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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)

**CONNECTED TRANSACTION –
RENEWAL OF LEASES OF THE GROUP’S HEADQUARTERS**

Reference is made to the section headed “Connected Transactions — Summary of Our Continuing Connected Transactions — 1. Leasing Framework Agreement” of the Prospectus in relation to the Leasing Framework Agreement entered into by the Group and Mr. Pu, pursuant to which the Group has leased from Mr. Pu and his associate the Premises for the period commencing from the Listing Date and ending on 31 December 2022.

NEW LEASE AGREEMENTS

On 9 December 2022, the Group, as tenant, entered into the New Lease Agreements with Mr. Pu (the executive Director and the Controlling Shareholder), as the landlord, to renew the leases of the Premises for a term of three years commencing from 1 January 2023 and ending on 31 December 2025. The Premises are currently used as the Group’s headquarters. The aggregate rental amount for the New Lease Agreements will be reduced by approximately 3.1% as compared to that of the Leasing Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS, the Group (as the lessee) is required to recognise the leases of the Premises as right-of-use assets. Hence, the entering into of the New Lease Agreements and the transactions contemplated thereunder will be regarded as acquisition of assets by the Group.

As at the date of this announcement, Mr. Pu is the executive Director and the Controlling Shareholder and therefore, Mr. Pu and his associates are connected persons of the Company and the entering into of the New Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets to be recognised by the Group under the New Lease Agreements are more than 0.1% but less than 5%, the entering into of the New Lease Agreements fall within the ambit of Rule 14A.76(2)(a) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the section headed “Connected Transactions — Summary of Our Continuing Connected Transactions — 1. Leasing Framework Agreement” of the Prospectus in relation to the Leasing Framework Agreement entered into by the Group and Mr. Pu, pursuant to which the Group has leased from Mr. Pu and his associate the Premises for the period commencing from the Listing Date and ending on 31 December 2022.

NEW LEASE AGREEMENTS

In order to renew the said lease of the Premises, on 9 December 2022, the Group, as the tenant, and Mr. Pu, as the landlord, entered into the New Lease Agreements. The aggregate rental amount for the New Lease Agreements will be reduced by approximately 3.1% as compared to that of the Leasing Framework Agreement. The principal terms of the New Lease Agreements are set out below:

Date: 9 December 2022

Parties: (a) the Company (for itself and its subsidiaries and associates), as tenant; and
(b) Mr. Pu (for himself and his associates), as the landlord.

Term: from 1 January 2023 to 31 December 2025

Premises: **Lease Agreement A** – 709.96 square meters of office space at units 2201, 2202, 2203 and 2205, 22/F, Block 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, PRC

Lease Agreement B – 651.54 square meters of office space at units 2206, 2207, 2208, and 2209, 22/F, Block 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, PRC

Usage: Office – as the headquarters of the Group

Rent: a one-time payment of approximately RMB7.4 million and approximately RMB6.8 million in relation to Lease Agreement A and Lease Agreement B, respectively (both equivalent to three years’ rent, and in aggregate, approximately RMB14.2 million), which shall be payable in full by the Company upon the signing of the Lease Agreement A and Lease Agreement B, respectively.

The rent was determined based on arm’s length discussions with reference to (i) the prevailing market rates for the leasing of similar properties from independent third parties in the same or adjacent area on normal commercial terms, (ii) the value of right-of-use assets arising under the New Lease Agreements, and (iii) the conditions of the Premises (including the location of the Premises, facilities and management services associated with the Premises).

Colliers Appraisal & Advisory Services Co., Ltd., an independent property valuer, has confirmed that it is of the view that the terms and conditions (including the rent) under the New Lease Agreements are fair, reasonable and consistent with the prevailing market rentals of similar properties.

The Group estimates that the value of the right-of-use assets to be recognised by the Group under the New Lease Agreements shall be approximately RMB14.2 million. The value of right-of-use assets is based on the preliminary assessment of the Board and subject to adjustment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENTS

The Company has leased the Premises from Mr. Pu under the Leasing Framework Agreement and the Premises are currently used as the Group's headquarters. As the Leasing Framework Agreement will expire on 31 December 2022, Mr. Pu agreed to renew the tenancy of the Premises to continue the Group's present usage of the Premises as the Group's headquarters for its usual and ordinary course of business. The aggregate rental amount for the New Lease Agreements will be reduced by approximately 3.1% as compared to that of the Leasing Framework Agreement. The Group believes that it would save administrative costs and time as well as renovation costs that would otherwise be spent on negotiating and entering into new contracts with third party lessors.

