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Blue River Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF THE SALE SHARE AND ASSIGNMENT OF THE SALE LOAN OF THE DISPOSAL COMPANY

THE DISPOSAL

On 21 March 2024 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which, the Vendor has agreed to sell the Sale Share and assign the Sale Loan to the Purchaser, and the Purchaser has agreed to acquire the Sale Share and take up the assignment of the Sale Loan at the Consideration. The principal assets of the Disposal Group mainly comprise the LPG Storage Tank Farm and the LPG Facilities.

Completion has taken place simultaneously upon signing of the Agreement. Upon Completion, the Company ceased to hold any interest in the Disposal Company and the results, assets and liabilities of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 21 March 2024 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which, the Vendor has agreed to sell the Sale Share and assign the Sale Loan to the Purchaser, and the Purchaser has agreed to acquire the Sale Share and take up the assignment of the Sale Loan at the Consideration.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

21 March 2024 (after trading hours)

Parties

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

The Purchaser is a company incorporated in Samoa with limited liability and principally engaged in investment holding. Each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

Assets being disposed of

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

The principal assets of the Disposal Group mainly comprise the LPG Storage Tank Farm and the LPG Facilities.

The Consideration

The Consideration for the Sale Share and the Sale Loan (of which the consideration for the Sale Loan shall be an amount equal to the Sale Loan on a dollar for dollar basis provided that if the face value of the Sale Loan exceeds the amount of the Consideration, the consideration of the Sale Loan shall be capped at the Consideration amount minus HK\$100, and the consideration for the Sale Share shall be an amount equal to the Consideration less the consideration for the Sale Loan) has been settled by the Purchaser to the Vendor in full in cash at Completion.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the parties to the Agreement on normal commercial terms and making reference to (i) the Appraised Value (as defined below); (ii) the adjusted unaudited consolidated net liabilities of the Disposal Group attributable to owners of the Company as at 31 January 2024 of approximately HK\$340 million based on the Adjusted Financial Information (as defined below); (iii) the Shareholder's Loan as at 31 January 2024 of approximately HK\$319 million based on the Adjusted Financial Information; and (iv) the reasons for and benefits of the Disposal as stated under the section headed "Reasons for and benefits of the Disposal" below.

The Company has engaged an independent valuer to conduct a business valuation of the Disposal Group (the "**Business Valuation**") as at 31 January 2024. The appraised value of the entire issued share capital of the Disposal Group under the Business Valuation (the "**Appraised Value**") after excluding the Shareholder's Loan as at 31 January 2024 amounted to approximately HK\$1 million. In determining the Appraised Value, the valuer has adopted the asset-based approach as the valuation methodology, whereby all assets and liabilities as shown in the adjusted unaudited consolidated financial statements of the Disposal Group as at 31 January 2024 have been taken into account under the Business Valuation.

Completion

Completion has taken place simultaneously upon signing of the Agreement. Upon Completion, the Company ceased to hold any interest in the Disposal Company and the results, assets and liabilities of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE DISPOSAL GROUP AND THE GROUP

Information of the Disposal Group

The Disposal Company is a company incorporated in the BVI with limited liability and principally engaged in investment holding. As at the date of this announcement, the Disposal Group, comprising the Disposal Company, PYI Min Sheng, Minsheng Gas and its two subsidiaries in the PRC, is principally engaged in the LPG & LNG Businesses.

The LPG & LNG Businesses are principally the development and operation of ports and infrastructure, which refer to (a) the operation of the existing LPG river terminal of Minsheng Gas with LPG pipeline facilities and infrastructure connected to the existing LPG storage tanks nearby; and (b) Minsheng Gas's planned development of new LNG storage tanks next to the existing LPG

storage tanks and to construct new LNG terminals next to the existing LPG terminal with new LNG pipeline facilities and infrastructure connected to the new LNG storage tanks. The principal assets of the Disposal Group include (i) the LPG Storage Tank Farm; and (ii) the LPG Facilities.

