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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Blue River Holdings Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Chinese translation of this circular is for reference only and in case of any inconsistency, the English version shall prevail.



Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 29.75% OF THE ISSUED SHARE CAPITAL OF THE DISPOSAL COMPANY AND NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company



A notice convening the SGM to be held at Sky Blue, Shop 301, 3/F, Harbour North (Phase 1), North Point, Hong Kong on Monday, 20 March 2023 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use by the Shareholders at the SGM or any adjournment thereof (as the case may be) is enclosed with this circular.

In the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at 7:30 a.m. on Monday, 20 March 2023, the SGM shall automatically be postponed to Monday, 27 March 2023 (the “**Re-scheduled Day**”), the date on which no black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted at 7:30 a.m. and in such case the SGM shall be held at 10:30 a.m. on the Re-scheduled Day at Sky Blue, Shop 301, 3/F, Harbour North (Phase 1), North Point, Hong Kong.

If you are not able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

In the interest of all Shareholders’ health and safety, particularly in view of the COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the resolution at the SGM instead of attending the SGM in person, by completing and returning the proxy form attached to this circular.

1 March 2023

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 14 November 2022 entered into between the Vendor and Maple Luck relating to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, except a public holiday, Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is in force 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
“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 Date”	the 10th Business Day after the date on which all of the conditions precedent to the Disposal have been satisfied or waived by the parties to the Agreement (or such other date as the parties thereto may agree from time to time) and when Completion takes place
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$300 million, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares pursuant to the terms and conditions of the Agreement
“Disposal Company”	Paul Y. Engineering Group Limited, a company incorporated in the BVI with limited liability
“Disposal Group”	the Disposal Company and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Independent Third Party(ies)”	the third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	24 February 2023, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Long Stop Date”	six months from the date of the Agreement or such other date as the parties may agree in writing
“Maple Luck”	Maple Luck Limited, a company incorporated in the BVI with limited liability
“MOU”	a non-legally binding memorandum of understanding dated 5 November 2022 entered into between Growing Success Limited (a wholly-owned subsidiary of the Company) and Maple Luck setting out the preliminary understanding in relation to the sale and purchase of the sale share and the shareholder’s loan of the Vendor which directly owns the Sale Shares
“Mr. Chan”	Mr. Chan Fut Yan
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Maple Luck or its nominee(s)
“Remaining Group”	the Group excluding the Disposal Group after Completion
“Sale Shares”	the 1,177,242,054 shares of the Disposal Company, representing approximately 29.75% of the entire issued share capital of the Disposal Company as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance
“SGM”	a special general meeting of the Company to be held to consider and if thought fit, approve 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)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America

“Vendor” Dragon Mission Enterprise Limited, a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company

“%” per cent

* *For identification purposes only*

LETTER FROM THE BOARD



Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

William GILES
YU Chung Leung
LAM John Cheung-wah

*Principal place of business
in Hong Kong:*

Suites 2801–03, 28th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

1 March 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
29.75% OF THE ISSUED SHARE CAPITAL OF THE DISPOSAL COMPANY
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to, *inter alia*, the announcements of the Company dated (i) 6 November 2022 in relation to the MOU, and (ii) 14 November 2022 in relation to the Disposal.

On 5 November 2022, Growing Success Limited (a wholly-owned subsidiary of the Company) and Maple Luck entered into the MOU in relation to the preliminary intention of the sale and purchase of the sale share and the shareholder's loan of the Vendor which directly owns the Sale Shares.

On 14 November 2022 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and Maple Luck entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares

LETTER FROM THE BOARD

at the Consideration of HK\$300 million. The Sale Shares represent approximately 29.75% of the entire issued share capital of the Disposal Company as at the Latest Practicable Date. Upon Completion, the Company will cease to hold any interest in the Disposal Group.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal; (ii) a valuation report; and (iii) a notice of the SGM.

THE AGREEMENT

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

Date

14 November 2022 (after trading hours)

Parties

- (i) the Vendor; and
- (ii) the Purchaser (being Maple Luck or its nominees) (as purchaser)

Maple Luck is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Maple Luck is wholly-owned by Mr. Chan who indirectly owns approximately 66.96% effective equity interest in the Disposal Company. Mr. Chan has over 46 years of experience in the local construction field specialising in planning of construction business. He is also the deputy chairman and an executive director of the Disposal Company. As Mr. Chan is a director of a former subsidiary of the Company in the last 12 months, he is a connected person of the Company at the subsidiary level.

Assets to be disposed of

The Sale Shares represent approximately 29.75% of the entire issued share capital of the Disposal Company as at the Latest Practicable Date.

Consideration

The Consideration for the Sale Shares is HK\$300 million.

The Consideration will be settled by the Purchaser to the Vendor or its designated entity within the Group in the following manner:

- (i) 10% of the Consideration in sum of HK\$30 million has been paid as a refundable deposit (the “**Deposit**”) in cash by the Purchaser on the date of the signing of the Agreement; and
- (ii) the balance of 90% of the Consideration in sum of HK\$270 million will be settled by the Purchaser in cash on the Completion Date by cheque or by bank transfer to the Vendor or its designated party within the Group.

LETTER FROM THE BOARD

The Consideration was determined after arm's length negotiation between the Company and the Purchaser on normal commercial terms and with reference to, among others, (i) the preliminary valuation of 29.75% of the entire issued share capital of the Disposal Company as at 5 November 2022 with an appraised value of HK\$300 million (the "**Preliminary Value**"), as prepared by an independent valuer, namely Ravia Global Appraisal Advisory Limited (the "**Independent Valuer**") (and the Preliminary Value was subsequently revised by the Independent Valuer to the Appraised Value of HK\$247 million as more particularly disclosed in the section headed "THE BUSINESS VALUATION" below), based on market approach; and (ii) the reasons for and benefits of the Disposal as stated under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS" below.

Based on the aforesaid, in particular that the Consideration represents a premium of approximately 21% over the Appraised Value, the Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Completion is conditional upon fulfilment of the following conditions:

- (i) 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; and
- (ii) 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.

None of the conditions is capable of being waived by either party. If the above conditions have not been fulfilled on or before the Long Stop Date, the Agreement will cease and determine whereupon the Deposit will be returned in full without interest to the Purchaser forthwith and thereafter neither party will have any obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Completion

Upon satisfaction of all the conditions set out in the section headed "Conditions Precedent" above, Completion will take place on the Completion Date.

As at the Latest Practicable Date, the Group, through the Vendor, indirectly holds approximately 29.75% of the entire issued share capital of the Disposal Company. Upon Completion, the Company will cease to hold any interest in the Disposal Group.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the BVI with limited liability and is an investment holding company. The Disposal Group is principally engaged in providing comprehensive engineering and property-related services, with operations in Hong Kong, Mainland China, Macau and

LETTER FROM THE BOARD

Southeast Asia. As one of the Group C approved contractors for public work recognised by the Development Bureau of the Government of Hong Kong, the Disposal Group is allowed to tender for public works contracts of any values exceeding HK\$400 million.

The table below sets out the shareholding structures of the Disposal Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion:

Name of shareholders	As at the Latest Practicable Date		Immediately upon Completion	
	<i>Number of shares</i>	<i>Approximate percentage in the total number of issued shares</i>	<i>Number of shares</i>	<i>Approximate percentage in the total number of issued shares</i>
The Vendor	1,177,242,054	29.75	—	—
New Chief Ventures Limited (Note 1)	2,022,557,108	51.11	2,022,557,108	51.11
Even Glory Global Limited (Note 1)	537,045,956	13.57	537,045,956	13.57
Upright Global Investments Limited (Note 2)	220,000,000	5.56	220,000,000	5.56
Other minority shareholders (Note 3)	210,000	0.01	210,000	0.01
The Purchaser	—	—	1,177,242,054	29.75
	<u>3,957,055,118</u>	<u>100.00</u>	<u>3,957,055,118</u>	<u>100.00</u>

Notes:

1. New Chief Ventures Limited and Even Glory Global Limited are ultimately wholly-owned by Mr. Chan.
2. Upright Global Investments Limited is owned as to 41% by Mr. Chan and 59% by a group of 32 senior management of the Disposal Group, of which 19 are the directors of the members of the Disposal Group, indirectly holding in aggregate 107,250,000 shares in the Disposal Company, representing approximately 2.7% effective interest in the Disposal Company.
3. These shares are held by two individuals who are the Independent Third Parties.

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FINANCIAL INFORMATION

The audited consolidated financial information of the Disposal Group for each of the years ended 31 March 2021 and 2022 and the unaudited consolidated financial information of the Disposal Group for the six months ended 30 September 2022 (prepared in accordance with the Hong Kong Financial Reporting Standards) are tabulated below:

	For the six months ended 30 September 2022	For the year ended 31 March	
	<i>HK\$'000</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4,569,553	12,554,466	12,170,067
Profit before tax	6,141	34,593	57,643
Profit for the period/year	5,323	36,126	30,731

According to the unaudited consolidated financial information of the Disposal Group, as at 30 September 2022, the unaudited net assets of the Disposal Group was approximately HK\$1,252 million.

THE BUSINESS VALUATION

Prior to the entering into of the Agreement, the Independent Valuer had preliminary indicated the Preliminary Value based on the prior transactions method (the “PTM”) under the market approach. Among different methods under the market approach, the Independent Valuer initially considered to adopt PTM in evaluating the fair value of the Disposal Company, having taken into account that the relevant recent transactions under the PTM provide the precise apples-to-apples comparison either in company fundamentals, growth and operating metrics, capital structure, trading prospect, company risk and any other specific risk factors.

In applying the PTM, the fair value of the Disposal Company was estimated based upon relevant recent transactions involving the purchase of the Disposal Company’s share. The Independent Valuer identified a comparable transaction relating to the subscription of the rights shares of the Disposal Company at the subscription price of HK\$0.33 under the rights issue conducted by the Disposal Company which was completed in November 2022. As the subscription price is considered as a controlling and non-marketable interest basis, a discount for lack of control was adopted with reference to the “Control Premium Study” issued by FactSet Mergerstat, LLC. in 2022. Based on the foregoing, the Preliminary Value was estimated to be HK\$300 million under the PTM.

However, after several rounds of candid discussion between the Board and the Independent Valuer in respect of the valuation methodology, basis and assumptions, the Independent Valuer came to a conclusion, and the Board concurs that, whilst both the PTM and the Guideline Public Company Method (the “GPCM”) are commonly adopted methods under the market approach, the GPCM would provide a more representative and meaningful evaluation on the fair value of the Disposal Company, having taken into account that (i) there are sufficient public companies in similar nature and business to that of the Disposal Company under the GPCM and their market values represent good indicators of the industry; (ii) the sample size under the PTM is relatively smaller than that under the GPCM; and (iii) high volatility of the relevant recent transactions under the PTM is observed. As such, the Board considers the change in the method adopted in the valuation is justifiable and reasonable. Under the GPCM, the appraised value of 29.75% of the entire issued share capital of the Disposal Company as at 5 November 2022 (the “Appraised Value”) amounted to HK\$247 million.

