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## **Blue River Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 498)**

### **MAJOR TRANSACTION DISPOSAL OF THE SALE SHARE AND ASSIGNMENT OF THE SALE LOAN OF THE TARGET COMPANY**

#### **THE DISPOSAL**

On 24 December 2022, the Purchaser and the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Share and to assign the Sale Loan to the Purchaser (or its nominee), and the Purchaser (or its nominee) has conditionally agreed to acquire the Sale Share and take up the assignment of the Sale Loan at the Consideration of HK\$406,000,000 (subject to adjustment).

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interest in the Target Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement and the Disposal; (ii) the valuation report of the property interests held by the Target Group; (iii) other information as required to be disclosed under the Listing Rules; and (iv) the notice convening the SGM is expected to be despatched to the Shareholders on or before 20 January 2023 since additional time is required for the preparation of the circular.

**Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed “Conditions Precedent” in this announcement, including the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

On 24 December 2022, the Purchaser and the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Share and to assign the Sale Loan to the Purchaser (or its nominee), and the Purchaser (or its nominee) has conditionally agreed to acquire the Sale Share and take up the assignment of the Sale Loan at the Consideration of HK\$406,000,000 (subject to adjustment).

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

24 December 2022

### **Parties**

- (1) The Vendor; and
- (2) The Purchaser.

The Purchaser is incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is ultimately beneficially owned as to 50% by Dr. Chan Kwok Keung, Charles (“**Dr. Chan**”) and 50% by Mr. Chan Chung On (“**Mr. Chan**”).

Dr. Chan has over 41 years of international corporate management experience in the construction and the property sectors, as well as in strategic investments. He has been an executive director and joint vice chairman of ITC Properties Group Limited (stock code: 199), a company listed on the Main Board of the Stock Exchange, since November 2021.

Mr. Chan has over 30 years of experience in the construction and property sectors. He is the managing director of Unicon International Holdings Limited (“**Unicon**”) which is incorporated in Hong Kong. Unicon and its subsidiaries are principally engaged in the production of precast concrete units, precast concrete pipe, gully box and partition panel wall.

The Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed of**

The Sale Share represents the entire issued share of the Target Company. The Sale Loan represents the entire sum owing by the Target Company to the Vendor as at the Completion Date.

### **The Consideration**

The Consideration for the Sale Share and the Sale Loan shall be HK\$406,000,000 (of which the consideration for the Sale Loan shall be an amount equal to the Sale Loan on a dollar for dollar basis provided that if the face value of the Sale Loan exceeds the amount of the Consideration, the consideration of the Sale Loan shall be capped at the Consideration amount minus HK\$1.00, and the consideration for the Sale Share shall be an amount equal to the Consideration less the consideration for the Sale Loan) of which:

- (i) a sum of HK\$60,900,000 as refundable deposit (the “**Deposit**”) is payable by the Purchaser to the Vendor’s designated account (the “**Vendor’s Designated Account**”) on or before 16 January 2023; and
- (ii) the remaining balance of HK\$345,100,000 is payable by the Purchaser to the Vendor’s Designated Account upon Completion.

All payments to be made thereunder shall be made by a cheque drawn on a licensed bank in Hong Kong or by banker’s draft(s) or cashier order(s) of the licensed banks in Hong Kong or by wiring/telegraphic transfer and validating the fund to the Vendor’s Designated Account.

### **Adjustment of the Consideration**

The Vendor shall prepare and deliver to the Purchaser within 28 Business Days after the Completion Date the Completion Accounts, which shall be prepared in accordance with Hong Kong Financial Reporting Standards but for the

avoidance of doubt, there will not be any revaluation of the Property for the purpose of preparation or audit (where applicable) of the Completion Accounts. The Vendor shall procure access to information be provided, and response to enquiries, to the Purchaser and its authorised representatives, professional advisers and accountants for review of the Completion Accounts.

The Purchaser shall within 21 Business Days after receipt of the Completion Accounts from the Vendor notify the Vendor in writing whether it accepts the Completion Accounts. The Vendor and the Purchaser shall use their respective reasonable endeavours and in good faith to attempt to mutually agree on the Completion Accounts.