Financial information of the Disposal Group

The adjusted unaudited consolidated financial information (the “**Adjusted Financial Information**”) of the Disposal Group, having excluded the financial results and positions attributable to the CNG Companies for each of the two years ended 31 March 2022 and 2023 and the ten months ended 31 January 2024, was prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and is tabulated below:

	For the ten months ended 31 January 2024	For the year ended 31 March	
	<i>(unaudited)</i> HK\$'000	2023 <i>(unaudited)</i> HK\$'000	2022 <i>(unaudited)</i> HK\$'000
Revenue	2,114	12,435	25,417
Loss before taxation	24,020	79,640	5,115
Loss after taxation	24,474	79,807	5,287

According to the Adjusted Financial Information for the ten months ended 31 January 2024, the adjusted unaudited consolidated net liabilities of the Disposal Group attributable to owners of the Company as at 31 January 2024 would amount to approximately HK\$340 million.

Information of the Group

The Company is an investment holding company incorporated in Bermuda with limited liability. Upon Completion, the Vendor’s Group ceased to operate the LPG & LNG Businesses and will continue, among others, the CNG distribution and logistics business through the CNG Companies, owning and operating four CNG automotive fuelling stations in Wuhan. After the Disposal, the Group is principally engaged in, *inter alia*, gas distribution and logistics operation in the PRC, property investment, securities trading and investment, and provision of financing related services.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The LPG & LNG Businesses have been facing a challenging operating environment with a dim market outlook. For the year ended 31 March 2023, the LPG & LNG Businesses recorded a loss after taxation of approximately HK\$79.8

million, or an operating loss of approximately HK\$15.3 million after excluding an one-off impairment provision for the capitalised LNG project costs of approximately HK\$54.4 million and an exchange loss of approximately HK\$10.1 million arising from the intra-company loan. Such losses were attributable to (i) the increase in procurement cost under the rising international oil and gas price that eroded the gross margin; and (ii) the decrease in sales of LPG by approximately 62% as a result of the phase-out of LPG-powered vehicles in Wuhan and the closure of the remaining two LPG automotive fuelling stations during the year ended 31 March 2023. As disclosed in the interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”), there was no sales of LPG for the six months ended 30 September 2023, comparing to the sales of approximately 1,000 tonnes of LPG for the corresponding period in 2022.

In November 2019, the Wuhan Municipal Government of the PRC promulgated the “Notice of the Municipal People’s Government on Promoting the Development of the New Energy Vehicle Industry” (《市人民政府關於促進新能源汽車產業發展若干政策的通知》), which aimed to (i) expedite the growth and development of new energy vehicle enterprises, (ii) bolster the promotion and application of new energy vehicles, and (iii) optimise the operational landscape for such vehicles. These pivotal objectives were further enacted by the “Implementation Plan for Promoting the Consumption of New Energy Vehicles in Wuhan City” (《武漢市促進新能源汽車消費工作方案》) (the “**Implementation Plan**”) issued by the Wuhan Municipal Commerce Bureau in June 2022. The key initiatives outlined in the Implementation Plan include, among others, expediting the deployment of new energy vehicles in the taxi and public transportation sectors and introducing subsidy schemes to incentivise the transition from conventional vehicles to new energy alternatives, with the ultimate goal of significantly enhancing the market penetration of new energy vehicles by 2022. As a result, the LPG distribution and logistics operation of the Disposal Group faced significant challenges given the progressive phase-out of LPG-powered vehicles in Wuhan. The shrinking market for LPG-powered vehicles has adversely affected and cast a bleak outlook on the LPG distribution and logistics business operation of the Disposal Group, eventually leading to the closure of the remaining two LPG automotive fuelling stations during the year ended 31 March 2023. As disclosed in the 2023 Interim Report, the Group has been evaluating its options to realise the LPG Storage Tank Farm in order to optimise the value of the LPG assets, following the closure of the remaining two LPG automotive fuelling stations.

