

# TARGET

## Intelligence Report

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**CATHAY MEDIA AND EDUCATION GROUP INCORPORATED:  
IF RAISING MORE THAN \$HK1.33 BILLION IN A GLOBAL OFFERING  
IS TO BE CONSIDERED A SIGN OF STRENGTH,  
THEN THIS COMPANY IS A CORPORATE GOLIATH**

As far as **Initial Public Offerings (IPOs)** go, it would appear that the Cathay Media and Education Group Incorporated () (Code: 1981, Main Board, The Stock Exchange of Hongkong Ltd) was yet another corporate entity that could be added to the ever-growing list of very successful flotations that sought out the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** in order to raise material amounts of interest-free cash.

This Company, as its name implies, has two strings to its proverbial bow: It is a television/film producer; and, it operates a higher-education facility in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

One of the latest pieces of information to have been published by Management of this Company was an announcement, dated Friday, July 31, 2020, when investors were informed that the Over-Allotment of 60 million Offer Shares had been exercised in full at the Offer Price Per Share of \$HK3.10.

The resultant effect of the additional net proceeds of \$HK182.30 million, being added to the net proceeds of \$HK1,150.50 million, obtained in respect of the Global Offering of the sales of 400 million Offer Shares, as

indicated in the publication and dissemination of the Company's Prospectus, dated Tuesday, June 30, 2020, was that the Company had been enriched by an aggregate amount of \$HK1,332.80 million

### **The IPO Of Cathay Media And Education Group Incorporated**

The IPO of Cathay Media and Education Group Incorporated was for the sales of 400 million, \$US0.00001 Shares at the Offer Price Per Share of \$HK3.10.

HKSAR Investors were given the opportunity to subscribe to 40 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors' corporate entities in which equity control was vested (the International Offer Shares tranche) – were induced to put in valid applications in order to obtain some of the 360 million Offer Shares, dedicated to be sold to such moneyed investors.

On Tuesday, July 14, 2020, in an Announcement in respect of the Offer Price and Allotment Results, Management stated that the HKSAR Offer Shares tranche had '*been very significantly over-subscribed*'.

One was told that valid applications had been received for a total of 1,385,786,000 HKSAR Offer Shares, representing about 34.64 times the total number of 40 million Offer Shares, initially available for subscription under this tranche.

With regard to the International Offer Shares tranche, Management stated that valid applications for Shares in this tranche had '*been very significantly over-subscribed*' by about 22.13 times the 360 million Offer Shares, initially available.

At Page Nine of the Announcement of July 14, 2020, one was informed as to how Management intended to utilise the net proceeds of the Global Offering:

- Approximately, 30 percent, that is about \$HK345.10 million, '*for investment in the production of high quality content, including TV series, films, web films, web series and TV variety shows*':
- Approximately, 28.00 percent, that is about HK322.20 million, '*for scriptwriting, principal photography and post-production of four TV series currently under production*';

- Approximately, 0.70 percent, that is about \$HK7.60 million, *‘for principal photography and post-production of two web films currently under production’*; and,
- Approximately, 1.30 percent, that is about \$HK15.30 million, *‘to other aspects and projects of the TV/film production business’*;
- Approximately, 30 percent, that is about \$HK345.10 million, *‘to improve or expand the capacity, facilities and educational equipment of the University, in particular to expand the campus with more teaching buildings, dormitories, gymnasium and other necessary facilities to accommodate additional students’*;
- Approximately, 17.20 percent, that is about \$HK198.40 million, *‘to be spent on building 7 new dormitories’*;
- Approximately, 11.40 percent, that is about \$HK131.20 million, *‘to construct a new gymnasium and a new international teaching facility building’*; and,
- Approximately, 1.40 percent, that is about \$HK15.50 million, *‘to other aspects of the higher education business, including procuring educational equipment’*;
- Approximately, 30 percent, that is about \$HK345.10 million, *‘towards the acquisition of media and arts higher education institutions and/or training institutions to supplement the media and arts education business’*; and,
- Approximately, 10 percent, that is about \$HK115.10 million, *‘for working capital and other general corporate purposes.’*

## **The History And Business Of Cathay Media And Education Group Incorporated**

At Page 93 of the Global Offering Prospectus of Cathay Media and Education Group Incorporated, one ...  
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