

ASX Announcement
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Investment to grow student placement business in China

IDP Education has entered into an agreement to purchase a 20 per cent holding in HCP Limited (“HCP”), a Chinese company specialising in delivering English language test preparation materials via social media and its mobile app.

The agreement provides IDP Education with a significant opportunity to further develop its student placement business in China by securing access to a growing digital community of prospective international students.

With a focus on China-based social media channels, HCP’s audience connects across WeChat (approximately 440,000 followers), Weibo (approximately 740,000 followers) and via mobile app, Yasi Ge (approximately 460,000 registered users).

Through these channels, the Company delivers information about international education and preparation material for the International English Language Testing System (IELTS).

HCP’s popular English language speaking practice tool provides students with the ability to upload voice recordings and receive peer ratings and feedback. More than one million voice recordings have been uploaded since July 2016.

The Company also offers free and paid online IELTS test preparation courses. In 2016, HCP provided more than 30,000 online courses to students to help improve their speaking, reading, writing and listening.

Since early 2016, IDP has had a commercial arrangement with HCP to periodically promote IDP Education’s study abroad counselling services. These promotions have successfully established HCP as a strong generator of qualified leads for IDP Education’s student placement business in China.

This agreement formally establishes IDP Education as HCP’s exclusive partner for study abroad services in China.

The investment in HCP is in line with one of IDP Education’s strategic priorities – to strengthen its competitive position in China, the largest market in the world for international education.

IDP Education’s investment is structured as a Series A preferred equity investment. The investment will be made in two tranches with an upfront payment of \$4.1m followed by up to a further \$2.3m in twelve months based on certain key performance indicators.

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Disclaimer

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