In the event that the Purchaser accepts the Completion Accounts and:

- (i) the Working Capital Amount derived from the Completion Accounts shall be less than the Working Capital Target, the Vendor shall pay the Working Capital Shortfall amount to the Purchaser within 7 Business Days of the Purchaser's acceptance of the Completion Accounts; or
- (ii) alternatively, the Working Capital Amount derived from the Completion Accounts shall exceed the Working Capital Target, the Purchaser shall pay to the Vendor an amount equivalent to the Working Capital Surplus without interest within 7 Business Days of the Purchaser's acceptance of the Completion Accounts.

If the Purchaser does not accept the Completion Accounts and the parties are unable to mutually agree on it after having used their reasonable endeavours, the Vendor shall furnish the Completion Accounts to one firm mutually selected by the parties among the Designated Audit Firms (the "**Auditor**") and the Vendor and the Purchaser shall jointly cause the Completion Accounts to be audited and the Working Capital Amount to be determined by the Auditor as soon as practicable. The Vendor and the Purchaser shall cooperate with the Auditor and comply with its reasonable requests made in connection with the carrying out of its duties thereof, in particular, without limitation, the Purchaser shall make available to the Auditor the books and records of the Target Group which may have been passed to it on Completion, and the Vendor shall provide to the Auditor all reasonable assistance for such purpose.

The Auditor shall act as an expert and not as an arbitrator and their decision shall be final and binding on both the Vendor and the Purchaser. The costs and expenses incurred of and incidental to such audit and determination shall be borne by the Vendor and the Purchaser in equal shares.

If the Working Capital Amount derived from the audited Completion Accounts shall be less than the Working Capital Target, the Vendor shall pay the Working Capital Shortfall amount to the Purchaser within 7 Business Days of the production of the audited Completion Accounts by the Auditor.

If the Working Capital Amount derived from the audited Completion Accounts shall exceed the Working Capital Target, the Purchaser shall pay to the Vendor an amount equivalent to the Working Capital Surplus without interest within 7 Business Days of the production of the audited Completion Accounts by the Auditor.

### **Basis of the Consideration**

The Consideration of HK\$406,000,000 was arrived at after arm's length negotiations between the parties to the Agreement on normal commercial terms and making reference to (i) the Appraised Value (as defined below) of RMB343 million (or equivalent to approximately HK\$401.3 million); (ii) the unaudited consolidated net liabilities of the Target Group as at 31 July 2022 attributable to owners of the Company of approximately HK\$350.1 million; (iii) the Shareholder's Loan of approximately HK\$772.2 million as at 31 July 2022; and (iv) the reasons for and benefits of the Disposal as stated under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

The Company has engaged Ravia Global Appraisal Advisory Limited (the "**Valuer**") to conduct a business valuation of the Target Group as at 31 July 2022 (the "**Business Valuation**"). Based on the Business Valuation, the aggregate appraised value of the entire issued share capital of the Target Group and the Shareholder's Loan was RMB343 million (or equivalent to approximately HK\$401.3 million) as at 31 July 2022 (the "**Appraised Value**").

Given that the Consideration is slightly above the Appraised Value, the Directors consider that the Consideration is fair and reasonable.

## **Conditions Precedent**

The Disposal shall be conditional upon fulfilment of the following conditions:

- (a) the SGM having been duly convened at which resolutions shall have been passed by the Shareholders, by way of poll to approve the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (b) if applicable, the obtaining of all consents from any relevant government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and any of the transactions contemplated thereunder;
- (c) the Purchaser being satisfied that on or before Completion, the Vendor's Warranties remain true and accurate in all material respects and are not misleading or in breach in any material respect;
- (d) the Vendor having, in a form satisfactory to the Purchaser, discharged or procured to discharge all liabilities (including any accrued interest) in respect of the Intra-group Payables and the Yangkou Port Debt;
- (e) the Company having, in a legal manner, assigned all amounts owing by the Target Company to the Company and its rights, title, benefits and interests thereof and therein unto the Vendor and there is no debt between any Target Group Company on the one hand and the Company on the other hand as at Completion; and
- (f) no Material Adverse Change having occurred before Completion.

