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Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION OF 25% EQUITY INTEREST IN THE TARGET COMPANY

THE SUBSCRIPTION

On 16 September 2022 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Subscription Agreement pursuant to which, the Subscriber has agreed to subscribe for and the Target Company has agreed to issue and allot 25 Subscription Shares at the Consideration of HK\$44,500,000 (equivalent to the price of HK\$1,780,000 per Subscription Share).

Upon the Completion, the Subscriber holds 25% of the issued share capital of the Target Company as enlarged by the issue of the Subscription Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

On 16 September 2022 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Subscription Agreement pursuant to which, the Subscriber has agreed to subscribe for and the Target Company has agreed to issue and allot 25 Subscription Shares at the Consideration of HK\$44,500,000 (equivalent to the price of HK\$1,780,000 per Subscription Share).

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THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date

16 September 2022 (after trading hours)

Parties

- (1) The Subscriber; and
- (2) The Target Company

Immediately before the Completion, the Target Company was wholly-owned by Future Master Investments Limited, which is ultimately beneficially owned as to 82.19% by Ms. Lo Ki Yan Karen and 17.81% by Win Wind Capital I Limited, a wholly-owned subsidiary of Oshidori International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 622). Each of the Target Company and its ultimate beneficial owners is an Independent Third Party.

The Subscription

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for and the Target Company has agreed to issue and allot 25 Subscription Shares at the Consideration of HK\$44,500,000.

Immediately before the Completion, the total number of shares of the Target Company in issue was 75. Upon the Completion, the Subscriber holds 25 shares of the Target Company, representing 25% of the issued share capital of the Target Company as enlarged by the issue of the Subscription Shares.

The Consideration

The Consideration amounts to HK\$44,500,000. The Subscription Price is HK\$1,780,000 per Subscription Share. The Consideration has been fully settled by the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the parties to the Subscription Agreement on normal commercial terms, mainly with reference to (i) the unaudited net assets value of the Target Group as at 15 September 2022 of approximately HK\$135.1 million; (ii) the fair value of the Office Premises as at 31 August 2022 of approximately HK\$156.1 million prepared by an independent valuer using direct comparison approach; (iii) the historical financial performance of the Target Group; (iv) the prevailing market condition of the property market in Hong Kong; and (v) the reasons for and benefits of the Subscription as stated under the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION" below.

In view of the above, the Directors consider that the Consideration is fair and reasonable.

Completion

The Subscription Agreement is unconditional. The Completion has taken place simultaneously upon signing of the Subscription Agreement.

Upon the Completion, the Subscriber holds 25% of the issued share capital of the Target Company as enlarged by the issue of the Subscription Shares. Accordingly, the Target Company becomes an associate of the Company.

Undertaking by the Target Company

The Target Company undertakes that it will, by way of resolution of directors, authorise a distribution by way of dividend of 60% of its net profits after taxation before revaluation of property for each financial year to its shareholders on a pro-rata basis within three months after the financial year end of each financial year.

INFORMATION OF THE PARTIES

Information of the Target Company and the Target Group

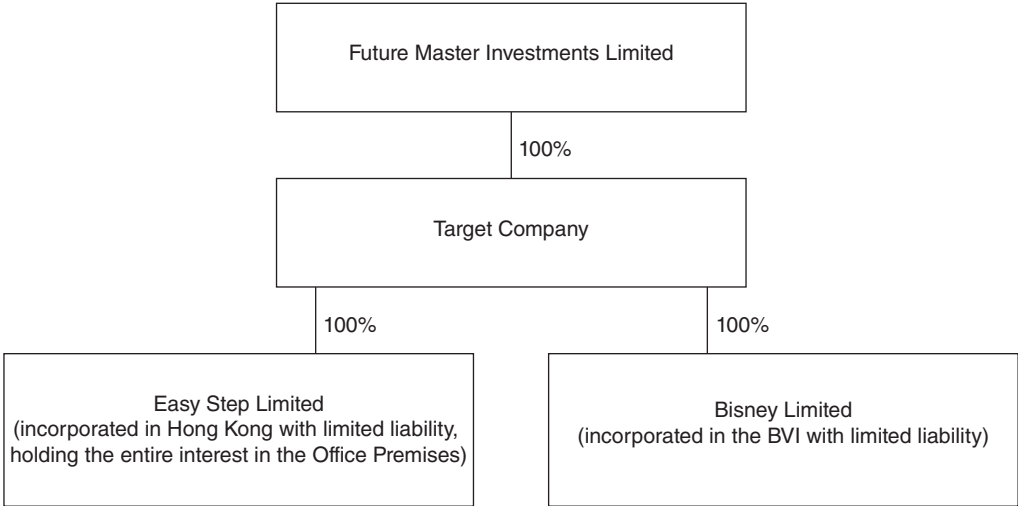
The Target Company is incorporated in the BVI with limited liability and principally engages in investment holding. The Target Group principally engages in property investment.

The principal asset of the Target Group is the Office Premises owned by a direct wholly-owned subsidiary of the Target Company incorporated in Hong Kong with limited liability.

