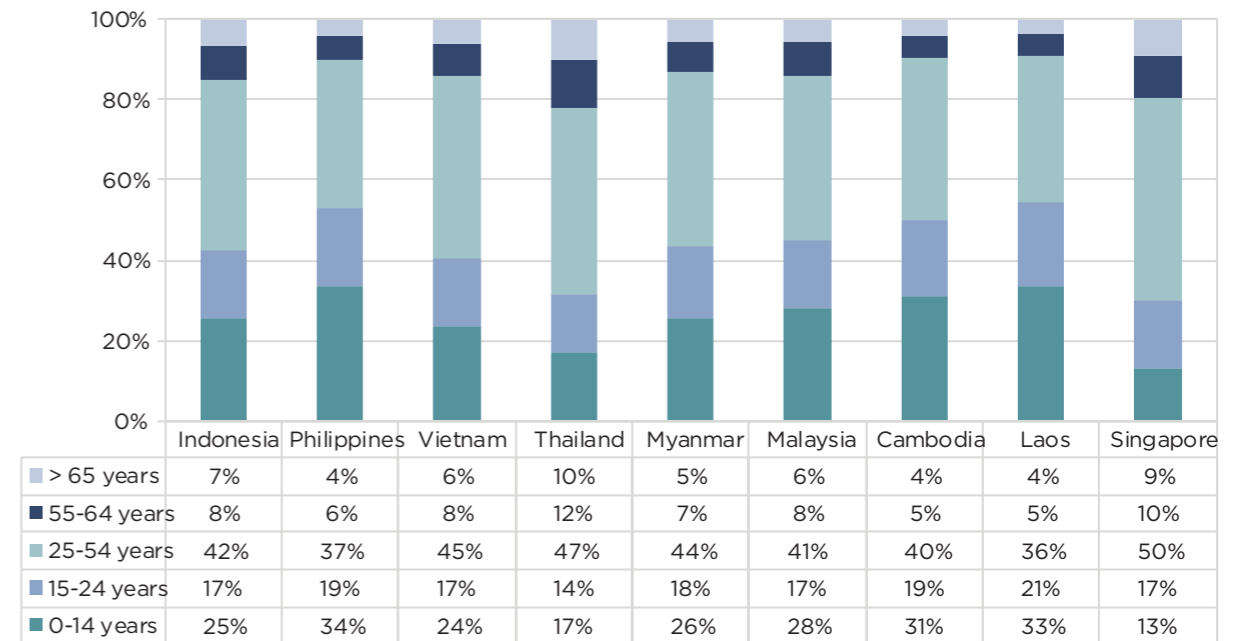
EDUCATION IN VIETNAM

Strong Potential

Evolving toward a more modern structure, approximately one million Vietnamese moved annually between 2014-2017, from agriculture to service and industrial sectors. Rapid urbanization will continue, thus national education development is a priority to improve the skills of the labor force and increase productivity.

With a large population of over 94 million and a young age structure, Vietnam is well placed for expansion of the education sector, however needs to emphasise advancing the quality.

