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黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 318)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 51% EQUITY INTEREST IN GREENIE EDTECH CORPORATION; ISSUANCE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 28 October 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Share Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 51% equity interest in the Target Company at a consideration of HK\$20,400,000, which shall be satisfied as to HK\$12,645,875 in cash and as to HK\$7,754,125 by the allotment and issue of 20,500,000 Consideration Shares credited as fully paid, pursuant to the General Mandate.

Upon Completion of the Acquisition, the Company will hold 51% of the Target Company. The financial results of the Target Company will be consolidated as an indirect non-wholly-owned subsidiary in the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Acquisition is more than 5% but less than 25%, and the Consideration will be satisfied by cash and by the allotment and issue of Consideration Shares pursuant to the General Mandate, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements thereunder.

The allotment and issue of Consideration Shares pursuant to the General Mandate is not subject to approval of Shareholders.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SHARE PURCHASE AGREEMENT

Date: 28 October 2021 (after trading hours)

Parties:

Purchaser VG Investment Assets Holdings Inc., a wholly-owned subsidiary of the Company

Vendor Wun Kam Hoi

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a third party independent of the Company and its connected persons.

Assets to be acquired

The Purchaser has conditionally agreed to acquire from the Vendor, and the Vendor has conditionally agreed to sell to the Purchaser, 51% of the equity interest in the Target Company.

Consideration

The Consideration shall be HK\$20,400,000, which shall be satisfied as to HK\$12,645,875 in cash and as to HK\$7,754,125 by the allotment and issue of 20,500,000 Consideration Shares at the issue price of HK\$0.378 per Consideration Share to the Vendor and/or his nominee(s) by the Company on the Completion Date, credited as fully paid.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor, taking into account, among other things, (a) the continuing and strong local and global market demand for technology-enhanced EdTech solutions and related services for corporates, organisations and massive open online courses (MOOC) in light of the COVID-19 pandemic, (b) the structural shifts in corporate, organisation and customer needs for remote interaction in e-learning, and online corporate and sales training as a result of the pandemic and the "new normal", that we expect many businesses to adjust to or to strengthen in the post-pandemic period, (c) the Target Group's robust management experience in the convergence of technology and education, including managing and operating Greenie Education Services Group's offline and online education and education technology businesses, and at multiple campuses and locations, managing and operating e-learning platforms, development of education, training and courses curricula, publishing, marketing and distributing content, and providing technology-enhanced EdTech solutions and services to clients, and (d) the Company's assessment of the synergistic benefits and cross-selling opportunities to expand the Target Group's business operations, that are targeted to be created between the Target Group and the Group through application of the Target Group's technology-enhanced EdTech solutions and services to the Group's stable of business-driven technology services and solutions services, which concentrate primarily on areas that improve or transform clients' business performance.

It is expected that the cash portion of the Consideration will be funded by the Group's internal resources.

The Board considers that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

Consideration Shares

The Consideration Shares will be allotted and issued at the issue price of HK\$0.378 per Consideration Share, credited as fully paid, pursuant to the General Mandate, which represents:

- (i) a discount of approximately 15.0% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement; and
- (ii) a discount of approximately 14.0% to the average closing price of approximately HK\$0.440 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to the date of the Share Purchase Agreement.

Under the General Mandate, the Company may allot and issue up to 38,437,966 Shares, of which 17,000,000 Shares are subject to allotment and issuance upon the completion of the Rosarini Acquisition. Accordingly, the Company may allot and issue up to a further 21,437,966 Shares under the General Mandate, therefore the allotment and issuance of the Consideration Shares is not subject to any further approval by the Shareholders.

The Consideration Shares represent approximately 9.03% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 8.28% of the Company's issued share capital as at the date of this announcement as enlarged by the issue of the Consideration Shares (assuming, for purposes of illustration, no change in the total number of issued Shares between the date of this announcement and the allotment and issue of the Consideration Shares).