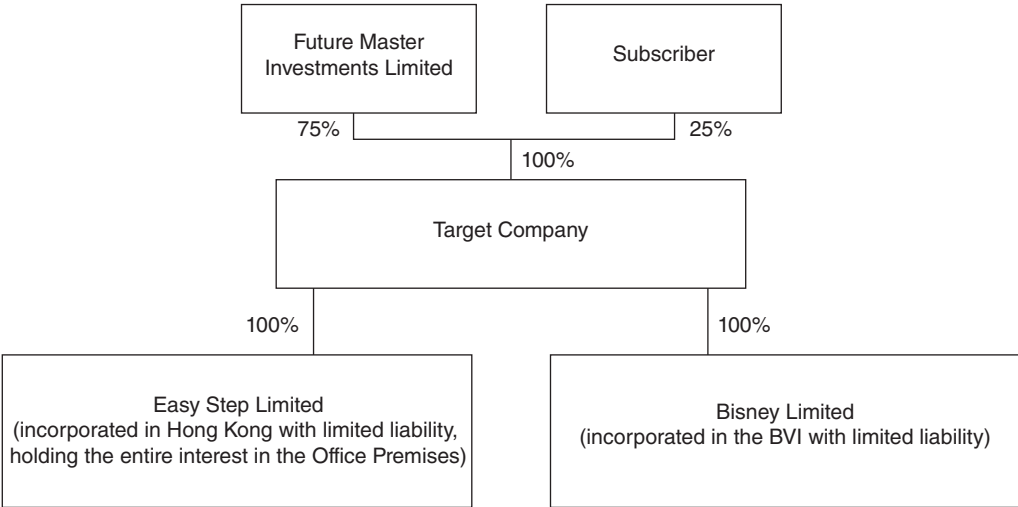
The Office Premises have a total saleable area of approximately 5,391 sq.ft.. Portion of the Office Premises, being the units 1 to 3, is currently rented out to the Company as its head office and principal place of business. With reference to the valuation prepared by an independent valuer using direct comparison approach, the fair value of the Office Premises is HK\$156.1 million as at 31 August 2022.

The corporate structures of the Target Group immediately before and after the Completion are set out as follow:

Before the Completion



After the Completion



Financial Information of the Target Group

The table below sets out the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2021 and 31 December 2020, and for the period from 1 January 2022 to 15 September 2022 respectively (prepared in accordance with the Hong Kong Financial Reporting Standards):

	For the period from 1 January 2022 to 15 September 2022 (Unaudited) HK\$'000	For the year ended 31 December 2021 (Unaudited) HK\$'000	31 December 2020 (Unaudited) HK\$'000
Revenue	1,801	2,157	2,131
Net profit before tax	682	40,183	1,210
Net profit after tax	682	39,494	1,388

According to the management accounts of the Target Group as at 15 September 2022, the unaudited consolidated net assets value was approximately HK\$135.1 million.

The increase in the net profits of the Target Group for the year ended 31 December 2021 was mainly attributable to the fair value change of the investment properties.

Information of the Company and the Subscriber

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group principally engages in, *inter alia*, the provision of comprehensive engineering and property-related services through Paul Y. Engineering Group Limited, land and property development and investment in the PRC, development and operation of ports, infrastructure, gas distribution and logistics facilities in the PRC, as well as securities trading and investment, and provision of financing related services.

The Subscriber, an indirect wholly-owned subsidiary of the Company, is incorporated in the Marshall Islands with limited liability. The Subscriber principally engages in investment holding.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Since March 2021, the Group has rented portion of the Office Premises held by the Target Group as its head office and principal place of business. By subscribing for the equity interest of the Target Group, the Group could be benefited from the rental income earned by the Target Group by sharing its results. As such, the Subscription would reduce the overall financial impact of the rental expenses to the Company.

The unaudited net assets value of the Target Group as at 15 September 2022 was approximately HK\$135.1 million. Upon the Completion, the net assets value is enlarged to approximately HK\$179.6 million, and the Subscriber is beneficially interested in 25% or approximately HK\$44.9 million of the net assets of the Target Group. Therefore, the Consideration of HK\$44.5 million represents a discount of approximately 0.9% to the net assets value attributable to the Subscriber.

In light of the above, the Board considers that the Subscription and the terms of the Subscription Agreement including the Consideration are on normal commercial terms, fair and reasonable and in the interests of the Group and the Company's Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“BVI”	British Virgin Islands
“Company”	Blue River Holdings Limited (stock code: 498), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the Subscription Agreement

“Consideration”	the total consideration of HK\$44,500,000 to be received by the Target Company for the Subscription
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Office Premises”	Units 1, 2, 3 and 6 on 28th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Blue River Gain Limited, a non-resident domestic company incorporated in the Marshall Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of 25% of the enlarged issued share capital of the Target Company by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the agreement dated 16 September 2022 entered into between the Subscriber and the Target Company relating to the Subscription
“Subscription Price”	HK\$1,780,000 per Subscription Share
“Subscription Share(s)”	the 25 ordinary shares with par value of US\$1.00 each fully paid up to be allotted and issued by the Target Company to the Subscriber pursuant to the Subscription Agreement
“Target Company”	Quality World Investments Limited, a company incorporated in the BVI with limited liability with 75 ordinary shares with par value of US\$1.00 each fully paid before the Subscription
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

By Order of the Board

Blue River Holdings Limited

HO Sze Nga

Company Secretary

Hong Kong, 16 September 2022

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
 Benny KWONG (*Chairman*)
 AU Wai June
 Marc TSCHIRNER
 SAM Hing Cheong

Independent Non-Executive Directors:
 MA Ka Ki
 William GILES
 YU Chung Leung
 LAM John Cheung-wah