LETTER FROM THE BOARD

The Key Assumptions

In conducting the valuation work, certain major assumptions have been adopted by the Independent Valuer in order to sufficiently support its opinion of value including, but not limited to, as follows:

- (i) the information provided and the representations made by the management of the Company and the Disposal Company and/or their representative(s) with regard to the Disposal Company's financial and business affairs are accurate and reliable;
- (ii) the Disposal Company will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business development;
- (iii) the Disposal Company has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Disposal Company operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- (iv) there will be sufficient supply of technical staff in the industry in which the Disposal Company operates or intends to operate, and the Disposal Company will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- (v) there will be no major changes in the current taxation laws in the localities in which the Disposal Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (vi) there will be no major changes in the political, legal, economic or market conditions in the localities in which the Disposal Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Disposal Company;
- (vii) there will be no material changes in the relevant interest rates and exchange rates that would impact the Disposal Company's business; and
- (viii) there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Disposal Company as at 5 November 2022.

The Directors consider that the above key assumptions are normally adopted under the business valuation. As such, the Directors are of the view that the assumptions adopted for the valuation by the Independent Valuer are fair and reasonable.

LETTER FROM THE BOARD

The Valuation Methodology

The Directors have reviewed the valuation and discussed with the Independent Valuer in relation to the methodologies adopted for and the basis and assumption used in arriving at the fair value of 29.75% of the entire issued share capital of the Disposal Company. The Independent Valuer considered all three generally accepted approaches in conducting the valuation, namely, cost approach, income approach and market approach, and selected the market approach which measures the value of an asset through an analysis of recent sales or offerings of comparable assets. The market approach was considered to be the most appropriate valuation approach in the valuation as (a) it requires far fewer subjective assumptions than the income approach; and (b) the cost approach was also considered inappropriate as the replication cost may not represent its value. Under the market approach, the Independent Valuer considered the commonly adopted methods including the guideline transaction method (the “GTM”) and the GPCM. The GTM utilizes information on transactions involving assets that are the same as the subject asset (which is also known as the PTM) or similar to the subject asset to arrive at an indication of value, whereas the GPCM utilizes information on publicly listed companies that are similar to the subject asset to arrive at an indication of value.

In light of the availability of recent transactions involving the purchase of the Disposal Company’s share, the Independent Valuer initially considered to adopt the PTM, taking into account that the adopted recent transactions under the PTM would provide the precise apples-to-apples comparison either in company fundamentals, growth and operating metrics, capital structure, trading prospect, company risk and any other specific risk factors. However, owing to the constraint of limited sample size under the PTM but with high volatility between the recent transactions within a short time interval, the Independent Valuer considers that the GPCM would provide a more representative and meaningful evaluation on the fair value of the Disposal Company as there are sufficient public companies in similar nature and business to that of the Disposal Company under the GPCM and their market values represent good indicators of the industry.

In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to the Disposal Company were calculated, then the indicated value of the Disposal Company was calculated by the adopted price multiples with adjustments of control premium and discount for lack of marketability if applicable. The price multiples are ratios that relate business value to some measures of the company’s financial performance.

The Board concurs that the GPCM under the market approach is a commonly adopted approach and suitable for the valuation of the Disposal Company given that there are in total eight comparable companies in similar nature and business to that of the Disposal Company as identified by the Independent Valuer (as discussed in the paragraph headed “The Selection of the Comparable Companies” below), which represents a sufficiently large sample size, and therefore believes that their market values represent good indicators of the industry.

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The Valuation Approach

The Directors noted that the Independent Valuer has considered various price multiples including the enterprise value to earnings before interest, taxes, depreciation and amortization (“**EV/EBITDA**”) multiple, enterprise value to earnings before interest and taxes (“**EV/EBIT**”) multiple, price to earnings (“**P/E**”) multiple, price to sales (“**P/S**”) multiple and the price to book (“**P/B**”) multiple. The Directors understand that:

- (i) P/B multiple was adopted since (i) it provides the indicated value of enterprise with heavy assets and asset-intensive company; and (ii) the net book value (“**NBV**”), being a balance sheet item, is generally less volatile;
- (ii) P/E, EV/EBIT and EV/EBITDA multiples were not adopted as (i) the earnings of the Disposal Company were volatile for the trailing 12 months prior to the date of valuation, as reflected by the significant drop of approximately 75.74% in the earnings of the Disposal Company for the six months ended 30 September 2022 as compared to that for the six months ended 30 September 2021; and (ii) construction industry’s net profit is volatile as it varies with different stages of construction projects; and
- (iii) P/S multiple was not adopted since it does not capture differences in cost structure across companies.

In view of the above, the Directors consider that the adoption of the P/B multiple is fair and reasonable.

The Selection of the Comparable Companies

For the financial year ended 31 March 2022, the total revenue of the Disposal Company amounted to HK\$12.55 billion, in which the revenue contributed by the building construction and civil engineering segment represented approximately 99.8% of the total revenue. In the valuation, the adopted comparable companies were determined with reference to the business nature and operational information of publicly listed companies that are considered to be comparable to the Disposal Company (the “**Adopted Comparable Companies**”).

The Directors noted that the Independent Valuer has set the following criteria to select the Adopted Comparable Companies for the valuation:

- (i) the revenue attributable to the building construction and civil engineering business are over 80% in the latest financial year;
- (ii) the companies are profit making in the latest 12 months;
- (iii) the market capitalisations of the companies are ranging from HK\$200 million to HK\$1,000 million as at 5 November 2022, being the date of valuation;
- (iv) the principal activities are in Hong Kong; and
- (v) listing on the Main Board of the Stock Exchange and has traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market.

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Based on the above selection criteria, the Independent Valuer identified an exhaustive list of eight Adopted Comparable Companies on a best-effort basis. The Directors have reviewed all the background and the financial information of the Adopted Comparable Companies and confirmed that all of them fulfil the above criteria. Having considered that the abovementioned selection criteria are fair and reasonable in identifying the Adopted Comparable Companies with similar business and nature, the Directors consider that the Adopted Comparable Companies are representative and the number of the Adopted Comparable Companies is sufficient.

The Calculation of the Appraised Value

The P/B multiple is calculated by dividing the market capitalization of the Adopted Comparable Companies by their respective NBV as at their latest financial report date. The average of the P/B multiple of the Adopted Comparable Companies amounted to 0.563 times.

The Independent Valuer derived the equity value of the Disposal Company by multiplying the adjusted NBV of the Disposal Group of approximately HK\$1,751.89 million (which was the sum of the NBV of the Disposal Group as at 30 September 2022 of approximately HK\$1,251.57 million and the gross proceeds of HK\$500.32 million raised from the rights issue of the Disposal Company which was completed in November 2022) by the average of the P/B multiples of the Adopted Comparable Companies of 0.563 times.

Since the ownership interest in privately held company is not readily marketable, the Independent Valuer has made the adjustment for lack of marketability. The Directors understand that the Independent Valuer determined the discount for lack of marketability (the “**DLOM**”) with reference to the “2021 Edition of the Stout Restricted Stock Study Companion Guide” (the “**Stout Restricted Stock Study**”), published by Stout Risius Ross, LLC. The DLOM of 15.8% applied in the valuation represents the median of the discounts for all 763 relevant private placement transactions in the Stout Restricted Stock Study. Taking into account the DLOM of 15.8% and the proportionate interest of 29.75% in the Disposal Company, the Appraised Value of approximately HK\$247 million was derived.

Having reviewed the valuation report as set out in Appendix II to this circular and discussed with the Independent Valuer, the Board considered that the methodologies, bases and assumptions adopted by the Independent Valuer are fair and reasonable.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in, *inter alia*, development and operation of ports, infrastructure, gas distribution and logistics facilities in the PRC (the “**Ports and Logistics Business**”), providing comprehensive engineering and property-related services (the “**Engineering Business**”) through the Disposal Group, land and property development and investment in the PRC as well as securities trading and investment, and provision of financing related services.

The Disposal Group has been pursuing business expansion and actively undertaking large-scale infrastructure projects in Hong Kong. The management contracting business of the Disposal Group has continued to grow in terms of order book value and client base during the year ended 31 March 2022. As of 31 March 2022, the value of contracts on hand of the Disposal Group reached approximately HK\$52,966 million, with the addition of newly awarded contracts with a value of approximately HK\$8,609 million. The new contracts secured by the Disposal Group included a number of large-scale major infrastructure projects in Hong Kong including the development of Lok Ma Chau Loop which involved site formation and infrastructure work. Given the increasing awarded

LETTER FROM THE BOARD

contracts of the Disposal Group, sufficient resources are thus required to satisfy the employed capital and working capital requirements prescribed by the Works Branch of the Development Bureau of the Hong Kong government.

Despite the growth in revenue of the Disposal Group for the year ended 31 March 2022, the gross profit margin decreased substantially from approximately 5.8% to approximately 3.4% and the net profit margin of the Disposal Group was approximately 0.3%. The Company considers that the net profit margin and the gross profit margin of the Disposal Group are low given the large scale of its business with revenue of over HK\$12 billion. Further, the return on equity of the Disposal Group for the year ended 31 March 2022 was only approximately 2.9%.

For the six months ended 30 September 2022, the net profit margin of the Disposal Group amounted to approximately 0.1%, which is 5-year low among the profit-making financial years. The revenue of the Disposal Group decreased from approximately HK\$6,402 million for the six months ended 30 September 2021 to approximately HK\$4,570 million for the six months ended 30 September 2022, representing a decrease of approximately 29%, which was mainly due to the decrease in the contracts awarded last year and the effect of the fifth wave of COVID-19 on the progress of the projects at the beginning of this financial period. The net profit of the Disposal Group decreased from approximately HK\$22 million for the six months ended 30 September 2021 to approximately HK\$5 million for the six months ended 30 September 2022, representing a decrease of approximately 77%. The recent business performance of the Disposal Group further indicated the low profitability.

In fact, the financial results of the Disposal Group had been volatile for the three years ended 31 March 2020, 2021 and 2022. Despite the profit after tax for the years ended 31 March 2021 and 2022 of approximately HK\$31 million and HK\$36 million respectively, the Disposal Group recorded the loss after tax of approximately HK\$111 million for the year ended 31 March 2020. Its gross profit of approximately HK\$311 million did not even cover the administrative expense of approximately HK\$372 million for the year ended 31 March 2020.