The Directors (excluding Mr. Pu who is required to abstain from voting, but including the independent non-executive Directors) are of the view that the New Lease Agreements were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and that the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in higher education (media and arts) and vocational education as well as television series and film production and investment in the PRC.

Mr. Pu, the executive Director, the founder and the chief executive officer of the Company, the chairman of the Board and the Controlling Shareholder. As at the date of this announcement, Mr. Pu, through Winning Global (a company controlled by Mr. Pu through a discretionary trust), holds 1,175,970,000 Shares, representing approximately 71.05% of the issued share capital of the Company.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS, the Group (as the lessee) is required to recognise the lease of the Premises as right-of-use assets. Hence, the entering into of the New Lease Agreements and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group.

As at the date of this announcement, Mr. Pu is the executive Director and the Controlling Shareholder and therefore, Mr. Pu and his associates are connected persons of the Company and the entering into of the New Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets to be recognised by the Group under the New Lease Agreements are more than 0.1% but less than 5%, the entering into of the New Lease Agreements fall within the ambit of Rule 14A.76(2)(a) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Pu has abstained from voting on the relevant board resolutions of the Company for approving the New Lease Agreements. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, other than Mr. Pu, none of the Directors has material interest in the transaction contemplated under the New Lease Agreements and none of them is required to abstain from voting on the relevant board resolutions.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“ associate(s) ”	has the meaning ascribed thereto under the Listing Rules
“ Board ”	the board of Directors
“ Cathay Media Holding ”	Cathay Media Holding Inc., a company incorporated in the British Virgin Islands, and is wholly-owned by Winning Global
“ China ” or “ PRC ”	the People’s Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“ Company ”	Cathay Media and Education Group Inc. (華夏視聽教育集團) (formerly known as Cathay Media Group Inc. (華夏視聽傳媒集團)), an exempted company incorporated in the Cayman Islands with limited liability on 4 January 2017
“ connected person(s) ”	has the meaning ascribed thereto under the Listing Rules
“ Controlling Shareholder (s) ”	Cathay Media Holding and Mr. Pu
“ Director(s) ”	the director(s) of our Company
“ Group ”	the Company, its subsidiaries and the consolidated affiliated entities from time to time
“ HKFRS ”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“ Hong Kong ”	the Hong Kong Special Administrative Region of the PRC
“ Lease Agreement A ”	the lease agreement dated 9 December 2022 entered into between the Company (as the tenant) and Mr. Pu (as the landlord), as more particularly described in the section “New Lease Agreements” in this announcement
“ Lease Agreement B ”	the lease agreement dated 9 December 2022 entered into between the Company (as the tenant) and Mr. Pu (as the landlord), as more particularly described in the section “New Lease Agreements” in this announcement

“Leasing Framework Agreement”	the agreement dated 23 June 2020 entered into between the Company and Mr. Pu in relation to the leasing of the Premises during the period from the Listing Date to 31 December 2022, the summary of the terms are set out in the section headed “Connected Transactions — Summary of Our Continuing Connected Transactions — 1. Leasing Framework Agreement” of the Prospectus
“Listing Date”	15 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Pu”	Mr. Pu Shulin (蒲樹林), the founder, the executive Director, the chief executive officer of the Company, the chairman of the Board and the Controlling Shareholder
“New Lease Agreements”	the Lease Agreement A and Lease Agreement B
“Premises”	units 2201, 2202, 2203 and 2205, Block 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, PRC, and units 2206, 2207, 2208, and 2209, Block 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, PRC
“Prospectus”	the prospectus of the Company dated 30 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Winning Global”	Winning Global Ventures Limited, a company incorporated in the British Virgin Islands and is controlled by Mr. Pu as a settlor through a discretionary trust
“%”	percent

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

China, 9 December 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.