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華夏視聽

CATHAY MEDIA AND EDUCATION GROUP INC.

華夏視聽教育集團

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1981)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company in relation to (1) the Acquisition of 100% equity interest in the Target Company and provision of bridging loan; and (2) advance to an entity dated 22 June 2021 (the “**Announcement**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide the Shareholders and potential investors of the Company with supplemental information relating to the Acquisition as follows:

Basis of asset replacement cost approach adopted in determining the consideration of the Acquisition

In calculating the assets replacement cost, the Group considered the following factors:

- Cost for acquiring similar land: the Group considered the cost for acquiring similar size of land in similar area in which the Target College currently operates its campus (i.e. Jiangning District, Nanjing) with reference to market research, including public information on acquisition price announced by the local government in the first half of 2021, shortly before the consideration of the Acquisition was determined;
- Cost for constructing similar school buildings: the Group considered the cost for constructing school buildings of similar scale and quality of the school buildings in which the Target College currently operates with reference to the Company’s previous construction experience; and
- Cost for acquiring other assets and equipment necessary for school operation: the Group considered the cost for acquiring other similar assets and equipment necessary for school operation of similar scale to that of the Target College with reference to the market research and the Group’s previous expansion experience.

Basis of the expectation of increase in students enrollment of the Target College

The Company expects the student enrollment of the Target College to reach 11,000 students as the growth is expected to take place gradually in a few years' time after completion of the Acquisition. Also, the Company has always had strong demand from students for a place at its University and have abundant source of students who are eager for a place at the University. As disclosed in the prospectus of the Company dated 30 June 2020, for the school years 2016/2017, 2017/2018, 2018/2019 and 2019/2020, 36,689, 52,863, 58,092 and 63,176 students took the art entrance exams to compete for a total of 2,324, 2,524, 2,360 and 2,694 places in our University, respectively. Additionally, as disclosed in the Company's annual report for the financial year ended 31 December 2020, the Group have approximately 17,596 students enrolled in the University, representing a total year-on-year increase of approximately 18.5% and the total number of freshman enrolled in the schools operated by the Company in the 2020/2021 school year reached 6,592, a sharp increase of 44.1% year-on-year. Once the Target College is merged into the University, the Target College will be able to share the name of the University and sources of students and the student capacity of the Group will increase.

By order of the Board
Cathay Media and Education Group Inc.
Pu Shulin
Chairperson and Executive Director

China, 19 August 2021

As at the date of this announcement, the executive Directors are Mr. Pu Shulin, Mr. Sun Haitao, Mr. Wu Ye and Mr. Yan Xiang, and the independent non-executive Directors are Mr. Zhang Jizhong, Mr. Lee Cheuk Yin Dannis and Mr. Huang Yu.