In examining the business performance of the Disposal Group as compared to the industry peers of the Disposal Group, the Company has attempted to identify companies which are (i) principally engaged in the building construction and engineering business in Hong Kong with over 80% or more of the revenue generated from the provision of such services; and (ii) listed on the Main Board of the Stock Exchange with the market capitalisation ranging from HK\$200 million to HK\$1,000 million as at the Latest Practicable Date. The range of the market capitalisation of the comparable companies was determined with reference to the market capitalisation of the Company during the year of 2022, being a reasonable long recent period to reflect the size of the Company, and further up to the Latest Practicable Date. In order to illustrate the analysis on the gross profit margin, the criterion of profit-making is not considered for the selection of comparable companies. Based on the aforesaid selection criteria, the Company has identified an exhaustive list of eight comparable companies (the “**Comparable Companies**”), which represent a representative sample size for comparison and analysis.

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Stock Code	Comparable Companies	Market Capitalisation as at the Latest Practicable Date <i>(approximately HK\$' million)</i>	Gross profit margin <i>(Note 1)</i> <i>(%)</i>	Net profit margin <i>(Note 2)</i> <i>(%)</i>	Return on equity <i>(Note 3)</i> <i>(%)</i>	
1	01582.HK	CR Construction Group Holdings Ltd	250	3.6	1.0	8.5
2	01447.HK	SFK Construction Holdings Ltd	224	2.4	0.5	4.6
3	02132.HK	Landrich Holding Ltd	280	8.7	4.1	15.8
4	01707.HK	Geotech Holdings Limited	378	0.7	N/A	N/A
5	00983.HK	SOCAM Development Limited	441	N/A	1.4	2.3
6	01662.HK	Yee Hop Holdings Limited	495	14.1	4.7	7.3
7	01627.HK	Able Engineering Holdings Limited	690	4.5	2.2	8.6
8	00711.HK	Asia Allied Infrastructure Holdings Limited	934	5.8	1.6	5.1
			Average	5.7	2.2	7.5
			Median	4.5	1.6	7.3
			Maximum	14.1	4.7	15.8
			Minimum	0.7	0.5	2.3
The Disposal Company			3.4	0.3	2.9	

Notes:

- The gross profit margin is calculated as the percentage of the gross profit of the Comparable Companies to their respective total revenue as extracted from their latest published annual reports.
- The net profit margin is calculated as the percentage of the profit after taxation attributable to owners of the Comparable Companies to their respective total revenue as extracted from their latest published annual reports.
- The return on equity is obtained by dividing the profit after taxation attributable to owners of the Comparable Companies by their respective equity attributable to owners of the Comparable Companies as extracted from their latest published annual reports.

As shown above, the gross profit margin, the net profit margin and the return on equity of the Disposal Company for the year ended 31 March 2022 were below the average and median of those of the Comparable Companies. The Company is of the view that the Disposal Company underperformed the industry peers based on the above indicators measuring the profitability of a business.

LETTER FROM THE BOARD

In light of the low profitability of the Disposal Group, the Company does not share the same philosophy with the Disposal Company on its business strategies and policies as well as market positioning. Notwithstanding the turbulence brought by the evolving COVID-19 variants, ongoing geopolitical tensions, interest rate hikes and global inflationary pressure, the Disposal Company nevertheless takes a proactive and aggressive approach in formulating its business strategy and business expansion plan as demonstrated by the increasing value of contracts on hand of the Disposal Group. It positions itself in the market as a leading construction and engineering group with a diverse portfolios and by taking part in a number of large-scale major infrastructure projects for the Hong Kong government. Whilst the Disposal Group has been actively sourcing new contracts, additional capital is required to satisfy the correspondingly increasing working capital requirements which is not in line with the Group's prudent philosophy in managing business. On the contrary, in managing the businesses of the Group, the Company adheres to its overall cautious approach to the development plan to mitigate the business risk amidst the gloomy outlook of the macroeconomic conditions with several shocks hard hitting the world economy already weakened by the pandemic. For the Ports and Logistics Business carried out by Hubei Minsheng Liquefied Petroleum Gas Limited ("**Minsheng Gas**"), the Group is cautious in deploying capital to the implementation of the development plan of Minsheng Gas which requires massive investment costs.

Moreover, at the juncture of high-interest rate cycle with the prevailing deposit interest rates of 4% to 5%, the Company takes the view that the risk and return of the investment in the Disposal Company with the return on equity of approximately 2.9% did not justify the Group's allocation of resources to the investment in the Disposal Company. As such, the Disposal represents a good opportunity for the Company to optimise the resource allocation and support other business and investment opportunities.

For the six months ended 30 September 2022, the Disposal Group recorded a net cash outflow from operating activities of approximately HK\$796 million, as compared to a net cash generated from operating activities of approximately HK\$381 million and HK\$162 million for the year ended 31 March 2021 and 31 March 2022 respectively. The net cash outflow from operating activities was mainly attributable to the increase in (i) trade and other debtors, deposits and prepayments; and (ii) contract assets, as a result of payment to its suppliers and sub-contractors upon their completed work on one hand but delayed in final accounts agreement (including claims and variation orders) with the customers on the other hand.

The Company noted that the Disposal Company often experiences prolonged discussions and negotiations with its customers regarding its progress payment applications for its construction projects, especially those concerning claims to its customers and variation orders made by its customers and during the period of the pandemic. The Disposal Group may be exposed to liquidity risks if there is mismatch in time between receipt of progress payments from its customers and payment to its suppliers and sub-contractors. As such, the working capital requirements of the Disposal Group in managing the liquidity risk is relatively high to maintain a healthy cash flow position.

Moreover, as at 30 September 2022, the Disposal Group had an aggregate amount of trade receivables aged more than 180 days of approximately HK\$1,018 million due from subsidiaries of the former controlling shareholder of the Disposal Company. Such sum is covered by the retention right over the building constructed under the construction contracts, of which legal action has been taken in the recovery of receivables. Despite the legal ground for the claim, the Company is of the view that it may take the Disposal Company years to recover such long outstanding trade receivables.

LETTER FROM THE BOARD

Further, in case of any future equity fund raising exercise to be undertaken by the Disposal Company, the Vendor's interest in the Disposal Company will be impaired and diluted if the Vendor is not supportive of the initiatives of the Disposal Group for meeting its funding needs (if any) and does not devote additional resources into the Disposal Company to maintain its proportionate interest in the Disposal Company. Taking into account the high working capital requirement and the long outstanding trade receivables of the Disposal Group, the Company considers that the Disposal will release the pressure of the Group's cash flow position in supporting the business of the Disposal Group. At the material times when the Disposal Company was a non wholly-owned subsidiary of the Group, the Company had been requested to provide financial support to the Disposal Group as the banks and other suppliers of the Disposal Group regarded the Company as the controlling shareholder of the Disposal Company and the Company had been under tremendous and continual pressure to provide full guarantees and comfort letters covering 100% interest in support of the construction and engineering business of the Disposal Group from time to time, which is not proportionate or justifiable to the Company's equity interests of 48.23% in PYE at that time and is a significant burden to the Company.

Despite the Disposal would incur an estimated loss of approximately HK\$366 million (as discussed in the section headed "FINANCIAL EFFECT OF THE DISPOSAL" below, the Board is of the view that the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole, having considered that (i) the Company does not share the same philosophy with the Disposal Company on its business strategies and market positioning in light of the low profitability of the Disposal Group; (ii) the Disposal Group may be exposed to liquidity risks given its negative operating cash flow for the six months ended 30 September 2022 and long outstanding trade receivables of approximately HK\$1,018 million as at 30 September 2022; (iii) the Vendor's interest in the Disposal Company will be impaired and diluted in case of any future equity fund raising exercise if the Vendor does not devote additional resources to maintain its proportionate interest in the Disposal Company; (iv) the Disposal will release the pressure of the Group's cash flow position in supporting the business of the Disposal Group given its high working capital requirement; (v) the Disposal represents a good opportunity for the Company to optimise the resource allocation for the long-term business development of the Group; and (vi) the cash proceeds from the Disposal will enhance the financial flexibility and capabilities of the Group to support other business opportunities. In light of the above, the Board is of the view that the Agreement has been entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BUSINESS OF THE REMAINING GROUP

Prior to the Completion, the Group is principally engaged in, *inter alia*, the Ports and Logistics Business, the Engineering Business, land and property development and investment in the PRC, securities trading and investment, and provision of financing related services.

Subject to and upon the Completion, the Remaining Group will no longer engage in the Engineering Business by then. However, the Company is open to any business (including the Engineering Business) and/or investment opportunities that provide satisfactory returns to the Remaining Group.

After the Disposal, the Remaining Group will continue to engage in the Ports and Logistics Business carried out by Minsheng Gas. Minsheng Gas owns and operates the largest liquefied petroleum gas storage-tank farm and a river terminal in midstream of Yangtze River, and has four compressed natural gas automotive fueling stations in Wuhan City, the PRC. Given that LNG is more efficient in terms of storage and long-distance transportation as compared to piped natural gas, there

LETTER FROM THE BOARD

is tremendous growth potential for LNG storage and infrastructure development. In consideration of the LNG growth potential, Minsheng Gas intends to seize the opportunity to expand its business by initiating a two-phase development plan to construct new LNG storage tanks and LNG berths catering to domestic transportation and industrial demands. Under the development plan, the LNG storage facilities of Minsheng Gas will be designated as a regional storage and trans-shipment hub for LNG in Hubei Province. As of 30 September 2022, the pre-construction works for the first phase of LNG project had substantially been completed. However, given the lengthy government approval, which is critical to procure project financing in the future, the Remaining Group will adopt a more cautious investment approach to the development plan to mitigate the risk and is considering the possibility of bringing in co-investors for the LNG project. Following the Group's several staged divestments over the years from 75% to the current 9.9% interest in Jiangsu Yangkou Port Development and Investment Co., Ltd. ("**Yangkou Port Co**"), the residue investment is intended to be held for long-term purpose and is classified as financial assets measured at fair value through other comprehensive income. Given the lack of a stable and attractive dividend policy established in Yangkou Port Co, the Remaining Group will assess its options on this investment based on its value accretion potential.

Subsequent to the completion of the disposal of the entire equity interest in 浙江美聯置業有限公司 (Zhejiang Midland Property Co. Ltd*) which indirectly holds the entire interest in Pioneer Technology Building located in Binjiang District of Hangzhou City, the PRC (details of which are set out in the announcement of the Company dated 9 September 2022) on 31 October 2022, and subject to and upon completion of the disposal of the entire equity interest in Profit Tycoon Holdings Limited, the group of which is principally engaged in the development, investment and sale of properties, development of a sport recreation project, and exploitation of hot springs and development of recreational facilities in Jiangsu Province, the PRC (details of which are set out in the circular of the Company dated 26 January 2023), the Remaining Group no longer has any business of land and property development and investment in the PRC.

