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Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

DISCLOSEABLE TRANSACTION DISPOSALS OF LISTED SECURITIES AND INSIDE INFORMATION

THE DISPOSALS

The Company, through its wholly-owned subsidiaries, disposed of:

- (i) a total of 570,000 China Evergrande Shares in the open market on 16 July 2021 for an aggregate consideration of approximately HK\$5.5 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$9.7 per China Evergrande Share);
- (ii) a total of 485,588 Evergrande Property Shares in the open market on 10 August 2021 for an aggregate consideration of approximately HK\$3.1 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$6.5 per Evergrande Property Share); and
- (iii) a total of 18,290,000 Evergrande Vehicle Shares in the open market on 4 October 2021 for an aggregate consideration of approximately HK\$59.1 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$3.23 per Evergrande Vehicle Share).

LISTING RULES IMPLICATION

The China Evergrande Disposal, the Evergrande Property Disposal and the Evergrande Vehicle Disposal shall be aggregated as a series of transactions pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules.

Each of the China Evergrande Disposal and the Evergrande Property Disposal, on a standalone basis, did not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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

INSIDE INFORMATION

Pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Board wishes to inform the Shareholders and potential investors that an unaudited fair value loss from investments in equity and debt instruments held for trading of approximately HK\$1,168 million was recognised for the six months ended 30 September 2021, which comprised unrealised loss of approximately HK\$1,166 million and realised loss of approximately HK\$2 million (collectively referred as the “Loss”). The Loss was calculated by comparing the fair value of the securities in the Group’s investment portfolio as at 31 March 2021 (being the latest audited financial year end) against their respective closing share price as at 30 September 2021.

THE DISPOSALS

The Company, through its wholly-owned subsidiaries, disposed of:

- (i) a total of 570,000 China Evergrande Shares in the open market on 16 July 2021 for an aggregate consideration of approximately HK\$5.5 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$9.7 per China Evergrande Share);
- (ii) a total of 485,588 Evergrande Property Shares in the open market on 10 August 2021 for an aggregate consideration of approximately HK\$3.1 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$6.5 per Evergrande Property Share); and
- (iii) a total of 18,290,000 Evergrande Vehicle Shares in the open market on 4 October 2021 for an aggregate consideration of approximately HK\$59.1 million (exclusive of transaction costs) (equivalent to an average price of approximately HK\$3.23 per Evergrande Vehicle Share).

As the Disposals were conducted in the open market, the identities of the purchasers of the Disposals cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the purchasers and the ultimate beneficial owner(s) of the purchasers of the Disposals are Independent Third Parties.

After the Disposals, the Group did not hold any China Evergrande Shares, Evergrande Property Shares or Evergrande Vehicle Shares.

INFORMATION ON CHINA EVERGRANDE

According to publicly available information and as at the date of this announcement, China Evergrande and its subsidiaries are developer of large scale quality residential property projects and a leader adopting a standardised operational model in China to manage various projects in different cities across China. China Evergrande and its subsidiaries are also engaged in other businesses including property construction, hotel operations, finance business, tourism and real estate business, healthcare business.

The following audited consolidated financial information of China Evergrande for the two financial years ended 31 December 2019 and 2020 is extracted from the annual report of China Evergrande for the year ended 31 December 2020:

	For the year ended	
	31 December	
	2020	2019
	(audited)	(audited)
	<i>RMB million</i>	<i>RMB million</i>
Profit before tax	68,245	74,172
Profit after tax	31,400	33,542

As extracted from the interim report of China Evergrande for the six months ended 30 June 2021, the unaudited consolidated net asset value of China Evergrande was approximately RMB411,041 million as at 30 June 2021.

INFORMATION ON EVERGRANDE PROPERTY

According to publicly available information and as at the date of this announcement, Evergrande Property and its subsidiaries are primarily engaged in the provision of property management services and related value-added services.

The following audited consolidated financial information of Evergrande Property for the two financial years ended 31 December 2019 and 2020 is extracted from the annual report of Evergrande Property for the year ended 31 December 2020:

	For the year ended 31 December	
	2020	2019
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	3,498,739	1,229,185
Profit after tax	2,647,368	930,524

As extracted from the interim report of Evergrande Property for the six months ended 30 June 2021, the unaudited consolidated net asset value of Evergrande Property was approximately RMB11,913.6 million as at 30 June 2021.

INFORMATION ON EVERGRANDE VEHICLE

According to publicly available information and as at the date of this announcement, Evergrande Vehicle and its subsidiaries are principally engaged in technology research and development and manufacturing of, and sales services in respect of new energy vehicles, as well as health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation.

The following audited consolidated financial information of Evergrande Vehicle for the two financial years ended 31 December 2019 and 2020 is extracted from the annual report of Evergrande Vehicle for the year ended 31 December 2020:

	For the year ended 31 December	
	2020	2019
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	7,395,263	4,526,336
Loss after tax	7,664,907	4,947,478

As extracted from the interim report of Evergrande Vehicle for the six months ended 30 June 2021, the unaudited consolidated net asset value of Evergrande Vehicle was approximately RMB12,075.7 million as at 30 June 2021.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in, *inter alia*, the comprehensive engineering and property-related services through Paul Y. Engineering Group Limited, land and property development in the PRC, investment in association with ports and infrastructure development and operation of logistics facilities in the PRC, as well as securities trading and investment, and provision of loan financing services.