The issue price per Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market price of the Shares. The Board considers that the issue price per Consideration Share is fair and reasonable and in the interests of the Shareholders as a whole.

An application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank *pari passu* in all respects with the existing Shares then in issue.

Completion

Completion shall take place on the Completion Date, on which all the conditions precedent of the Share Purchase Agreement have been fulfilled, or such other date as the Purchaser and the Vendor may agree in writing.

Service Agreement

Upon Completion, the Target Company and the Vendor shall enter into an executive service agreement, for a term of five years from the Completion Date.

The Company believes that the Vendor's continued involvement in the management team of the Target Group would be highly conducive to the smooth operation and business growth of the Target Group and its integration into the Group following Completion.

Conditions Precedent

The Completion is subject to and conditional upon, amongst others:

- (i) the representations and warranties contained in the Share Purchase Agreement remaining true and accurate in all material respects, including but not limited to (a) the Vendor having procured Greenie Education Services Group to grant, in form and substance to the Purchaser's satisfaction, a royalty-free licence for 10 years to the Company for the Company's use of the technology and digital solutions, products and services, online and offline education and related curriculum and related materials owned by any member of the Greenie Education Services Group as requested by the Purchaser, and (b) the Vendor having entered into an executive services agreement with the Company relating to the Vendor's continued executive employment;
- (ii) there being no material adverse change in the business of the Target Company; and
- (iii) all regulatory and legal approvals therefor shall have been obtained.

INFORMATION ON THE TARGET COMPANY AND THE VENDOR

The Target Company is a company incorporated in the BVI with limited liability. The Target Company is principally engaged in investment holding and is the sole shareholder of its subsidiary Greenie EdTech Limited. The Target Company and Greenie EdTech Limited were established approximately one year ago to own and operate the EdTech division of the Greenie Education Services Group. The Greenie Education Services Group is principally engaged in managing and operating its offline and online education and education technology businesses, and at multiple campuses and locations, managing and operating e-learning platforms, development of education, training and courses curricula, publishing, marketing and distributing content, and providing technology-enhanced EdTech solutions and services to clients.

Based on information provided by the Vendor, he is the controlling beneficial owner and a member of management of the Greenie Education Services Group, which he founded approximately 20 years ago.

The following summary of unaudited consolidated financial information of the Target Group for the partial year since the incorporation of the Target Company until 31 March 2021 is set out as follows:

	The partial year since incorporation of the Target Company until 31 March 2021
	HK\$
Profit before taxation and extraordinary items	870,000
Profit after taxation and extraordinary items	870,000

As at 31 March 2021, based on the unaudited consolidated financial statements of the Target Group, the Target Group had consolidated net assets of approximately HK\$2,000,000.

Following Completion, the Target Company will be held as to 51% by the Purchaser. Accordingly, the Target Company will be consolidated as an indirect non-wholly-owned subsidiary in the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activities of the Group include technology and property.

The Group's technology division provides business-driven technology services and solutions which improve or transform clients' business performance, especially in relation to doing business in the "new normal" pandemic and post-pandemic environment. These include, for example, enterprise team collaboration software, fintech, ecommerce, payment, enterprise solutions, enterprise architecture, technology transformation, customised business platforms, virtual reality (VR) and augmented reality (AR) technologies, and cloud technologies.

The Group's technology business seeks to continue to be one of Hong Kong's preferred technology services and solutions providers, and reinforce its position as one of the preferred digital ecosystem partners for the "new normal" of the COVID-19 pandemic and the expected post-pandemic era, to help clients execute their digital transformation and management in newer and more efficient ways that have already increasingly become an essential part in this "new normal", as business and market behaviour has changed towards distance, remote and virtual, and will continue to change and evolve. The Group works therefore towards strengthening its market position, growth and competitiveness by developing and acquiring new and emerging technologies and solutions to stay at or near the forefront of the industry, so as to continually add to our service and solutions offerings, and therefore enrich a digital ecosystem that enhances clients' business performance.