In fact, the Directors are currently repositioning its focus and portfolios of properties investment in Hong Kong and overseas. It is the business strategy of the Company to take advantage of the downturn of the property market to capture the potential market upside in the future, particularly in Hong Kong and overseas, and the Company has been actively looking for such potential investment opportunities. In September 2022, the Group completed a subscription of 25% equity interest in a property investment company which owns certain office premises in Hong Kong (details of which are set out in the announcement of the Company dated 16 September 2022). Further, in November 2022, the Group completed an acquisition of the entire equity interest in and shareholder's loan of a property investment company which owns certain office premises and car parking spaces in Hong Kong (details of which are set out in the announcement of the Company dated 27 October 2022).

The Remaining Group will continue the securities trading and investment and provision of financing related services. In view of the recent fluctuation of the securities market, the Remaining Group will adhere to a more cautious and disciplined approach in managing its securities portfolio. The Remaining Group will continue to monitor its securities portfolio and look for investment opportunities with a view to achieving growth in portfolio value in future. The Remaining Group will continue to explore business opportunities in the financial services business, including the provision of loan financing, financial related services and cash management, under a prudent credit strategy and capitalise on the expertise and competitive strength of other sophisticated industry participants through partnerships, with a view to contributing a stable and favorable income stream to the Remaining Group.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to hold any interest in the Disposal Group.

For illustrative purpose, upon Completion, it is estimated that the Company will realise an unaudited loss on the Disposal of approximately HK\$366 million, being the difference between the Consideration of HK\$300 million and the sum of (i) the carrying value of the Disposal Group of approximately HK\$656 million in the unaudited consolidated financial statements of the Group as at 30 September 2022; and (ii) the estimated amount of other expenses of HK\$10 million which may be payable by the Group as a result of the Disposal.

It is estimated that the net proceeds of the Disposal, after deducting the transaction costs and expenses, would be approximately HK\$290 million. The Company intends to apply such proceeds for (i) the operation and expansion of other businesses of the Group, including the Ports and Logistics Business; (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; and (iii) repayment of the Company's indebtedness. The Group is open to any potential opportunities that provide satisfactory returns to the Group and the Group has been approached by various potential investors at times. The Company is in the process of conducting due diligence on these potential investments from time to time and, as at the date of the Latest Practicable Date, the discussions and negotiations in respect of the potential investment(s) are still in a preliminary stage and no memorandum of understanding or definitive agreement has been entered into.

Shareholders should note that the actual amount of the gain or loss (as the case may be) to be recognised and the financial effect of the Disposal to be recorded by the Group will be subject to the final audit by the Company's auditors, and therefore may be different from the amount mentioned above.

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, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr. Chan (being the sole legal and beneficial owner and director of Maple Luck) is the deputy chairman and an executive director of the Disposal Company. As Mr. Chan is a director of a former subsidiary of the Company in the last 12 months, he is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) Mr. Chan is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable and on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is exempt from the independent financial advice requirement under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Completion is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions Precedent” in this circular, 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.

SGM

The SGM will be held at Sky Blue, Shop 301, 3/F, Harbour North (Phase 1), North Point, Hong Kong on Monday, 20 March 2023 at 10:30 a.m., the notice of which is set out on pages SGM-1 to SGM-3 of this circular.

For the purpose of ascertaining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 15 March 2023 to Monday, 20 March 2023, both dates inclusive, during which period no transfer of share(s) of the Company will be registered. In order to be eligible to attend and vote at the SGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 14 March 2023.

Pursuant to Rule 13.39(4) of the Listing Rules, the ordinary resolution proposed at the SGM will be put to vote by way of poll.

A form of proxy for use by the Shareholders at the SGM is enclosed. If you do not intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Disposal or is required to abstain from voting at the SGM. In addition, none of the Directors has a material interest in the Disposal and accordingly no Director has abstained from voting on the Board resolution(s) to approve the Disposal.

RECOMMENDATION

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

By Order of the Board

Blue River Holdings Limited

SAM Hing Cheong

Vice Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Group (www.blueriverholdings.com.hk).

- The annual report of the Group for the year ended 31 March 2020 dated 26 June 2020 (pages 104 to 281);

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0728/2020072800527.pdf>

- The annual report of the Group for the year ended 31 March 2021 dated 29 June 2021 (pages 130 to 302);

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0727/2021072700929.pdf>

- The annual report of the Group for the year ended 31 March 2022 dated 29 July 2022 (pages 147 to 370); and

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0818/2022081800319.pdf>

- The interim report of the Group for the six months ended 30 September 2022 dated 29 November 2022 (pages 36 to 88).

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1222/2022122200425.pdf>

2. INDEBTEDNESS

At the close of business on 31 January 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding (i) bank borrowings of approximately HK\$306 million, of which approximately HK\$217 million were secured and guaranteed; approximately HK\$67 million were secured and unguaranteed; and approximately HK\$22 million were unsecured and guaranteed and (ii) other borrowings of approximately HK\$616 million, of which approximately HK\$535 million were secured and unguaranteed; approximately HK\$23 million were unsecured and guaranteed; and approximately HK\$58 million were unsecured and unguaranteed. The secured borrowings were secured by charges on certain of the Group's assets, including property interests, right-of-use assets and property, plant and equipment.

In addition, the Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term leases. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 31 January 2023, the Group had lease liabilities of approximately HK\$20 million of which approximately HK\$15 million are secured by rental deposits and unguaranteed, and the remaining amounts are unsecured and unguaranteed.

As at 31 January 2023, the Group had no contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, at the close of business on 31 January 2023, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or contingent liabilities.

Foreign currency amounts have been translated into HK\$ at the rates of exchange prevailing at the close of business on 31 January 2023. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 31 January 2023.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances after taking into account: (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Disposal.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that they are not aware of any material adverse change in the financial position of the Group since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Ports and Logistics

Given that liquefied natural gas ("LNG") is more efficient in terms of storage and long-distance transportation as compared to piped natural gas, there is tremendous growth potential for LNG storage and infrastructure development. In consideration of the LNG growth potential, Hubei Minsheng Liquefied Petroleum Gas Limited ("**Minsheng Gas**") intends to seize the opportunity to expand its business by initiating a two-phase development plan to construct new LNG storage tanks and LNG berths catering to domestic transportation and industrial demands. Under the development plan, the LNG storage facilities of Minsheng Gas will be designated as a regional storage and trans-shipment hub for LNG in Hubei Province. As of 30 September 2022, the pre-construction works for the first phase of LNG project had substantially been completed. However, given the lengthy government approval, which is critical to procure project financing in the future, the Group has been taking a more cautious investment approach to the development plan to mitigate the risk and is considering the possibility of bringing in co-investors for the LNG project.

Following the Group's several staged divestments over the years from 75% to the current 9.9% interest in Jiangsu Yangkou Port Development and Investment Co., Ltd. ("**Yangkou Port Co**"), the residue investment is intended to be held for long-term purpose and is classified as financial assets measured at fair value through other comprehensive income. Given the lack of a stable and attractive dividend policy established in Yangkou Port Co, the Group is assessing its options on this investment based on its value accretion potential.

Engineering

Subject to and upon the Completion, the Group will no longer engage in the construction and engineering business by then. However, the Company is open to any business (including the construction and engineering business) and/or investment opportunities that provide satisfactory returns to the Group.

Property

Subsequent to the completion of the disposal of the entire equity interest in 浙江美聯置業有限公司 (Zhejiang Midland Property Co. Ltd*) which indirectly holds the entire interest in Pioneer Technology Building located in Binjiang District of Hangzhou City, the PRC (details of which are set out in the announcement of the Company dated 9 September 2022) on 31 October 2022, and upon completion of the disposal of the entire equity interest in Profit Tycoon Holdings Limited, the group of which is principally engaged in the development, investment and sale of properties, development of a sport recreation project, and exploitation of hot springs and development of recreational facilities in Jiangsu Province, the PRC (details of which are set out in the circular of the Company dated 26 January 2023), the Group no longer has any business of land and property development and investment in the PRC.

In fact, the Directors are currently repositioning its focus and portfolios of properties investment in Hong Kong and overseas. It is the business strategy of the Company to take advantage of the downturn of the property market to capture the potential market upside in the future, particularly in Hong Kong and overseas, and the Company has been actively looking for such potential investment opportunities. In September 2022, the Group completed a subscription of 25% equity interest in a property investment company which owns certain office premises in Hong Kong (details of which are set out in the announcement of the Company dated 16 September 2022). Further, in November 2022, the Group completed an acquisition of the entire equity interest in and shareholder's loan of a property investment company which owns certain office premises and car parking spaces in Hong Kong (details of which are set out in the announcement of the Company dated 27 October 2022).

Securities

In view of the recent fluctuation of the securities market, the Group adopted a more cautious and disciplined approach in managing the Group's securities portfolio. The Group will continue to monitor its securities portfolio and look for investment opportunities with a view to achieving growth in portfolio value in future.

Financial Services

The Group will continue to explore business opportunities in the financial services business under a prudent credit strategy and capitalise on the expertise and competitive strength of other sophisticated industry participants through partnerships, with a view to contributing a stable and favorable income stream to the Group.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular dated 1 March 2023, received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their valuation of 29.75% equity interest of Paul Y. Engineering Group Limited as at 5 November 2022.



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1 March 2023

The Board of Directors
Blue River Holdings Limited
Suites 2801–03, 28th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions from Blue River Holdings Limited (the “**Company**”), Ravia Global Appraisal Advisory Limited (“**Ravia**” or “**we**”) is engaged to perform a valuation to determine the fair value of 29.75% equity interest of Paul Y. Engineering Group Limited (the “**Disposal Company**”) as at 5 November 2022 (the “**Date of Valuation**”).

This report states the purpose of valuation, basis of valuation, scope of work, source of information, overview of the Disposal Company, overview of the industry, valuation methodology, adopted approach for the valuation of the Disposal Company, major assumptions, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to express an independent opinion on the fair value of 29.75% equity interest of the Disposal Company as at the Date of Valuation. This report is prepared solely for the use of the directors and management of the Company. In addition, Ravia acknowledges that this report may be made available to the Company for public documentation purpose and used as reference on the Company’s circular dated 1 March 2023 (the “**Circular**”).