Conditions (c), (d), (e) and (f) are waivable at the sole discretion of the Purchaser. If the above conditions have not been waived (where applicable) or fulfilled on or before the Long Stop Date (or the extended Long Stop Date), the Agreement shall cease and determine whereupon the Vendor shall refund the Deposit in full (but without any interest) to the Purchaser (or its nominee) and thereafter neither party thereto shall have any obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

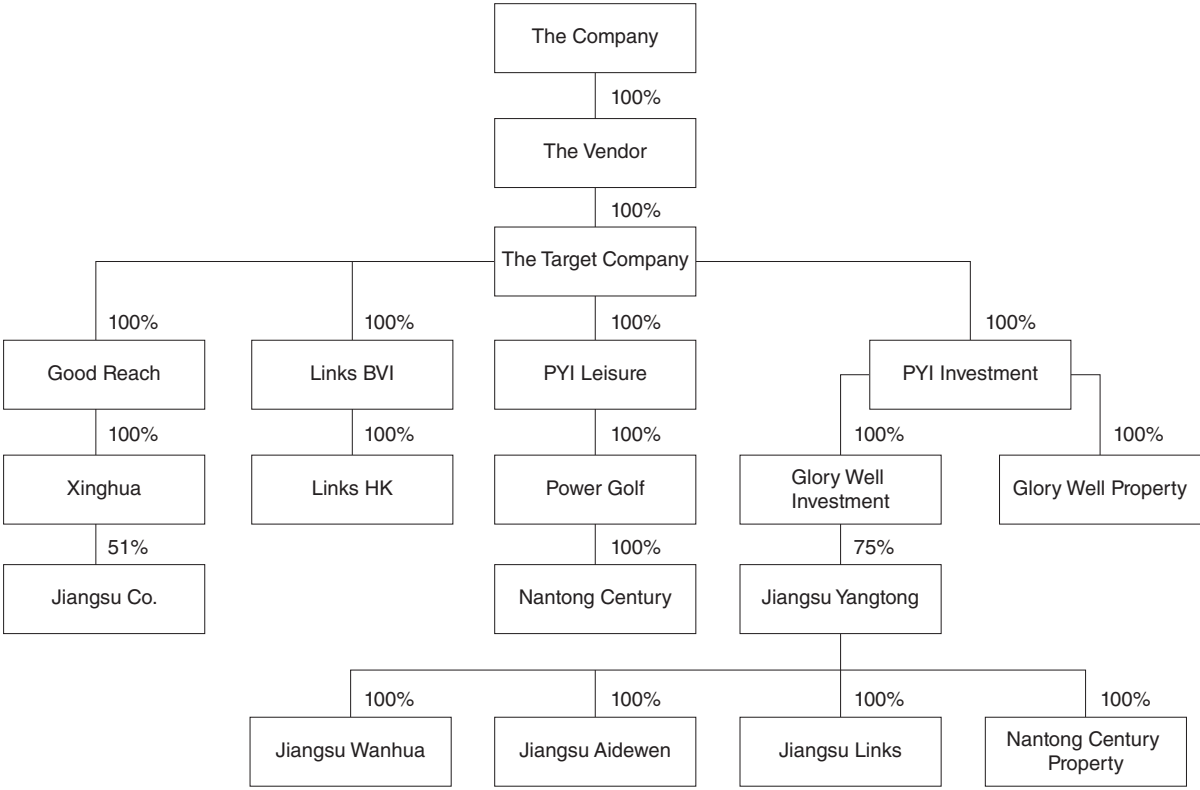
As at the date of this announcement, none of the above conditions have been fulfilled.

## **Completion**

Upon fulfilment (or waiver where applicable) of all the conditions set out in the section headed "Conditions Precedent" above, Completion shall take place on the Completion Date (or at such time as the parties thereto may otherwise agree in writing).

## INFORMATION OF THE TARGET GROUP

The following diagram illustrates the shareholding structure of the Target Group prior to Completion:



The Target Company is a limited company incorporated in the BVI which is directly wholly-owned by the Vendor. The Target Company is an investment holding company. The Target Group is principally engaged in (i) development, investment and sale of properties; (ii) development of a sport recreation project; and (iii) exploitation of hot springs and development of recreational facilities at Xiao Yangkou.

The principal assets of the Target Group mainly comprise the Land, which is 11.42 sq. km. (equivalent to 17,130 mu) land bank situated at the west of the Outer Gate of Yangkou Town, Rudong County, Nantong City, Jiangsu Province, the PRC. The Land has been held by certain operating subsidiaries of the Target Group, namely, Jiangsu Yangtong, Jiangsu Co., Nantong Century Property and Nantong Century.

