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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)

**UPDATE ON MAJOR TRANSACTION
AND CONNECTED TRANSACTION – DISPOSAL OF
BEIJING SHUIMU HUAXIA
EDUCATION & TECHNOLOGY CO., LTD.**

Reference is made to the announcements of the Company dated 28 March 2022, 20 April 2022, 22 April 2022 and 20 May 2022 and the circular of the Company dated 25 May 2022 (the “**Circular**”) in relation to the Disposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Board is pleased to provide a voluntary update that (i) transfers of 45%, 33% and 22% equity interest in the Target Company to Qingdao Yangjin, the Founder of Shuimuyuan Business (Mr. Ma Xiaochuan) and Ms. You, respectively, have been completed and were duly registered with the relevant authorities in the PRC on 12 April 2022 (the “**Transfer Date**”), (ii) registrations of Mr. Ma Xiaochuan Share Pledges and the Qingdao Yangjin Share Pledges with the relevant authorities at the place of incorporation of the Target Company have also been completed, and (iii) up to the date of this announcement, the Company has received RMB75 million in aggregate, being the first, second and third payments of the Disposal consideration under the Unwind Agreement.

Pursuant to the terms of the Unwind Agreement, the fourth, fifth and final payments of the Disposal consideration, being RMB25 million, RMB30 million and RMB35 million, respectively, shall be paid on or before 15 December 2022, 31 December 2023 and 31 December 2024, respectively.

Since the Transfer Date, the Group ceased to control the board of directors of the Target Company, the Target Company ceased to be a subsidiary of the Company and, accordingly, the financial statements of the Target Group were no longer consolidated into the financial statements of the Group.

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

China, 16 August 2022

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