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. BASIS OF VALUATION

Our valuation has been based on fair value, which is defined by International Valuation Standards established by the International Valuation Standards Council as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Disposal Company and/or their representative(s) (collectively the “**Management**”). In the course of our valuation work, we have conducted the following processes to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the background, development, operations, financial performance and other relevant information of the Disposal Company;
- Reviewed relevant financial information, operational information and other relevant data concerning the Disposal Company;
- Reviewed and discussed with the Management on the business development concerning the Disposal Company provided to us by the Management;
- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry and market and obtained relevant statistical figures from public available sources;
- Examined relevant basis and assumptions of both the financial and operational information of the Disposal Company, which were provided by the Management;
- Prepared a valuation model to derive the fair value of the Disposal Company; and
- Presented all relevant information on the purpose of valuation, basis of valuation, scope of work, source of information, overview of the Disposal Company, overview of the industry, valuation methodology, adopted approach for the valuation of the Disposal Company, major assumptions, limiting conditions, remarks and opinion of value in this report.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which more extensive examination might disclose.

4. SOURCE OF INFORMATION

For the purpose of our valuation, we have been provided with the information in respect of the Disposal Company prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- Background information of the Disposal Company's business operation and relevant corporate information;
- Historical financial information of the Disposal Company;
- The voluntary announcements dated 6 November 2022 published by the Company in respect of the reassignment of voting rights and the dilution of interest in an associate and the memorandum of understanding in relation to the potential disposal;
- Registrations, legal documents, permits and licenses related to the Disposal Company;
- The economic outlook in general and the specific economic environment and market elements affecting the Disposal Company, industry and market; and
- Other reliable public data sources available from the market.

We have also conducted research from public sources to assess the reasonableness and fairness of information provided. We have assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion.

5. OVERVIEW OF THE DISPOSAL COMPANY

The Disposal Company is a investment holding company with limited liability incorporated in the British Virgin Islands. It is a leading construction and engineering group headquartered in Hong Kong and has a history of over 75 years. Through its subsidiaries, associate, joint ventures and joint operations, it is principally engaged in offering comprehensive and integrated project management and delivery services and facilities management services in Hong Kong, Mainland China, Macau and Southeast Asia. For over 75 years, the Disposal Company has been at the heart of some of the most challenging and impressive construction and engineering projects that have shaped the iconic skylines of Hong Kong and many other cities. Through growth in recent decades, it has developed and become one of Hong Kong's largest contracting businesses. Its portfolio of projects includes commercial and residential buildings, heritage conservation, institutional facilities, hospitals/healthcare facilities and infrastructure projects, including highways, district cooling systems, airport runways, mass transit railways, tunnels, port works, energy supply/power plants and water and sewage treatment facilities.

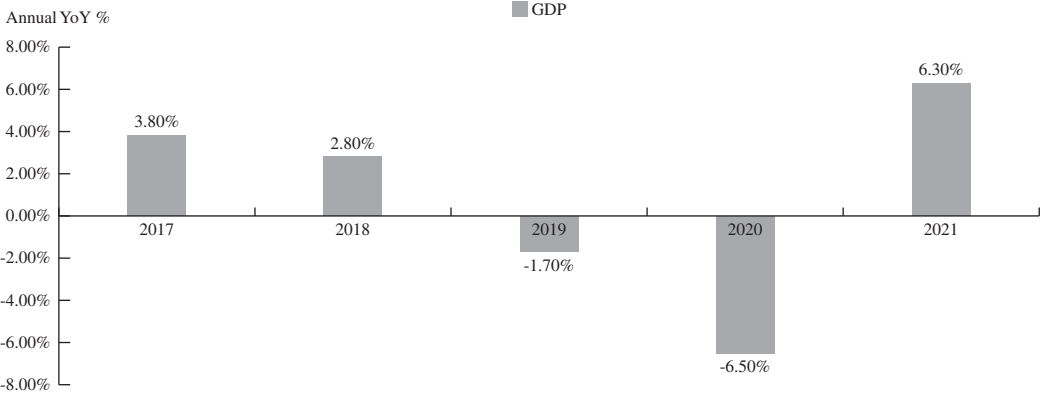
On 1 June 2021, the Company holding 48.23% of the entire issued shares of the Disposal Company, received and accepted an assignment of approximately 10% voting rights in the Disposal Company from an independent third party. As a result, the Company had become the ultimate holding company of the Disposal Company.

6. OVERVIEW OF THE INDUSTRY

6.1. The Hong Kong Economy

The national economy of Hong Kong maintained stable growth in 2021. The gross domestic product (GDP) of the year was HK\$2,869.7 billion, up by 6.3% over the previous year. Of this total, the value added of exports and imports of goods has increased by 18.9% and 17.4% respectively.

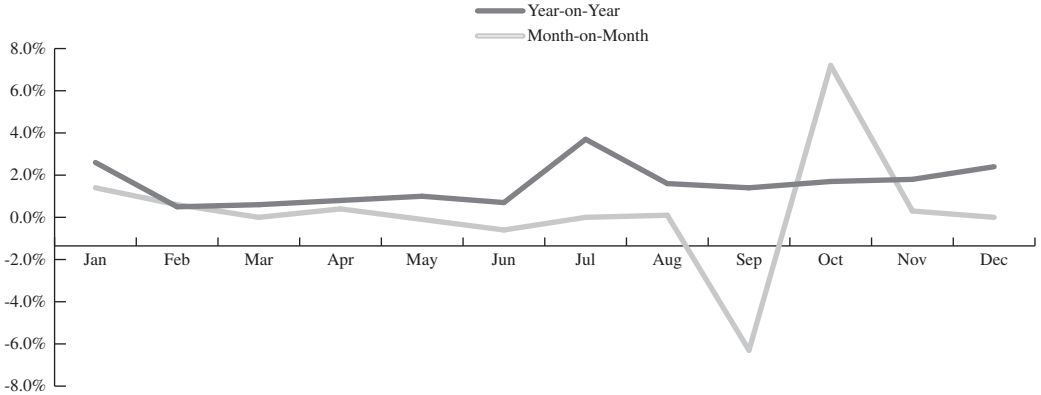
Hong Kong Real Gross Domestic Product, 2017–2021



Source: Census and Statistics Department Hong Kong

The consumer prices increased slightly in 2021. The composite consumer prices index in 2021 went up by 1.6% over the previous year. Of this total, the prices for food increased by 1.7%. The prices for electricity, gas and water increased by 27%. While the price for miscellaneous goods has a 3.1% decline.

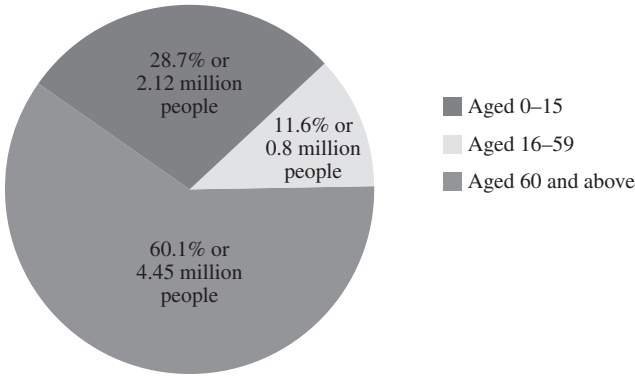
Monthly Changes in Consumer Prices in Hong Kong, 2021



Source: Census and Statistics Department Hong Kong

By the mid-year of 2022, the total Hong Kong population has reached 7.29 million, representing a decrease of 1.6% from mid-2021. Among the total population, 7.18 million were usual residents and 0.11 million were mobile residents. In terms of age groups, over 60% of population in Hong Kong aged between 16 to 59, 28.7% of the population were newborns and children, while the remaining 11.6% were elderlies.

Population Age Composition in Hong Kong, 2021

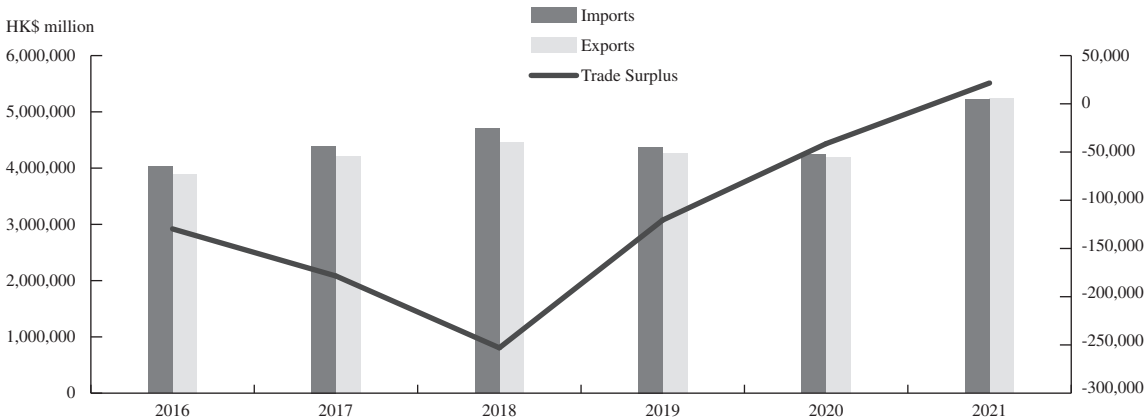


Source: Census and Statistics Department Hong Kong

Considering the period from August to October 2022, there were 3.65 million employed persons in Hong Kong, which contributed a slight decrease in employment rate from 3.9% in July to September 2022 to 3.8%. Analysed by sectors, many sectors shown a decline in employment rate, particularly the decoration, repair and maintenance for buildings sectors as well as the consumption- and tourism-related sectors.

The total value of imports and exports of goods in 2021 reached HK\$10,461 billion, increased by 23.9% of the previous year. The value of goods exported was HK\$5,242 billion or went by 24.9% and the value of goods imported was HK\$5,220 billion or up by 23.1%. The net exports (exports minus imports) were HK\$21,574 million, and 2021 was the only year which the amount of export goods surplus the amount of import goods in the last 6 years.

Imports and Exports of Goods in Hong Kong, 2016-2021



Source: Census and Statistics Department Hong Kong

6.2. Construction and Engineering Industry in Hong Kong

According to the “Real Estate and Construction Services Industry in Hong Kong” issued by Hong Kong Trade Development Council, the building and construction activities in Hong Kong can be broadly classified into three categories, namely: (i) buildings (residential, commercial, and industrial/storage/service), (ii) structures and facilities (transport, other utilities and plant, environment, and sports and recreation), and (iii) non-site activities (decoration, maintenance and repair, etc.).

The building and construction services providers in Hong Kong include a few large local or overseas contractors and the remaining are mainly small-in-size construction companies. Those large contractors tend to be the main contractors of construction projects since they are more capable of handling the projects with stronger financial background and more sophisticated technologies, whereas the small construction companies act as subcontractors for those large contractors.

Indicated by the report “Real Estate and Construction Services Industry in Hong Kong”, the gross value of construction work performed by the main contractors has increased to HK\$231.4 billion in 2021.