The Land has been planned by the Target Group as a regional tourism site of national standard with hot spring and recreational facilities. The subdivided land parcels on the Land have to complete the reclamation and land levelling process to convert them into developed land such that they will be ready for further development purpose and for sale to external parties.

As at the date of this announcement, approximately 6.81 sq. km. (equivalent to 10,215 mu) out of 11.42 sq. km. (equivalent to 17,130 mu) of the Land (i.e. approximately 60%) had reached the developing stage or the developed and serviced stage, which the Group has commenced land levelling work on the Land since 2006.

Currently, the Target Group has four developed properties utilising an aggregate land area of 0.086 sq. km. (equivalent to 129 mu), including (i) a tourist hotel (known as Links Spa Hotel) completed in 2013 and featured with comprehensive spa facilities which is held by Nantong Century Property as stock of property for sale; (ii) various villa type hotel buildings and ancillary facilities (known as Villa Hotel) completed in 2012, which are held by Jiangsu Yangtong as stock of property for sale; (iii) an office building completed in 2014 which has been occupied by the Target Group since then; and (iv) an indoor hotspring water park (known as Linkspring Fun World) completed in late 2021, which is held by Jiangsu Co.. No development scheme has been scheduled for the remaining land parcel with a total area of 11.334 sq. km. (representing the total area of the Land of 11.42 sq. km. less the utilised land area of 0.086 sq. km.).

### **Financial Information of the Target Group**

As at the date of this announcement, the Target Group comprises Profit Tycoon Group and Yangtong Group.

Following the Reorganisation completed in April 2021, Yangtong Group has become a member of the Target Group.



Set out below are the unaudited consolidated financial information of the Target Group, which was prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants as if the present shareholding structure of the Target Group had been in place throughout the two years ended 31 March 2022 and four months ended 31 July 2022:

	<b>For the four months ended 31 July 2022</b>	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Loss before taxation	128,988	673,249	923,932
Loss after taxation	119,437	518,417	568,151

Based on the unaudited consolidated financial information of the Target Group, the unaudited consolidated net liabilities of the Target Group as at 31 July 2022 attributable to owners of the Company before adjusted for the Acquisition Premium (as defined below) was approximately HK\$431.6 million.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in, *inter alia*, development and operation of ports, infrastructure, gas distribution and logistics facilities in the PRC, providing comprehensive engineering and property-related services through Paul Y. Engineering Group Limited and its subsidiaries, land and property development and investment in the PRC, securities trading and investment, and provision of financing related services.

The Target Group recorded the loss after taxation of approximately HK\$568.2 million, HK\$518.4 million and HK\$119.4 million for the year ended 31 March 2021, 31 March 2022 and the four months ended 31 July 2022 respectively. The loss during the year ended 31 March 2021 was mainly attributable to the loss on fair value changes of investment properties and write down of stock of properties held for sale. The losses during the year ended 31 March 2022 and the four months ended 31 July 2022 were mainly attributable to (i) the loss on fair value changes of investment properties, write down of stock of properties held for sale and impairment of property, plant and equipment; and (ii) the operating loss due to (a) no revenue being generated from sale of properties and (b) the unsatisfactory operating results of Linkspring Fun World. The COVID-19 pandemic has adversely and materially affected the tourism industry in the PRC with stringent public health measures and travel restrictions. Such

negative sentiment has been reflected with higher impact on tourist land than urban residential and commercial land in terms of selling prices and transaction volume.

There have been drastic adverse changes in both the PRC property sector with property sales slump and tightening of central government policy and the macro economy as a result of the escalating Sino-US tension. A wave of defaults hard hitting the over-leveraged property developers in the PRC have ripple devastating effect on the property market in the PRC. In the year of 2022, the Hang Seng Properties Index which tracks Hong Kong-listed developers revealed the overall downward trend and plunged from its peak of 32,478.53 on 11 February 2022 to its low of 18,623.56 on 31 October 2022, representing a decrease of approximately 43%. An increasing number of financial insolvency of property developers ending up with the process of debt restructuring, a series of credit rating downgrades, and plunge in their share and/or bond price and valuation have put a damper on market sentiment toward the property sector. Certain group of home buyers in multiple cities in the PRC decided to stop paying mortgages in July 2022 because of construction delays and declining real estate values. Coupled with re-emergence of new, highly transmittable variants of COVID-19 leading to more prolonged economic disruptions, the PRC property sales remain weak.

