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## **Blue River Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 498)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION SUBSCRIPTION OF CONVERTIBLE BONDS**

Reference is made to the announcement of Blue River Holdings Limited (the “**Company**”) dated 21 April 2021 (the “**Announcement**”) in relation to the Subscription. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide further information on the Subscription as follows:

#### **DUE DILIGENCE CARRIED OUT BY THE COMPANY**

In assessing the credit risk of the Subscription, the Company conducted the following due diligence work:

#### **(i) In relation to the business nature of the Issuer and the Investment Portfolio**

The Issuer and its subsidiaries (the “**Issuer Group**”) are engaged in securities trading and investment. As at 31 March 2021, the Investment Portfolio amounted to approximately HK\$3,678 million consisting of (i) investment in approximately 15.5% equity interest of a private conglomerate principally engages in integrated financial services, securities brokerage service, money lending and investment holding amounted to approximately HK\$1,287 million; (ii) convertible bond issued by a Hong Kong listed

company amounted to HK\$55 million; and (iii) Hong Kong listed securities (the “**Listed Securities**”) amounted to approximately HK\$2,336 million. The table below sets forth a breakdown of the Listed Securities by industry sectors as at 31 March 2021 for illustrative purpose:

<b>Industry Sector</b>	<b>Market value as at 31 March 2021 <i>HK\$'000</i></b>	<b>Percentage to the total amount of the Listed Securities %</b>
Insurance	938,000	40.16
Medical equipment and services	661,960	28.34
Properties and construction	263,482	11.28
Financial services	235,168	10.07
Industrial	171,052	7.32
Others	<u>66,098</u>	<u>2.83</u>
<b>Total</b>	<u><u>2,335,760</u></u>	<u><u>100.00</u></u>

The Board is aware that composition and asset allocation of the Investment Portfolio have been adjusted from time to time according to investment market sentiment. The Board is of the view that the Issuer’s securities trading and investment business is of diversified investment risk.

**(ii) In relation to the financial performance of the Issuer**

The Company reviewed the unaudited consolidated income statements of the Issuer for the years ended 31 December 2019 (“**FY2019**”) and 31 December 2020 (“**FY2020**”). Set out below is the extract of the abovementioned unaudited income statements:

	<b>FY2020 (Unaudited) <i>HK\$'000</i></b>	<b>FY2019 (Unaudited) <i>HK\$'000</i></b>
Profit/(loss) before taxation	39,457	(95,653)
Profit/(loss) after taxation	39,457	(95,653)

The performance of the Issuer Group has improved significantly, recording a turnaround from a loss in FY2019 to a profit in FY2020.

**(iii) In relation to the financial position of the Issuer**

The Company has reviewed the unaudited consolidated statements of the financial position of the Issuer as at 31 December 2019, 31 December 2020 and 31 March 2021. The Company noted that (i) the unaudited consolidated total assets of the Issuer demonstrated a growth of over 60% from approximately HK\$4,233 million as at 31 December 2019 to approximately HK\$6,878 million as at 31 March 2021; and (ii) the unaudited consolidated net assets of the Issuer increased by over 30% from approximately HK\$3,444 million as at 31 December 2019 to approximately HK\$4,490 million as at 31 March 2021. The growth in total assets and net assets of the Issuer was mainly attributable to the combined effect of (i) the unrealised fair value gain on financial assets at fair value through other comprehensive income recognised during the 15 months ended 31 March 2021 (the “**Period**”) in the amount of approximately HK\$759 million; (ii) equity fund raising during the Period in the amount of HK\$370 million; and (iii) the increase in debt financing during the Period in the amount of approximately HK\$1,130 million. In addition, the Company noted that the Issuer, as at 31 March 2021, recorded (i) current assets of approximately HK\$3,200 million; and (ii) financial assets at fair value through other comprehensive income of approximately HK\$2,336 million, both of which are liquid assets that, when required, can be converted easily into cash for the payment of quarterly interest of the Convertible Bonds.

Based on the due diligence work performed, the Board is of the opinion that the credit risk of the Issuer is low and is satisfied with the Issuer’s capability of honouring its obligations in relation to the quarterly interest payments and the final redemption in the event that the Company opts not to exercise the conversion rights.

Subsequent to entering into the Subscription Agreement, the Company became aware that a listed company with a minority shareholding in the Issuer, purportedly unable to obtain access to the books and records of the Issuer due to the non-cooperation of the Issuer’s management, provided full impairment on its equity investment in the Issuer (the “**Impairment Issue**”) during the year ended 31 March 2020. On the contrary, the Board considered the management of the Issuer both cooperative and responsive during the course of the due diligence. The Company did not encounter any difficulties in obtaining financial information and details of the Investment Portfolio from the Issuer. Accordingly, the Board does not consider the Impairment Issue posing any risk to the Company nor does it alter the stated reasons and benefits of the Subscription.

## MANAGEMENT OF THE INVESTMENT PORTFOLIO

The Issuer Group engaged Imagi Brokerage Limited (“**Imagi**”) as the investment adviser and portfolio manager to provide advisory on the management of its portfolio maintained with Imagi. The Issuer Group also engaged the Oshidori Securities Limited (“**Oshidori**”) to manage its portfolio maintained with Oshidori. Imagi and Oshidori are both licensed to carry on Type 9 (asset management) regulated business activity under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) and the management of Imagi and Oshidori has over 25 years of experience in financial services.

Ms. Ip Yeuk Ping Gloria (“**Ms. Ip**”) is the sole director of the Issuer and has more than ten years of experience in management and investment. Ms. Ip is responsible for managing the Issuer including the Investment Portfolio as a whole.

## FURTHER INFORMATION IN RELATION TO THE ISSUER

Further information in relation to the beneficial owner structure of the Issuer as at the date of this announcement is set out as follows:

- (i) Bob May Incorporated (“**Bob May**”), being the substantial shareholder of Freewill which holds 41.68% interest in the Issuer, has ten individual shareholders, each of whom owns not more than 15% interest in Bob May;
- (ii) Rentian Technology Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 885), holds 6.84% interest in the Issuer;
- (iii) Touyun Biotech Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1332), holds 2.76% interest in the Issuer;
- (iv) Oshidori International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 622), holds 2.36% interest in the Issuer;
- (v) Celebrate International Holdings Limited, the listing of the shares on the Stock Exchange was cancelled in July 2020, holds 1.18% interest in the Issuer; and

(vi) National Investments Fund Limited, the shares of which are listed on the Stock Exchange (stock code: 1227), holds 0.31% interest in the Issuer.

*The above supplemental information does not affect other information contained in the Announcement. All information in the Announcement remains unchanged.*

By Order of the Board

**Blue River Holdings Limited**

**Ho Sze Nga**

*Company Secretary*

Hong Kong, 4 June 2021

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

*Non-Executive Chairman:*  
Benny KWONG

*Executive Directors:*  
AU Wai June  
Marc TSCHIRNER  
SAM Hing Cheong

*Independent Non-Executive Directors:*  
LEUNG Chung Ki  
MA Ka Ki  
William GILES