The Census and Statistics Department has mentioned that the value of Hong Kong construction industry has increased by 1.8% year on year (YoY) in the first quarter of 2022, despite the COVID-19 pandemic outbreak, which has delayed the progress of different construction projects. It has been a consecutive fourth YoY growth since the second quarter of 2021. As published in the recent Chief Executive’s Policy Address and Budget Plan, the Hong Kong Government has planned to execute various transportation and housing infrastructure projects and allocate HK\$100 billion to accelerate infrastructure works for the North Metropolis project and provide HK\$1 billion financial support for manpower training in the industry.

Six Major Transport Infrastructure Projects

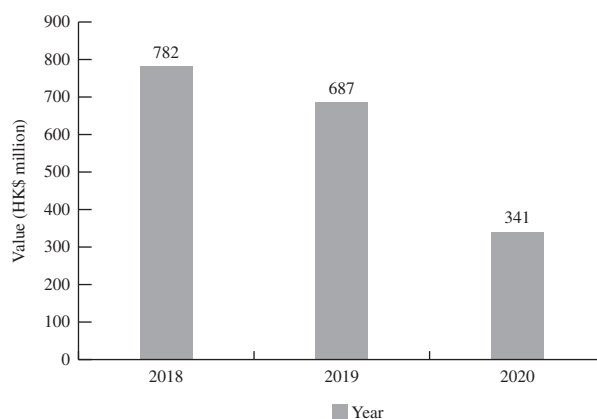
No.	Project Name	Description
1.	Northern Metropolis Highway	To facilitate east-west connectivity in the New Territories North between Tin Shui Wai in the West, and Kwu Tung North in the east, via San Tin and expand transport capacity in the Northern Metropolis.
2.	Shatin Bypass	A north-south new trunk road connecting Tai Po and Kowloon West will give residents of the New Territories East a faster route to urban areas and relieve traffic pressure on the Tolo Highway.
3.	TKO-Yau Tong Tunnel	Construction of a third road tunnel at Tseung Kwan O will synchronise with the future development of Tseung Kwan O’s Area 137 and improve its external connections.

No.	Project Name	Description
4.	Hong Kong-Shenzhen Western Rail Link	To connect Hung Shui Kiu with Qianhai in China to facilitate travel between Hong Kong and Shenzhen and promote connectivity and integrated development between Hong Kong and the Greater Bay Area.
5.	Central Rail Link	The construction of Hong Kong's 12th railway line will connect Kam Tin in Yuen Long with Kowloon Tong via Kwai Chung, alleviating pressure on the carry capacity of the Tuen Ma Line.
6.	Tseung Kwan O Line Southern Extension	An extension of the Tseung Kwan O Line southwards to the new Tseung Kwan O Area 137, which will enhance the transport facilities in the area.

Source: The Chief Executive's 2022 Policy Address, The Hong Kong Special Administrative Region of the People's Republic of China

Apart from the construction market in Hong Kong, the construction companies from Hong Kong also export the professional service to overseas markets especially the Asian countries in view of Hong Kong's internationally renowned expertise in construction of quality high-rise residential and commercial buildings. However, due to the global COVID-19 pandemic outbreak, there is a significant decrease in the exports of construction services in Hong Kong from 2018 to 2020.

Hong Kong Exports of Construction Services, 2018–2020



Source: Real Estate and Construction Services Industry in Hong Kong, Hong Kong Trade Development Council

Although the construction industry of Hong Kong has experienced a prosperous decade in the past, the outlook for the market is full of uncertainties and challenges. The delays of some major projects and the related over budget already caused many controversial issues in Hong Kong society and the Legislative Council. During financial year 2020–21, the highest profile and contentious of the delayed major projects is the Shatin to Central Link (SCL) project. The overall 17km, involving 10 stations project has been over-budget for over HK\$10 billion and has been

delayed for 2 years. The overbudget and delays of major projects has increase financial burden and expenses from government fund, causing the industry to receive a lot of negative responses from the public.

Besides the delays of major projects, the construction companies from Hong Kong also face the souring labor costs and intense competition from the construction companies from the PRC.

7. VALUATION METHODOLOGY

In conducting the valuation, we have considered three generally accepted approaches, including market approach, income approach and cost approach.

7.1. Market Approach

Market Approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices may be adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets.

7.2. Income Approach

The income approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

7.3. Cost Approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

8. ADOPTED APPROACH FOR THE VALUATION OF THE DISPOSAL COMPANY

Among the abovementioned valuation approaches, the selection of the valuation approach in valuing the Disposal Company is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the Disposal Company's business operations and nature of the industry the Disposal Company is participating, professional judgment and technical expertise.

The market approach was considered to be the most appropriate valuation approach in this valuation as it requires far fewer subjective assumptions than the income approach. The cost approach was also considered inappropriate as the replication cost may not represent its value. Under the market approach, the Guideline Public Company Method (the "GPCM") and the guideline transaction method (the "GTM") are commonly adopted methods. The GTM utilizes information on transactions involving assets that are the same as the subject asset (which is also known as Prior Transactions Method (the "PTM")) or similar to the subject asset to arrive at an indication of value, whereas the GPCM utilizes information on publicly listed companies that are similar to the subject asset to arrive at an indication of value.

As recent transactions involving the purchase of the Disposal Company's share are available, we initially considered the adoption of the PTM, having considered that the adopted recent transactions under the PTM would provide the precise apples-to-apples comparison either in company fundamentals, growth and operating metrics, capital structure, trading prospect, company risk and any other specific risk factors. However, owing to the constraint of limited sample size but with high volatility between the recent transactions within a short time interval, we consider that the GPCM would provide a more representative and meaningful evaluation on the fair value of the Disposal Company as there are sufficient public companies in similar nature and business to that of the Disposal Company under the GPCM and their market values represent good indicators of the industry. Thus, the GPCM under the market approach was adopted in the valuation. In applying the GPCM, the price multiples for publicly listed companies that are considered to be comparable to the Disposal Company were calculated, then the indicated value of the Disposal Company was calculated by the adopted price multiples with adjustments of control premium and discount for lack of marketability if applicable. The price multiples are ratios that relate business value to some measure of the company's financial performance.

8.1. Comparable Companies

In the valuation, the adopted comparable companies were determined with reference to the business nature and operational information of publicly listed companies that are considered to be comparable to the Disposal Company (the "**Comparable Companies**").

Due to the fact that there is no company which is exactly alike the Disposal Company, a set of the Comparable Companies is required in valuing the Disposal Company. To determine the Comparable Companies appropriately, the selection criteria are based on the following perspectives from the public available source included as follows:

- The Comparable Companies are profit making in the latest 12 months;
- The revenue attributable to the building construction and civil engineering business are over 80% in the latest financial year;
- The market capitalisations of the Comparable Companies are ranging from HK\$200 million to HK\$1,000 million as at the Date of Valuation;
- The principal activities are in Hong Kong; and
- Listing on the Main Board of The Stock Exchange of Hong Kong Limited and has traded actively for a reasonable period with sufficiency of information such as financial and operational information accessible from the market.

Details of the Comparable Companies are listed as follows:

Company Name	Ticker	Business Description
SOCAM Development Ltd.	983 HK	SOCAM Development Ltd. acquires and develops distressed properties. It develops greenfield projects in Hong Kong, Macau and China. It also owns an interest in a cement production business, and offers construction, renovation, outfitting, design and build, restoration and building maintenance services.
Asia Allied Infrastructure Holdings Ltd.	711 HK	Asia Allied Infrastructure Holdings Ltd. provides engineering services. It offers civil engineering, electrical and mechanical engineering, foundation and building construction services and other services. It also provides property management services.
Able Engineering Holdings Ltd.	1627 HK	Able Engineering Holdings Ltd. provides construction services. It offers building construction, interior designing, maintenance, fitting out, addition, alternation and conversion. The company serves public and private sectors in Hong Kong.
CR Construction Group Holdings Ltd.	1582 HK	CR Construction Group Holdings Ltd. conducts construction business. It builds hotel, city university, hospital, villa, and other buildings. The company provides services in Hong Kong.
SFK Construction Holdings Ltd.	1447 HK	SFK Construction Holdings Ltd. is a construction company. It provides building construction, maintenance, housing services and civil engineering.
Landrich Holding Ltd.	2132 HK	Landrich Holding Ltd. operates as an undertaking construction works contractor. The company constructs roads, drainage works and site formation works. It conducts businesses in Hong Kong.
Yee Hop Holdings Ltd.	1662 HK	Yee Hop Holdings Ltd. provides engineering services. It works on government and private projects including foundations, roads and infrastructure.
Build King Holdings Ltd.	240 HK	Build King Holdings Ltd. offers construction services through its subsidiaries. It constructs public works projects for governmental and quasi-governmental entities in Hong Kong.

Apart from the Comparable Companies selected, we were not aware of any other listed company that fulfills the selection criteria, and we considered that the selected Comparable Companies are exhaustive.

Pursuant to the annual report of the Disposal Company for the financial year ended 31 March 2022, the total revenue of the Disposal Company was HK\$12.55 billion, in which the revenue contributed by building construction and civil engineering represented approximately 99.8% of the total revenue. Details of the percentage of the revenue attributable to the building construction and civil engineering business of Comparable Companies are listed as follows:

Company Name	Ticker	Percentage of Revenue Attributable to the Building Construction and Civil Engineering Business
SOCAM Development Ltd.	983 HK	93.57%
Asia Allied Infrastructure Holdings Ltd.	711 HK	87.04%
Able Engineering Holdings Ltd.	1627 HK	100.00%
CR Construction Group Holdings Ltd.	1582 HK	84.11%
SFK Construction Holdings Ltd.	1447 HK	93.70%
Landrich Holding Ltd.	2132 HK	100.00%
Yee Hop Holdings Ltd.	1662 HK	80.74%
Build King Holdings Ltd.	240 HK	98.83%

8.2. Adopted Price Multiple

To derive the fair value of the Disposal Company, we have considered various price multiples including the Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization (“**EV/EBITDA**”) multiple, Enterprise Value to Earnings Before Interest and Taxes (“**EV/EBIT**”) multiple, Price to Earnings (“**P/E**”) multiple, Price to Sales (“**P/S**”) multiple and the Price to Book (“**P/B**”) multiple.

For the six months ended 30 September 2022, the earnings of the Disposal Company has dropped significantly by approximately 75.74% compared to that for the six months ended 30 September 2021. Hence, the P/E, EV/EBIT and EV/EBITDA multiples were considered as not applicable in the valuation as (i) its earnings were volatile for the trailing 12 months prior to the Date of Valuation and (ii) construction industry’s net profit is volatile as it varies with different stages of construction projects. And, the P/S multiple was also considered inappropriate as it does not capture differences in cost structure across companies.