Despite (i) the remedial measures rolled out by the PRC government in November 2022 aiming at relieving the financial pressures of the distressed property developers and rescuing the crisis-hit property sector; and (ii) the recent bounce-back of the Hang Seng Properties Index from its low, the Company maintains its pessimistic view that the property market in the PRC will remain volatile and challenging in the medium-to-long term on the basis that such relief will not fundamentally address the structural imbalance of the property market and the property buyers or investors have turned risk-averse.

The Group has commenced land levelling work on the Land for a long period of time since 2006. In view of the significant size of the Land, land development process of the Land will be a lengthy process. It will also involve substantial cost and time in conducting levelling work by the Target Group for converting land parcels of the Land into developed land such that those land parcels will be ready for further development. The rate of development of the Land will be subject to many elements, such as the government policies, market conditions and internal resources of the Group. Having taken into account the substantial impairment loss on the fair value of the properties held by the Target Group and the pessimistic outlook for the property market in the PRC, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Target Group and to avoid the risk of further potential loss of the Land.

Concurrently, the Group has been exploring opportunities to diversify and broaden its business and investment portfolio by investing in business with optimistic prospect. The Board considers that the cash inflow from the Disposal will provide the Group with the flexibility to seize other suitable business and investment opportunities to optimise the operational efficiency and investment return to the Group.

Based on the foregoing, the Directors consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interest in the Target Company and the results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

For illustrative purpose, assuming Completion has taken place on 31 July 2022, it is estimated that the Company will realise an unaudited loss on the Disposal of approximately HK\$19.2 million, which is calculated as follows:

	<i>HK\$'000</i>
Consideration of HK\$406,000,000	406,000
Adjusted net asset value of the Target Group at 31 July 2022	(445,535)
Other expenses in relation to the Disposal	(10,000)
Reclassification adjustment of translation reserve upon the Disposal	<u>30,304</u>
Loss on the Disposal	<u><u>(19,231)</u></u>

The adjusted net asset value of the Target Group as at 31 July 2022 is arrived at as follows:

	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited consolidated net liabilities of the Target Group as at 31 July 2022 before adjusted for acquisition premium adjustment on the net asset value of the Target Group in the book of the Company arisen from acquisition of equity interest in the Target Group by the Company in prior years (“ <b>Acquisition Premium</b> ”)	(322,743)	
Adjusted for:		
Acquisition Premium	<u>108,681</u>	
Unaudited consolidated net liabilities of the Target Group as at 31 July 2022		(214,062)
<i>Less:</i>		
Non-controlling interests before adjusted for the Acquisition Premium	(108,841)	
Adjusted for:		
Acquisition Premium shared by non-controlling interest	<u>(27,170)</u>	
Non-controlling interests		<u>(136,011)</u>
Unaudited consolidated net liabilities of the Target Group as at 31 July 2022 attributable to owners of the Company		(350,073)
<i>Add:</i>		
Shareholder’s Loan as at 31 July 2022		772,216
Yangkou Port Debt		<u>23,392</u>
Adjusted net asset value of the Target Group as at 31 July 2022		<u><u>445,535</u></u>

*Note:* The exchange rate adopted for the calculation is HK\$1.00 = RMB0.855 which was approximately the prevailing exchange rate as at 31 July 2022.

The estimated loss to be derived from the Disposal has not taken into account the potential tax impact upon Completion. Shareholders should note that the actual financial effect as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditor of the Company.

The Directors consider that the estimated loss on disposal of HK\$19.2 million is insignificant, as such amount merely represents approximately 4.3% of the adjusted net asset value of the Target Group. In addition, taking into account (i) the negative sentiment with increasing uncertainties in the PRC property market; (ii) the lengthy development process for land levelling; and (iii) other reasons and benefits of the Disposal as stated under the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL”, the Directors consider that the Consideration is fair and reasonable as far as the Company and the Shareholders are concerned.

