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Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

INSIDE INFORMATION DECISION OF THE LISTING COMMITTEE; AND INTENDED FURTHER REVIEW REQUEST TO THE LISTING REVIEW COMMITTEE AND RESUMPTION OF TRADING

This announcement is made by Blue River Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company (i) dated 4 November 2021 in relation to, among other things, decision of the Listing Division and Company’s request for review by the Listing Committee (the “**Review Request Announcement**”); and (ii) dated 8 December 2021 in relation to trading halt of the Company’s shares pending the release of this inside information announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Review Request Announcement.

DECISION OF THE LISTING COMMITTEE

Following the review hearing held on 23 November 2021, the Company received a letter from the Listing Committee on 7 December 2021 (after trading hours) stating that, having considered all the submissions (both written and oral) made by the Company and the Listing Division, the Listing Committee decided to uphold the Decision of the Listing Division that the Acquisition was part of a

series of transactions and arrangements which constituted an attempt to achieve the listing of PYE and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the Acquisition, together with the Assignment, Disposal I and Disposal II, should be treated as if they were one transaction and constituted an RTO under Rule 14.06B (the “**LC Decision**”).

The Listing Committee arrived at its decision for the following reasons:

1. As set out in the Guidance Letter HKEX-GL104-19, the RTO Rules are principle based, anti-avoidance provisions designed to prevent the circumvention of new listing requirements for the assets acquired and/or to be acquired. In assessing the principle based test, the Stock Exchange would consider the RTO Rules purposively and the six assessment factors set out in Note 1 to Rule 14.06B provide guidance to the market on factors that the Stock Exchange would normally consider in an RTO assessment. The application of the assessment factors would vary from case to case, depending on the specific circumstances of the issuer. In reaching the decision, the Listing Committee applied the “principal based test” [*principle based test*] under Note 1 to Rule 14.06B and in particular noted the following:

- (i) **Events and transactions which together with the Acquisition form a series of transactions and arrangements to circumvent the RTO rules:** The Assignment and the Acquisition involved the acquisition of the control and ownership of one asset, being the 51.76% interest in PYE, from the same party. Under the Assignment, the Company obtained control of the 10% shareholder voting rights of PYE, the ownership of which would be acquired together with the remaining 41.76% interest in PYE by the Company through the Acquisition.

They, together with Disposal I and Disposal II, which took place within 3.5 months (within the 36-month period as stipulated under Rule 14.06B), formed a series of transactions and arrangements.

Given the extreme size of the Acquisition and that Disposal I and Disposal II would have disposed of a significant part of the Company’s existing businesses, these transactions and arrangements would result in the PYE business, which could not on its own merits meet the new listing requirements under Rule 8.05, becoming the major business of the Company.

(ii) **Fundamental change in the Company's principal business:** The Acquisition would result in a fundamental change in the Company's principal businesses given that:

- (a) upon completion of Disposal I and Disposal II, the disposal of a significant part of the Company's original businesses in money lending, securities trading and property development would result in the size of the Company's remaining businesses becoming immaterial. Together with the substantial scale of PYE's business operations, this supported a concern that the transactions (taken holistically) were a means to achieve a listing of PYE's Engineering Business; and
- (b) the nature of the Company and PYE's businesses are different. The Company's gas distribution business, money lending business, and securities trading business are unrelated to property development and therefore completely different from PYE's Engineering Business. On the property business, the Company is a property developer developing properties on its leasehold land for sale and/or rental income. This is different from PYE's Engineering Business, which provides building and construction services to developers like the Company.

The Company submitted that the Acquisition would not change its existing business fundamentally given that (i) PYE had become a subsidiary of the Company based on the Assignment before the Acquisition; and (ii) it has been providing the Engineering Business through its investment in PYE since listing, regardless of whether PYE is a subsidiary or an associate of the Company.

Notwithstanding the foregoing, the Company failed to convince the Listing Committee that the Engineering Business has always been a principal business carried on by the Company. In particular:

- (a) as stated in paragraph 1(i) above, the Assignment should be considered together with the Acquisition as a whole; and
 - (b) the Listing Committee noted the Company's submission at the review hearing that it only had limited access to the books and records of PYE and did not have any director representatives on the PYE board.
- (iii) **Change in control or de facto control of the Company:** There were substantial changes in the substantial shareholders and directors of the Company. Oshidori and Mr. Kwong became the Company's largest and second largest shareholders in March and February 2021, respectively,

and since January 2021, all of the Company's then directors (other than an independent non-executive director) had been replaced with new directors. While the Company submitted that there was no correlation between these changes and the Acquisition, there was a concern that the Company was engaged in "shell activities" as indicated by the change in de facto control of the Company followed by a series of transactions and arrangements that would circumvent the RTO Rules and result in a fundamental change in the Company's principal business (as set out in paragraphs 1(i) and (ii) above).

2. In light of the above, the Listing Committee considered that the Acquisition, Assignment, Disposal I and Disposal II formed part of a series of transactions and arrangements which constituted an attempt to achieve the listing of PYE, and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, these transactions and arrangements should be treated as if they were one transaction and constituted an RTO under Rule 14.06B.

INTENDED FURTHER REVIEW REQUEST TO THE LISTING REVIEW COMMITTEE

The Board is disappointed with the LC Decision and disputes the Listing Committee's judgement and interpretation of the RTO Rules. As set out in the Review Request Announcement, evidence overwhelmingly supports that the Engineering Business carried on by PYE has always been one of the Company's principal businesses, regardless of whether PYE was a subsidiary or an associate of the Company. For instance, the extent of disclosures relating to the Engineering Business has always been as detailed and comprehensive in the Company's annual reports in previous financial years as if PYE is a subsidiary of the Company. Regrettably, the Listing Committee simply chose to ignore the salient facts and evidence.

Further, the Listing Committee asserted that there has been a change in control or de facto control of the Company, having regard only to the proximity in time of change of substantial Shareholders and Directors. However, the Board considers that the Listing Committee's conclusion is unfounded and biased given the Listing Committee again chose to disregard the facts and circumstances leading to the relevant changes.

The Company has decided to refer the case to the Listing Review Committee for a further review of the Listing Committee's ruling ("**Further Review**") under Rule 2B.06(2) of the Listing Rules. Should there be any material development of this matter, further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

Shareholders and investors who have any queries about the implications of the LC Decision in relation to their dealings in the securities of the Company are advised to exercise caution and to obtain appropriate professional advice, if necessary.

RESUMPTION OF TRADING

At the request of the Company, trading of Shares was halted with effect from 9:00 a.m. on 8 December 2021 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on 10 December 2021.

By Order of the Board

Blue River Holdings Limited

HO Sze Nga

Company Secretary

Hong Kong, 9 December 2021

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

Executive Directors:

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

Independent Non-Executive Directors:

LEUNG Chung Ki
MA Ka Ki
William GILES