Therefore, the P/B multiple were considered more appropriate because (i) it provide the indicated value of enterprise with heavy assets and asset-intensive company and (ii) the net book value (“**NBV**”), being a balance sheet item, is generally less volatile.

Taking account of the above, the P/B multiple was adopted in assessing the value of the Disposal Company in the valuation.

The P/B multiple is calculated by the market capitalization of the Comparable Companies divided by NBV as at their latest financial report date. The NBV and the adopted P/B multiple of the Comparable Companies are as follows:

Company Name	Ticker	NBV (HK\$ million)	P/B Multiple
SOCAM Development Ltd.	983 HK	3,302	0.122
Asia Allied Infrastructure Holdings Ltd.	711 HK	2,419	0.409
Able Engineering Holdings Ltd.	1627 HK	1,388	0.454
CR Construction Group Holdings Ltd.	1582 HK	564	0.372
SFK Construction Holdings Ltd.	1447 HK	377	0.573
Landrich Holding Ltd.	2132 HK	277	1.086
Yee Hop Holdings Ltd.	1662 HK	472	1.060
Build King Holdings Ltd.	240 HK	1,909	0.429
		Average	0.563

In the valuation, the average of the P/B multiple of the Comparable Companies was 0.563. In applying the P/B multiple, the average of the P/B multiples of the Comparable Companies of 0.563 was multiplied by the adjusted NBV of the Disposal Company of approximately HK\$1,751.89 million to determine the equity value of Disposal Company. The adjusted NBV of the Disposal Company was the sum of the NBV as at 30 September 2022 of approximately HK\$1,251.57 million and HK\$500.32 million fund raising in respect of the rights issue by the Disposal Company. Based on the latest publicly available information, save as the above-mentioned fund raising amount from the rights issue, we are not aware of any other adjustment in respect of the assets or liabilities of material amount that is needed to be made to the NBV of the Disposal Company.

The resulting equity values of marketable calculated by the P/B multiple was then further adjusted by the discount for lack of marketability to derive our conclusion of valuation.

8.3. Discount for Lack of Marketability (DLOM)

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared to similar interest in public companies, ownership interest in privately held company is not readily marketable. In the valuation, the adopted P/B multiple was calculated from public listed companies, which represents marketable ownership interest, hence the value calculated using such multiple represents the marketable interest. Thus, DLOM was adopted to adjust such marketable interest value to non-marketable interest value.

According to the “2021 Edition of the Stout Restricted Stock Study Companion Guide” (the “**Stout Restricted Stock Study**”), published by Stout Risius Ross, LLC, the median and mean rate of DLOM are estimated as the percentage difference between the private placement price per share and the market trading price per share. 763 relevant private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 through December 2020 have been examined in the Stout Restricted Stock Study. For illustration purpose, transactions indicating premiums (negative discounts) were excluded in the Stout Restricted Stock Study as the premiums under those restricted stock transactions may be the result of an investment opportunity not available to other investors or an unidentifiable relationship with the seller.

Since the mean rate shall be affected by abnormal extreme high and low outliers data, hence the median rate of 15.8% was adopted as the DLOM in the valuation. We considered that it is fair and appropriate to adopt such DLOM in our valuation.

With consideration of the DLOM, the value of Disposal Company was calculated as follows:-

$$\text{Value of Non-marketable} = \text{Value of Marketable} \times (1 - \text{DLOM})$$

8.4. Calculation Details

For illustrative purpose, the calculation details of the fair value of 29.75% equity interest of the Disposal Company using the P/B multiple was shown below:

	Fair Value before adjusting the DLOM	Fair Value after adjusting the DLOM
P/B Multiple	HK\$294,000,000	HK\$247,000,000

9. MAJOR ASSUMPTIONS

In conducting our valuation work, certain major assumptions have to be adopted in order to sufficiently support our opinion of value including, but not limited to, as follows:

- The information provided and the representations made by the Management with regard to the Disposal Company's financial and business affairs are accurate and reliable;
- The Disposal Company will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business development;
- The Disposal Company has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Disposal Company operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- There will be sufficient supply of technical staff in the industry in which the Disposal Company operates or intends to operate, and the Disposal Company will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- There will be no major changes in the current taxation laws in the localities in which the Disposal Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Disposal Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Disposal Company;
- There will be no material changes in the relevant interest rates and exchange rates that would impact the Disposal Company's business; and

- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Disposal Company as at the Date of Valuation.

In case actual events do not accord with one or more of the above assumptions, the resulting value of the Disposal Company may vary substantially from the figure as set out in this report.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report, such as the market data, Disposal Company's information are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management with regards to the Disposal Company's financial information and business affairs as well as the outlook for the business to a considerable extent in arriving at our opinion of value. We have not verified the accuracy of the information provided and have assumed that the aforesaid information is accurate. We have not conducted any further investigations to verify the legal titles of the assets held by the Disposal Company and to concerning whether all data have been provided to us for our assessment, we have no reason to believe that any material data have been withheld from us.

The result of our work is dependent on the financial performance of the Disposal Company. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of predicted results.

Our opinion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Our work has been conducted based on the information available as at the Date of Valuation and any subsequent information after the date of this report is not required to reflect in our work.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

This report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated in **Section 1 — Purpose of Valuation**, neither the whole nor any part of this report nor any reference thereto may be included in any document or statement without our written approval of the form and context in which it will appear. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

11. REMARKS

Unless otherwise stated, all monetary amount stated in this valuation report are in Hong Kong Dollars (HKD).

12. OPINION OF VALUE

Based on the investigation and analysis stated above, our scope of work, the valuation method employed, information reviewed and the assumptions adopted, the fair value of 29.75% equity interest of Paul Y. Engineering Group Limited (i.e., the Disposal Company) as at 5 November 2022 (i.e., the Date of Valuation) in our opinion, was reasonably stated as **HKD247,000,000 (HONG KONG DOLLARS TWO HUNDRED AND FORTY SEVEN MILLION ONLY)**.

We hereby confirm that we have neither present nor prospective interests in the Company, the Disposal Company or the value reported herein.

Yours faithfully,
For and on behalf of
Ravia Global Appraisal Advisory Limited

Elvis C F Ng
CFA, FRM
Director

Note: Mr. Elvis C F Ng is a holder of Chartered Financial Analyst and a certified Financial Risk Manager. He has over fifteen years' experience in business valuation, transaction advisory and corporate consultancy in the Asia Pacific Region including Hong Kong, the PRC and Australia, as well as in European, American, Middle-east and African countries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

a. Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules; or (c) were required pursuant to section 352 of the SFO to be entered in the register referred to therein were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage (Note)
Mr. Kwong Kai Sing, Benny	Beneficial owner	166,753,200	16.00%

Note: Shareholding percentage is based on 1,042,086,114 issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules; or (c) were required pursuant to section 352 of the SFO to be entered in the register referred to therein.

b. Interests of Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company in accordance with disclosure by the Shareholders under Part XV of the SFO, the following substantial Shareholders (within the meaning of the Listing Rules) of the Company and other persons (in each case other than the Directors and the chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Substantial Shareholders

Name of Shareholder	Capacity	Number of Shares held (Note 1)	Approximate percentage (Note 2)
Mr. Kitchell Osman Bin	Beneficial owner	305,000,000 (L)	29.27%
Mr. Kwong Kai Sing, Benny	Beneficial owner	166,753,200 (L)	16.00%

Notes:

- (L) denotes a long position.
- Shareholding percentage is based on 1,042,086,114 issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (in each case other than a Director or the chief executive of the Company) who had, as at the Latest Practicable Date, an interest or a short position in the Shares or underlying Shares which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best of knowledge of the Directors, none of the Directors and their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had: (a) any direct or indirect interests in any assets which have been since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (b) any subsisting material interest in any contract or arrangement which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the subscription agreement dated 23 February 2021 entered into between Blue River Investments Limited, an indirect wholly-owned subsidiary of the Company, and Galaxy Vantage Limited relating to the subscription of approximately 27.3% of the enlarged issued share capital of Galaxy Vantage Limited for a consideration of HK\$100 million and the shareholders' agreement dated 23 February 2021 entered into between Victor Choice Global Limited, Mr. David Ki, Blue River Investments Limited and Galaxy Vantage Limited to regulate the respective rights and obligations of the shareholders of Galaxy Vantage Limited and its conduct of affairs;
- (ii) the subscription agreement dated 9 March 2021 entered into between Blue River Corporation Limited, currently an indirect wholly-owned subsidiary of the Company, and Maxlord Enterprises Limited relating to the subscription of one-third (approximately 33.3%) of the enlarged issued share capital of Maxlord Enterprises Limited for a consideration of HK\$100 million and the shareholders' agreement dated 9 March 2021 entered into between Planetree Holdings Limited, Blue River Corporation Limited and Maxlord Enterprises Limited to regulate the respective rights and obligations of the shareholders of Maxlord Enterprises Limited and its conduct of the affairs;
- (iii) the subscription agreement dated 13 April 2021 entered into between Blue River International Limited, an indirect wholly-owned subsidiary of the Company, and Imagi Brokerage Limited relating to subscription of the convertible bonds in the principal amount of HK\$100 million to be issued by Imagi Brokerage Limited;
- (iv) the subscription agreement dated 21 April 2021 entered into between Blue River Enterprises Limited, an indirect wholly-owned subsidiary of the Company, and Co-Lead Holdings Limited relating to the subscription of the convertible bonds in the principal amount of HK\$100 million to be issued by Co-Lead Holdings Limited;