The net proceeds of the Disposal (subject to adjustment) are approximately HK\$396 million, after deducting the transaction costs and expenses. The Company intends to apply such proceeds for (i) the operation and expansion of other businesses of the Group, including the business of development and operation of ports, infrastructure, gas distribution and logistics facilities in the PRC; (ii) potential business and investment opportunities which may arise from time to time, including but not limited to the property investment and acquisition of interest in other prospective businesses so as to expand and diversify its existing business portfolio and broaden its source of income; (iii) repayment of the Company’s indebtedness; and (iv) general working capital of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement and the Disposal; (ii) the valuation report of the property interests held by the Target Group; (iii) other information as required to be disclosed under the Listing Rules; and (iv) the notice convening the SGM is expected to be despatched to the Shareholders on or before 20 January 2023 since additional time is required for the preparation of the circular.

**Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed “Conditions Precedent” in this announcement, including the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Agreement”	the sale and purchase agreement dated 24 December 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for business other than (i) a Saturday or (ii) a “general holiday” as defined in Section 2 of the General Holidays Ordinance Cap.149, or one of the days specified from time to time in the schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon and “Business Days” shall be construed accordingly
“BVI”	the 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 Disposal in accordance with the terms and conditions of the Agreement

“Completion Accounts”	the unaudited consolidated management accounts of the Target Company comprising an income statement for the period from 1 August 2022 to the Completion Date and a statement (or consolidated statement as the case may be) of financial position as at the Completion Date, in substantially the same format as and prepared on accounting policies consistent with the TC Accounts and certified by the Vendor to be true and accurate in all material respects
“Completion Date”	the fifteenth Business Day after the date on which all of the conditions set out in the Agreement have been satisfied or waived by the parties thereto (or such other date as the parties thereto may agree from time to time) and when Completion takes place
“Consideration”	the consideration payable by the Purchaser for the Disposal, which amounts to HK\$406,000,000 and subject to adjustment in accordance with the terms and conditions of the Agreement
“Designated Audit Firms”	Ernst & Young, Pricewaterhouse Coopers, Deloitte, KPMG and Crowe
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share and the assignment of the Sale Loan pursuant to the terms and conditions of the Agreement
“Glory Well Investment”	Glory Well Investment and Development Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Glory Well Property”	Glory Well Property Investment Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Good Reach”	Good Reach Developments Limited, a company incorporated in the BVI with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary 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)
“Intra-group Payables”	all amounts owing from the Target Group to the Vendor’s Group (but excluding the Sale Loan) which, as at 31 July 2022, amounted to nil
“Jiangsu Aidewen”	江蘇愛德文教育投資有限公司 (Jiangsu Aidewen Education Investment Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, is an indirect non-wholly-owned subsidiary of the Company
“Jiangsu Co.”	江蘇小洋口溫泉開發有限公司 (Jiangsu Xiaoyangkou Hot Spring Development Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect non-wholly-owned subsidiary of the Company
“Jiangsu Links”	江蘇林克斯酒店管理有限公司 (Jiangsu Links Hotel Management Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect non-wholly-owned subsidiary of the Company
“Jiangsu Wanhua”	江蘇萬華房地產開發有限公司 (Jiangsu Wanhua Real Estate Development Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect non-wholly-owned subsidiary of the Company
“Jiangsu Yangtong”	江蘇洋通開發投資有限公司 (Jiangsu Yangtong Investment and Development Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect non-wholly-owned subsidiary of the Company



“Land”	11.42 sq. km. (equivalent to 17,130 mu) land bank situated in Xiao Yangkou, which is under development as a regional tourism site of national standard with hot spring and recreational facilities
“Links BVI”	Links Spa and Resort Limited, a company incorporated in the BVI with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Links HK”	Links Spa and Resort Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Long Stop Date”	30 April 2023, but shall be automatically extended for 3 months if the conditions to the Agreement have not been waived (where applicable) or fulfilled on or before such date for any reason which cannot be attributable to either party’s default
“Material Adverse Change”	any matter, event or circumstance that would result, either individually or in the aggregate, in a decrease in the value of the Target Group exceeding HK\$40,600,000 (i.e. 10% of the Consideration), excluding, for the avoidance of doubt, any fluctuation to the value of the Property
“Nantong Century”	南通世紀海港鄉村俱樂部開發有限公司 (Nantong Century Harbour Country Club Development Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Nantong Century Property”	南通世紀海港置業有限公司 (Nantong Century Harbour Real Estate Co., Ltd.*), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect non-wholly-owned subsidiary of the Company