Figure 1: Vietnam age structure

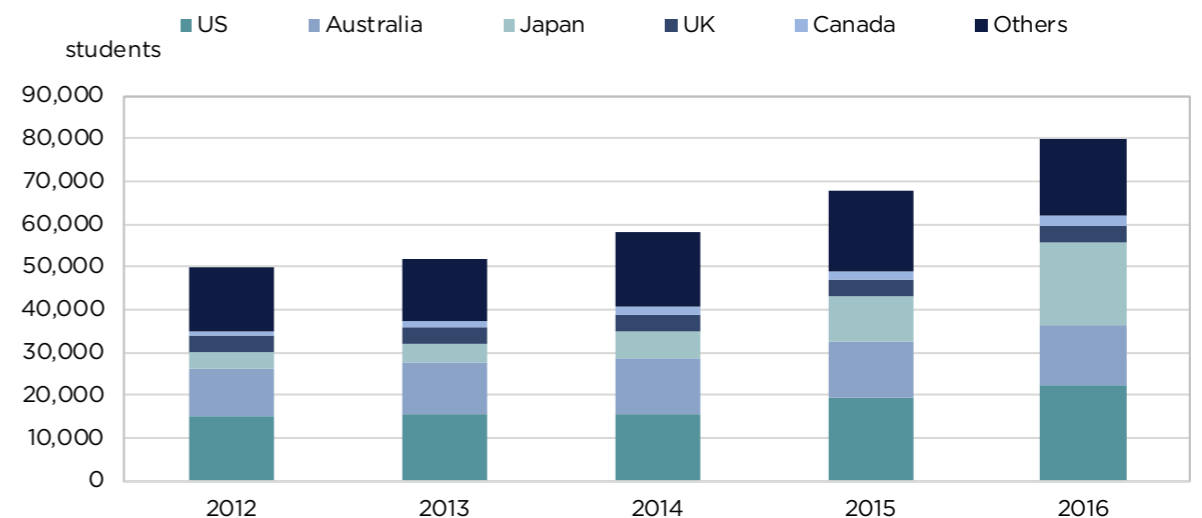


Source: CIA World Factbook

“With the 3th largest population in ASEAN and young age structure, the education industry in Vietnam has great investment potential”

As domestic education often fails to meet international standards, many wealthy households elect to educate their children abroad. According to Unesco Institute for Statistics, Vietnam outbound students increased by an average of 12% pa from 50,000 in 2012 to approximately 80,000 in 2016. These numbers suggest alternate choices in local education are needed and highlights the potential for investment in this sector.

Figure 2: Vietnamese overseas students



Source: Unesco Institute for Statistics, 2018

Opportunities

Due to heavy workloads, lofty expectations and chequered delivery at public schools, it is common for students to participate in private classes and training courses, in addition to their everyday schooling. The ambition of Vietnamese students desiring higher education often exceeds global levels.

Ho Chi Minh City is one of only 27 cities worldwide with over 50 international schools. These foreign schools not only provide education for expatriate children but also local families wishing to enroll their children in an institution providing international qualifications. The majority of foreign schools in HCMC have many Vietnamese children awaiting admission, however are prevented due to government regulations limiting domestic students in international schools.

Taking effect August 1st 2018, Decree 86 raised the limit of local enrolments in foreign-invested schools. This Decree now accepts 50% Vietnamese students in international schools. The ratio was previously capped at 10% for the primary/elementary level and 20% for the secondary/high school level.