In relation to learning, business, education, training, courses and other similar services, since the beginning of the pandemic, technology has increasingly and rapidly transformed the way many businesses and customers expect to engage and interact. The Company believes that the Acquisition would enrich the Group's business-driven technology stable of services and solutions, by adding commercially-driven EdTech services and solutions, in order to create further synergy and to generate greater business opportunities for the Group. The Company therefore expects that the Acquisition would help create value for its shareholders, as well as extend and strengthen the Group's performance by addressing the demand in the EdTech markets.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

Set out below is a summary of the shareholding in the Target Company as at the date of this announcement and, for illustrative purposes only, upon Completion, assuming there being no other changes in the Target Company's issued share capital and shareholdings after the date of this announcement.

Name of shareholder	Shareholding in Target Company	
	As at the date of this announcement	Immediately after Completion
The Vendor	100%	49%
The Company	-	51%
	<u>100%</u>	<u>100%</u>

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, assuming the completion of the Rosarini Acquisition takes place first, followed by the Completion, assuming also there being no other changes in the Company's issued share capital or in the shareholdings of the shareholders shown below, after the date of this announcement.

Shareholders	As at the date of this announcement		Immediately after completion of the Rosarini Acquisition		Immediately after the completion of the Rosarini Acquisition and the Completion, including the allotment and issue of the Consideration Shares	
	Shares		Shares		Shares	
Vongroup Holdings Limited*	116,399,436	51.3%	116,399,436	47.7%	116,399,436	44.0%
Allyking International Limited**	34,885,000	15.4%	34,885,000	14.3%	34,885,000	13.2%
Karen Michelle Scheinecker	-	-	17,000,000	7.0%	17,000,000	6.4%
The Vendor and/or his nominee(s)	1,720,000	0.8%	1,720,000	0.7%	22,220,000	8.4%
Other public Shareholders	74,070,397	32.6%	74,070,397	30.3%	74,070,397	28.0%
Total	227,074,833	100.0%	244,074,833	100.0%	264,574,833	100.0%

Notes:

* Vongroup Holdings Limited is beneficially owned by Vong Tat Ieong David.

** Allyking International Limited is beneficially owned by Huang Rong.

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Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

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DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser from the Vendor of equity interest of 51% in the Target Company, pursuant to the Share Purchase Agreement
“Board”	the Board of Directors of the Company
“BVI”	British Virgin Islands
“Company”	Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Share Purchase Agreement

“Completion Date”	the day of Completion
“Connected person”	the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration payable for the Acquisition
“Consideration Share”	each Share that is to be allotted and issued to the Vendor as part of the Consideration for the Acquisition
“Director”	a director of the Board of the Company
“General Mandate”	the general mandate granted at the annual general meeting of the Company held on 30 October 2020
“Greenie Education Services Group”	the education and education technology group of companies that are beneficially owned by the Vendor, which comprises Greenie Education Services Co Limited and its subsidiaries and associates, and the Target Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Rosarini Acquisition”	the discloseable transaction that is the subject of the announcement of the Company of 27 May 2021
“Share”	ordinary share of HK\$0.04 each in the share capital of the Company
“Share Purchase Agreement”	the Share Purchase Agreement dated as of 28 October 2021, between the Purchaser and the Vendor
“Shareholder”	holder of a Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Purchaser”	VG Investment Assets Holdings Inc., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Target Company”	Greenie EdTech Corporation, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiary, Greenie EdTech Limited, a company incorporated in Hong Kong

By Order of the Board
Vongroup Limited
Tsui Siu Hung Raymond
Company Secretary

Hong Kong, 28 October 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Vong Tat Leong David and Xu Siping; and three independent non-executive Directors, namely Fung Ka Keung David, Lam Lee G. and Wong Man Ngar Edna.

* *For identification purpose only*