“Power Golf”	Power Golf Investment Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Tycoon Group”	the Target Company and its subsidiaries which excludes Yangtong Group
“Property”	the Land and buildings thereon with gross floor area of approximately 52,400 sq. m.
“Purchaser”	Summit Day Limited, a company incorporated in the BVI with limited liability
“PYI Investment”	PYI Investment Holdings Limited, a company incorporated in the BVI with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“PYI Leisure”	PYI Leisure Development Limited, a company incorporated in the BVI with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the internal reorganisation of the Group in transferring Yangtong Group to the Target Group at a consideration of approximately HK\$610.5 million which completed in late April 2021, after which Yangtong Group became a member of the Target Group
“Sale Loan”	such amount as equals the face value of the entire sum of shareholder’s loan owing by the Target Company to the Vendor as at the Completion Date
“Sale Share”	the entire issued share capital of the Target Company

“SGM”	a special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
“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)
“Shareholder’s Loan”	the shareholders’ loan owed by the Target Company to the Company, the entire sum of which shall be assigned by the Company to the Vendor as the Sale Loan prior to Completion (such loan balance as at 31 July 2022 was approximately HK\$772.2 million)
“sq. km.”	square kilometre
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Profit Tycoon Holdings Limited, a company incorporated in the BVI with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries after completion of the Reorganisation
“Target Group Company”	member company within the Target Group
“TC Accounts”	the unaudited consolidated financial statements of the Target Company for the period from 1 April 2021 to 31 July 2022 comprising its consolidated statement of financial position as at 31 July 2022 and its consolidated income statement for the period from 1 April 2021 to 31 July 2022 prepared in accordance with Hong Kong Financial Reporting Standards
“Vendor”	Blue River Property Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company

“Vendor’s Group”	the Vendor, its subsidiaries (except for the Target Group), any parent company of the Vendor and all other subsidiaries of any parent company of the Vendor
“Vendor’s Warranties”	the warranties, representations, undertakings and obligations of the Vendor under the Agreement
“Working Capital Amount”	<p>the aggregate amount as at the close of business on the date of Completion of the Target Group’s:</p> <p>(a) non-current assets (no re-valuation or depreciation or impairment of such assets shall be carried out for purpose of assessment of Working Capital Amount); and</p> <p>(b) current assets (including stock of properties, and no re-valuation or write-down of such stock shall be carried out for purpose of assessment of Working Capital Amount)</p> <p>LESS the aggregate amount as at the close of business on the date of Completion of the Target Group’s:</p> <p>(a) current liabilities (but excluding the Intra-group Payables and the Yangkou Port Debt);</p> <p>(b) non-current liabilities (but excluding the Sale Loan); and</p> <p>(c) non-controlling interests</p>
“Working Capital Shortfall”	the amount (if any) by which the Working Capital Amount is less than the Working Capital Target
“Working Capital Surplus”	the amount (if any) by which the Working Capital Amount exceeds the Working Capital Target
“Working Capital Target”	<p>RMB380,931,946, which is determined as follows:</p> <p>the aggregate amount as at 31 July 2022 of the Target Group’s:</p> <p>(a) non-current assets; and</p> <p>(b) current assets</p>

LESS the aggregate amount as at 31 July 2022 of the Target Group's:

- (a) current liabilities (but excluding the Intra-group Payables and the Yangkou Port Debt);
- (b) non-current liabilities (but excluding the Shareholder's Loan); and
- (c) non-controlling interests

“Xinghua”	Xinghua Public Spa Resort Investment Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Yangkou Port Co”	江蘇洋口港投資開發有限公司 (Jiangsu Yangkou Port Development and Investment Co., Ltd.*), a limited liability company established under the laws of the PRC, in which the Group holds 9.9% equity interest as at the date of this announcement
“Yangkou Port Debt”	the debt in sum of RMB20,000,000 owed by Jiangsu Yangtong to Yangkou Port Co
“Yangtong Group”	Jiangsu Yangtong and its subsidiaries
“%”	per cent

\* *For identification purposes only*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.17. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.*

By Order of the Board

**Blue River Holdings Limited**

**HO Sze Nga**

*Company Secretary*

Hong Kong, 27 December 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:*

William GILES  
YU Chung Leung  
LAM John Cheung-wah