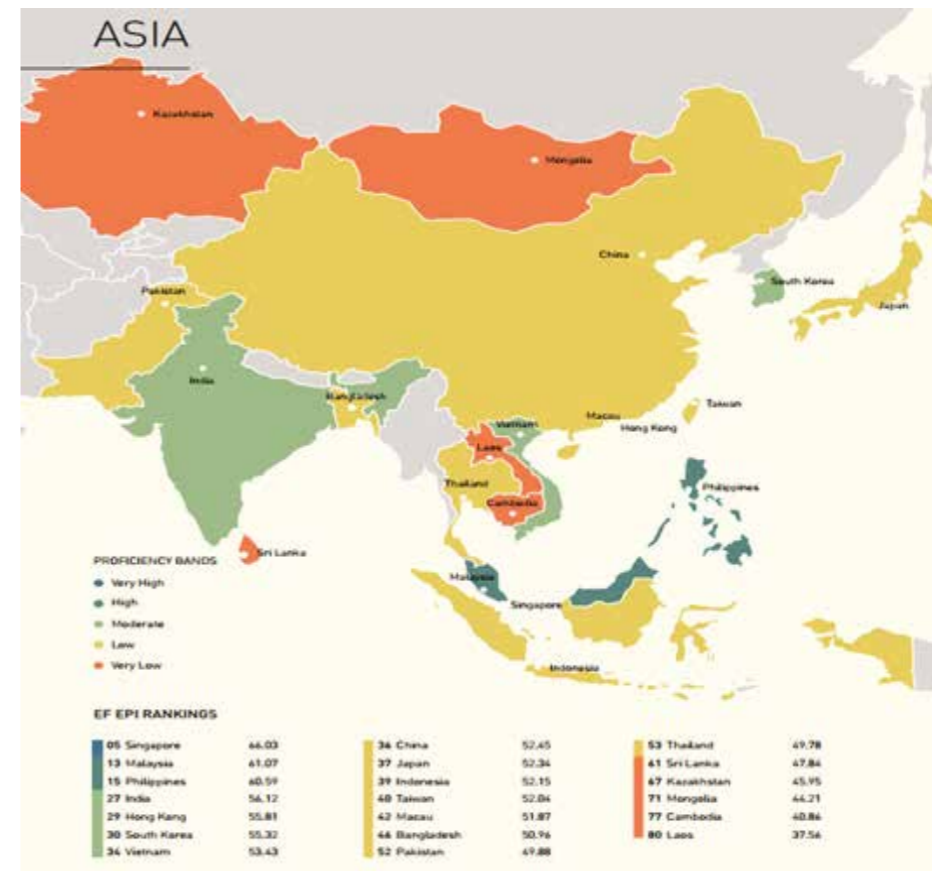
Graphic 1: Legal update

Decree No. 73/2012/ND-CP (invalid from August 1st 2018)	Decree No. 86/2018/ND-CP (effective from August 1st 2018)
<ul style="list-style-type: none"> Pre-school: Only foreign students; Elementary and Junior schools: 10% maximum of Vietnamese students; High school: 20% maximum of Vietnamese students; High school: 20% maximum of Vietnamese students. 	<p>Pre-school, Compulsory schools (elementary, junior and high schools): Up to 49.9% of Vietnamese students per foreign program.</p>

English training center developments have grown significantly in the last few years. HCMC and Hanoi have approximately 450 English language centers; in which, ILA is the market leader, whilst the emerging APAX is rapidly increasing market share. In the Education First English Proficiency Index (EF EPI) 2017, Vietnam ranks 7th in English Proficiency, indicating the ambitious nature of the country.

“The international school market in Vietnam is expected to see a surge in enrolments following a new decree uncapping local student admissions

Graphic 2: EF EPI 2017



Many M&A's have recently closed within the education industry:

Cognita, an education fund, purchased International School of HCMC (ISHCMC) and Saigon Pearl Primary School. The North Anglia fund bought British International School, whilst TPG, an US investment fund, acquired the Vietnam-Australia School (VAS). EQT invested in ILA, a popular chain of English centers. IFC poured money in the Vietnam-USA Society English Centers (VUS); Mekong Capital in the YOLA English Center; and IAE in Western University. This high level of investment into foreign schools shows the potential for international education development.

State-owned universities and colleges in Vietnam only have capacity for 600,000 of the 1.8 million candidates who undertake the national university entrance examination, showing the vast demand for domestic higher education.

Local graduates have struggled to find jobs in their respective fields, as they are not well equipped with the necessary practical skills. Although the government prioritises collaboration with international universities and attempts to provide a wide range of options for local students, the number of Vietnamese seeking education overseas has steadily increased, with students choosing to complete university in USA, Australia, Japan and France. Thus, proper tertiary options with internationally recognized degrees as well as relatively competitive tuition fees is a promising investment.

“Investor interest in language centers has increased due to strong demand from students in order to meet new national labor requirements”



Challenges

There are several challenges to overcome when investing in education, including a low-quality education system and government regulations. Education is recognised as one of the poorest governed industries within Vietnam, with bribes for school entrances, examinations and good grades appearing across all school levels. Plagiarism in higher education, cheating in tests and examinations, counterfeit academic degrees and falsifying educational budgets for personal interest are frequently reported cases, but not the entire picture. There has been significant recent media attention focusing on these transgressions. Urgent involvement, transparent investigations and harsh punishments are required to alleviate this entrenched, ongoing issue.

Strict regulations from local governments may be a challenge for foreign investors. High taxation; the minimum capital foreign investment required for each type of institution and partnership; staffing requirements and lengthy and complicated approval procedures are entry barriers for any investor. The newly implemented Decree 86 allows for five types of foreign-invested institutions: short-term training institutions; pre-school education establishments; high-school institutions (elementary, middle, high and mixed-levels); higher education institutions and branches of international higher education institutions.

Outlook

With 41% of the population aged within the "golden demographic" (<24 years old) and with rapidly increasing HNWI's and middle-class families, Vietnamese will be soon be able to pay more to provide their children with higher education standards. Strong demand for high-quality education is anticipated, the question is; what scale and form will the new supply take?



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