- (v) the sale and purchase agreement dated 29 July 2021 (as supplemented by the supplemental agreement dated 16 September 2021) (the “**Amended PYE Agreement**”) entered into between the Company and Mr. Chan Chak Kai Kenneth (“**Mr. CK Chan**”) relating to the proposed acquisition of 51.76% issued shares of Paul Y. Engineering Group Limited (“**PYE**”) for a consideration of approximately HK\$675 million which shall be settled by the Company in kind by assignment and transfer of (a) the entire issued share(s) of Nation Cheer Investment Limited (incorporated in Hong Kong), Nation Cheer Investment Limited (incorporated in the Republic of Marshall Islands), Blue River International Limited, Treasure Capital Group Limited, Treasure Capital Finance Limited and Treasure Capital Securities Limited (collectively, the “**Disposal Companies**”); and (b) all the outstanding loans owing by the Disposal Companies to the Company or other companies with the Group as at completion to Mr. CK Chan and the subsequent termination agreement dated 22 December 2021 entered into between the Company and Mr. CK Chan to discharge and release each other from further obligation under the Amended PYE Agreement and their respective rights and/or claims against each other arising out of or in connection therewith;
- (vi) the non-legally binding term sheet dated 21 May 2021 entered into between Blue River Property Holdings Limited and GREF(VI) Acquisitions Limited in relation to the intended sale of the entire issued share capital of Profit Tycoon Holdings Limited, an indirect wholly-owned subsidiary of the Company, and the assignment of the loan owing by Profit Tycoon Holdings Limited to Blue River Property Holdings Limited (as supplemented by GREF (VI) Acquisitions Limited’s extension request letter and Blue River Property Holdings Limited’s acknowledgement on 5 July 2021);
- (vii) the sale and purchase agreement dated 15 September 2021 (as supplemented by the addendums dated 16 December 2021, 17 January 2022, 14 July 2022, 3 August 2022, 23 August 2022, 26 September 2022, 26 October 2022, 8 November 2022 and 8 December 2022) entered into between Blue River Property Holdings Limited and Gold Spell Limited in relation to the disposal of the entire issued share capital of Profit Tycoon Holdings Limited, an indirect wholly-owned subsidiary of the Company, and such amount equals to the face value of the entire sum of shareholder’s loan owing by Profit Tycoon Holdings Limited to Blue River Property Holdings Limited as at the date of completion for a consideration of RMB700,000,000 (equivalent to approximately HK\$840,000,000) (subject to adjustment). The agreement in respect of the disposal lapsed on 23 December 2022;
- (viii) the sale and purchase agreement dated 16 February 2022 entered into between PYI Xingdong Investment Limited, an indirect wholly-owned subsidiary of the Company, and 南通金榮房屋征收服務有限公司 (Nantong Jinrong Housing Collection Service Co., Ltd.*) relating to the disposal of the entire equity interests in 保華興東置業(江蘇)有限公司 (PYI Xingdong Properties (Jiangsu) Limited*) for a consideration of approximately RMB13.4 million (equivalent to approximately HK\$16.5 million);
- (ix) the sale and purchase agreement dated 10 May 2022 entered into between Grand Scheme Developments Limited, an indirect wholly-owned subsidiary of the Company, and Zhongjian Huaxia Group (HK) Limited in relation to the disposal of the entire issued share capital of Great Decision Limited (“**Great Decision**”) and the assignment of all amounts (the “**Great Decision Sale Loan**”) owing by Great Decision to Grand Scheme Developments Limited at completion for a consideration of an amount equivalent to the total sum of HK\$72,000,000 and the net assets value at completion (referring to (i) the aggregate of all assets of Great Decision and its subsidiaries which are readily convertible into cash or cash equivalents (excluding an office building known as 先鋒科技大廈 (Pioneer Technology Building*))

- located at No. 298 Wei Ye Road, Binjiang District of Hangzhou City, the PRC) less (ii) the aggregate of all liabilities of Great Decision and its subsidiaries (but excluding the Great Decision Sale Loan and deferred tax liabilities) at completion), and the first supplemental agreement dated 24 May 2022 and the second supplemental agreement dated 22 June 2022 in relation to the extension of the payment date of the deposit and the completion date respectively. The agreement in respect of the disposal of Pioneer Technology Building was eventually terminated as disclosed in the Company's announcement dated 16 August 2022;
- (x) the capital injection agreement dated 19 May 2022 entered into between Hubei Energy Group Co., Ltd.* (湖北能源集團股份有限公司), PYI Min Sheng Investment Limited, an indirect wholly-owned subsidiary of the Company, and 湖北民生石油液化氣有限公司 (Hubei Minsheng Liquefied Petroleum Gas Limited*), in relation to the proposed injection of capital of US\$42.67 million into Hubei Minsheng Liquefied Petroleum Gas Limited by Hubei Energy Group Co., Ltd.;
 - (xi) the sale and purchase agreement dated 9 September 2022 entered into between PYI Properties (HK) Limited and China Earth Limited, and 保華(上海)企業管理有限公司 (PYI (Shanghai) Corporate Management Co. Ltd.*), the indirect wholly-owned subsidiaries of the Company and 南通興嘉橙企業管理有限公司 (Nantong Xingjiacheng Enterprise Management Co.*), in relation to the disposal of the entire interest in 浙江美聯置業有限公司 (Zhejiang Midland Property Co. Ltd*) for a consideration of RMB65 million (equivalent to approximately HK\$73.45 million);
 - (xii) the subscription agreement dated 16 September 2022 entered into between Blue River Gain Limited, an indirect wholly-owned subsidiary of the Company, and Quality World Investments Limited relating to the subscription of 25% of the enlarged issued share capital of Quality World Investments Limited for a consideration of HK\$44,500,000;
 - (xiii) the subscription agreement dated 7 October 2022 entered into between Blue River Investments Limited, an indirect wholly-owned subsidiary of the Company, and Hope Capital Limited relating to the subscription of approximately 24.64% of the enlarged issued share capital of Hope Capital Limited for a consideration of HK\$75,000,000;
 - (xiv) the sale and purchase agreement dated 27 October 2022 entered into between Ms. Fung Yuk Tai and Blue River Forever Limited, an indirect wholly-owned subsidiary of the Company, in relation to the acquisition of the entire equity interest in and the shareholder's loan of Vogalsan Limited for a consideration of HK\$65,000,000;
 - (xv) the reassignment deed dated 4 November 2022 executed by the Company and Elemet Limited relating to the irrevocable and unconditional reassignment of a block of approximately 10% shareholding voting rights in PYE (which was conferred on the Company under the irrevocable and unconditional assignment of such voting rights from Elemet Limited at nil consideration on 1 June 2021) from the Company back to Elemet Limited absolutely;
 - (xvi) the MOU;
 - (xvii) the Agreement;

- (xviii) the loan agreement dated 7 December 2022 entered into between Shinning Resort Assets Management Limited (now known as Blue River Finance Limited), an indirect wholly-owned subsidiary of the Company, and Green River Associates Limited in relation to the grant of the revolving loan facility of up to HK\$150,000,000 to Green River Associates Limited; and
- (xix) the sale and purchase agreement dated 24 December 2022 entered into between Blue River Property Holdings Limited and Summit Day Limited in relation to the disposal of the entire issued share capital of Profit Tycoon Holdings Limited, an indirect wholly-owned subsidiary of the Company, and such amount as equals the face value of the entire sum of shareholder's loan owing by Profit Tycoon Holdings Limited to Blue River Property Holdings Limited as at the date of completion for a consideration of HK\$406,000,000 (subject to adjustment).

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualifications
Ravia Global Appraisal Advisory Limited (“ Ravia ”)	An independent professional valuer

As at the Latest Practicable Date, Ravia had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Ravia did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ravia did not have any direct or indirect interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Suites 2801-03, 28th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. Ho Sze Nga, Maggie. She obtained her degree of Bachelor of Laws in United Kingdom and was admitted as a solicitor of the High Court of Hong Kong.

- (d) If there is any inconsistency between the English text of this circular, the notice of the SGM and/or the accompanying proxy form and the respective Chinese translation thereof, the English text thereof shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Group (www.blueriverholdings.com.hk) for a period of 14 days from the date of this circular:

- (a) the business valuation report in respect of 29.75% of the entire issued share capital of the Disposal Company as set out in Appendix II to this circular;
- (b) the consent letter from Ravia, as referred to in the paragraph headed “QUALIFICATION AND CONSENT OF EXPERT” in this Appendix;
- (c) the MOU; and
- (d) the Agreement.

NOTICE OF SGM



Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Blue River Holdings Limited (the “**Company**”) will be held at Sky Blue, Shop 301, 3/F, Harbour North (Phase 1), North Point, Hong Kong on Monday, 20 March 2023 at 10:30 a.m., to consider, and, if thought fit, pass, with or without modification, the following resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the agreement dated 14 November 2022 (the “**Agreement**”) entered into between Dragon Mission Enterprise Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, as vendor and Maple Luck Limited (the “**Purchaser**”), a company incorporated in the British Virgin Islands with limited liability, as purchaser (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification) pursuant to which the Vendor has conditionally agreed to sell 1,177,242,054 shares of Paul Y. Engineering Group Limited (the “**Disposal Company**”), representing approximately 29.75% of the entire issued share capital of the Disposal Company, to the Purchaser at the consideration of HK\$300 million upon the terms and conditions thereof (the “**Disposal**”) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company (the “**Directors**”), any committee appointed by the board of Directors (the “**Board**”), or any other person authorised by the Board from time to time be and are hereby generally and unconditionally authorised to do all such acts and things and execute all such agreements and documents (whether under hand or as a deed and if required, to affix the seal of the Company thereto) and to do all such acts, matters and take all such steps as they consider necessary or expedient or desirable in connection with, ancillary to or to give effect to the Agreement and the Disposal and to implement the transactions contemplated thereunder and all other matters and incidental thereto and to agree and execute all such variation(s), amendment(s), supplemental(s), waiver(s),

NOTICE OF SGM

termination(s) or cessation(s) of matters relating thereto as are, in their opinion, in the interest of the Company.”

By Order of the Board
Blue River Holdings Limited

HO Sze Nga
Company Secretary

Hong Kong, 1 March 2023

Principal Place of Business in Hong Kong:
Suites 2801–03, 28th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares of the Company. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarised copy of such power or authority, shall be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
3. For the purpose of ascertaining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 15 March 2023 to Monday, 20 March 2023, both dates inclusive, during which period no transfer of share(s) of the Company will be registered. In order to be eligible to attend and vote at the meeting, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 14 March 2023.
4. In the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at 7:30 a.m. on Monday, 20 March 2023, the SGM shall automatically be postponed to Monday, 27 March 2023 (the “**Re-scheduled Day**”), the date on which no black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted at 7:30 a.m. and in such case the SGM shall be held at 10:30 a.m. on the Re-scheduled Day at Sky Blue, Shop 301, 3/F, Harbour North (Phase 1), North Point, Hong Kong.
5. The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.

As at the date of this notice, the composition of the Board is as follows:

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

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE MEETING

To safeguard the health and safety of the shareholders and attendees of the Meeting, particularly in view of the COVID-19 pandemic, the Company will implement the following preventive measures at the Meeting to be held on Monday, 20 March 2023 at 10:30 a.m.:

- (a) body temperature checks may be conducted on the attending shareholders, proxies and attendees at the entrance of the Meeting venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the Meeting venue or be required to leave the Meeting venue;
- (b) the Company requests attendees to wear surgical face masks inside the Meeting venue at all times. Person(s) without wearing a surgical face Mask may be denied entry;
- (c) no refreshments or drinks will be served; and
- (d) any other precautionary measures as the Company may consider appropriate.

To the extent permitted under law, the Company reserves the right to deny entry into the Meeting venue or require any person to leave the Meeting venue in order to ensure the safety of the attendees at the Meeting.

In the interest of all stakeholders' health and safety, the Company reminds all shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, shareholders may appoint the Chairman of the Meeting as their proxy to vote on the relevant resolution at the Meeting instead of attending the Meeting in person.