The Group invested in (i) China Evergrande in the financial year ended 31 March 2021 and held 570,000 China Evergrande Shares prior to the Disposals, the historical acquisition costs of which amounted to approximately HK\$8.9 million (equivalent to approximately HK\$15.6 per China Evergrande Share); (ii) Evergrande Property in the financial year ended 31 March 2021 and held 485,588 Evergrande Property Shares prior to the Disposals, the historical acquisition costs of which amounted to approximately HK\$5.8 million (equivalent to approximately HK\$11.9 per Evergrande Property Share); and (iii) Evergrande Vehicle in the financial year ended 31 March 2019 and held 18,290,000 Evergrande Vehicle Shares prior to the Disposals, the historical acquisition costs of which amounted to approximately HK\$207 million (equivalent to approximately HK\$11.3 per Evergrande Vehicle Share).

The Directors are cautious and concerned about a series of negative headlines over the financial conditions of China Evergrande, being the parent company of Evergrande Vehicle and Evergrande Property. In addition, the Directors are aware of the announcement made by Evergrande Vehicle dated 24 September 2021. Evergrande Vehicle announced that *“the Group is encountering serious shortage of funds. In view of the liquidity pressure, the Group has suspended paying some of its operating expenses and some suppliers have suspended supplying for projects. In view of the difficulties, challenges and uncertainties in improving its liquidity as mentioned above, there is no guarantee that the Group will be able to meet its financial obligations under the relevant contracts.”* These negative news, reports and announcement arouse concerns of the Directors about the financial and operating position of the Evergrande Listed Companies.

The share prices of the Evergrande Listed Companies have declined significantly in the recent months.

In this regard, the Board decided to divest the Evergrande Listed Companies shares and to solidify the financial and cash position of the Group. The Disposals will allow the Group to realise its investments and reallocate its financial resources to other business needs.

As the Disposals were conducted through the open market and the consideration for the Disposals were determined based on the prevailing market price of the Disposal Shares available in the open market, the Board is of the view that the terms of the Disposals are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSALS

As a result of the Disposals, the Group is expected to recognise a realised loss of approximately HK\$1,005.3 million for the year ending 31 March 2022, which is calculated based on the difference between the carrying value of the Disposal Shares as at 31 March 2021 of approximately HK\$1,073 million and the gross proceeds from the Disposals (before taxation and without deduction of expenses related to the Disposals) of approximately HK\$67.7 million. The actual amount of gain or loss as a result of the Disposals to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

USE OF PROCEEDS

The net proceeds from the Disposals, which are approximately HK\$67.5 million, will be used for general working capital of the Group.

LISTING RULES IMPLICATIONS

The China Evergrande Disposal, the Evergrande Property Disposal and the Evergrande Vehicle Disposal shall be aggregated as a series of transactions pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules.

The China Evergrande Disposal and the Evergrande Property Disposal, on a standalone basis, do not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals, when aggregated as a whole, exceed 5% but are less than 25%, the Disposals, when aggregated as a whole, constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INSIDE INFORMATION

Pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Board wishes to inform the Shareholders and potential investors that an unaudited fair value loss from investments in equity and debt instruments held for trading of approximately HK\$1,168 million was recognised for the six months ended 30 September 2021, which comprised unrealised loss of approximately HK\$1,166

million and realised loss of approximately HK\$2 million (collectively referred as the “Loss”). The Loss was calculated by comparing the fair value of the securities in the Group’s investment portfolio as at 31 March 2021 (being the latest audited financial year end) against their respective closing share price as at 30 September 2021.

The Company is still in the process of compiling the interim results of the Group for the six months ended 30 September 2021. The Board wishes to emphasise that financial information contained in the “Inside Information” section should not be relied upon by the Shareholders and potential investors to provide with the same quality of information associated with the financial statements that have been subject to an audit or review.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333.HK)
“China Evergrande Disposal”	the disposal of a total of 570,000 China Evergrande Shares by the Group in the open market on 16 July 2021 for an aggregate consideration of approximately HK\$5.5 million (exclusive of transaction costs)
“China Evergrande Share(s)”	ordinary share(s) of China Evergrande
“Company”	Blue River Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0498.HK)
“Director(s)”	the director(s) of the Company
“Disposals”	the China Evergrande Disposal, the Evergrande Property Disposal and the Evergrande Vehicle Disposal

“Disposal Share(s)”	a total of 570,000 China Evergrande Shares, 485,588 Evergrande Property Shares and 18,290,000 Evergrande Vehicle Shares disposed of by the Group under the Disposals
“Evergrande Listed Companies”	China Evergrande, Evergrande Property and Evergrande Vehicle
“Evergrande Property”	Evergrande Property Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6666.HK)
“Evergrande Property Disposal”	the disposal of a total of 485,588 Evergrande Property Shares by the Group in the open market on 10 August 2021 for an aggregate consideration of approximately HK\$3.1 million (exclusive of transaction costs)
“Evergrande Property Share(s)”	ordinary share(s) of Evergrande Property
“Evergrande Vehicle”	China Evergrande New Energy Vehicle Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0708.HK)
“Evergrande Vehicle Disposal”	the disposal of a total of 18,290,000 Evergrande Vehicle Shares by the Group in the open market on 4 October 2021 for an aggregate consideration of approximately HK\$59.1 million (exclusive of transaction costs)
“Evergrande Vehicle Share(s)”	ordinary share(s) of Evergrande Vehicle
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board

Blue River Holdings Limited

HO Sze Nga

Company Secretary

Hong Kong, 4 October 2021

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

<i>Non-Executive Chairman:</i>	<i>Executive Directors:</i>	<i>Independent Non-Executive Directors:</i>
Benny KWONG	AU Wai June Marc TSCHIRNER SAM Hing Cheong	LEUNG Chung Ki MA Ka Ki William GILES