In respect of the LNG business, under the development plan of Minsheng Gas to construct new LNG storage tanks and LNG berths catering for domestic residential, transportation and industrial demands, the LNG storage facilities of Minsheng Gas will be designated as a regional storage and trans-shipment hub

for LNG in Hubei Province, the PRC. It is estimated that the investment costs for the entire development plan would amount to approximately RMB4,000 million with a lengthy payback period for the infrastructure investment. Moreover, the profitability of the LNG project is subject to a number of uncertainties, *inter alia*, (i) the capability in securing a stable upstream supply of LNG at a competitive cost, while effectively navigating downstream markets and achieving a profitable selling price; (ii) the continuity of the current PRC national energy policy; and (iii) the government's approval for the exclusive usage and the construction of the LNG berth terminals along the shoreline of the Yangtze River in Wuhan.

Taking into account the aforementioned uncertainties and significant risks embedded in the LNG project, the Group had been taking a more cautious investment approach towards the development plan and had considered bringing in co-investors for the LNG project to share risks. In 2022, the Company had procured a state-owned enterprise controlled company listed on the Shenzhen Stock Exchange agreeing to capital injection into Minsheng Gas, which nonetheless did not materialise. Despite its diligent outreach to and extensive negotiation efforts with other prospective investors, the Company encountered challenges in securing co-investors due to their lackluster responses under the challenging operating environment of the LPG & LNG Businesses, save for the Purchaser who expressed its interests in acquiring the entire issued share capital of the Disposal Company.

In light of the above, the Company considers that the Disposal represents a good opportunity for the Company to relieve its pressure of substantial capital commitment for the LNG project and to divest from the underperforming LPG & LNG Businesses, thus mitigating potential losses while optimising the operational efficiency and investment return for the Group.

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

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Company ceased to hold any interest in the Disposal Company and the results, assets and liabilities of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

Based on (i) the Consideration; (ii) the adjusted unaudited consolidated net liabilities of the Disposal Group attributable to owners of the Company as at 31 January 2024 of approximately HK\$340 million; (iii) the Shareholder's Loan as at 31 January 2024 of approximately HK\$319 million; (iv) the related transaction costs and expenses of approximately HK\$0.5 million; and (v) the release of translation reserve surplus of approximately HK\$33 million, it is estimated that a

gain of approximately HK\$54.5 million will be recorded as a result of the Disposal. The actual financial effect in connection with the Disposal is subject to review and final audit by the Company's auditor.

The net proceeds of the Disposal (after deducting the transaction costs and expenses) of approximately HK\$0.5 million will be applied for general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 21 March 2024 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	board of Directors
“BVI”	the British Virgin Islands
“CNG”	compressed natural gas
“CNG Companies”	Minsheng Natural Gas and Wuhan Jieyuntong, which were transferred out of the Disposal Group to the Vendor's Group in January 2024
“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 of the Agreement
“Consideration”	the total consideration of HK\$1 million payable by the Purchaser to the Vendor for the Disposal pursuant to the Agreement

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Disposal Company”	Blue River Wuhan Port Limited, a company incorporated in the BVI with limited liability and, immediately prior to Completion, an indirect wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“LPG Facilities”	the facilities at the LPG Storage Tank Farm and a berth, including six LPG storage tanks of capacity of 2,000 cubic meters each, a LPG pipeline network and a barge for LPG unloading
“LPG Storage Tank Farm”	a plot of land, which is used as a LPG-storage tank farm with site area of 65,070.59 square meters located at Bai Hu Shan, Hua Shan Town, Hong Shan District, Wuhan alongside the Yangtze River in the PRC
“LPG & LNG Businesses”	development and operation of ports, infrastructure, gas distribution and logistics facilities regarding LPG and LNG carried out by Minsheng Gas

“Minsheng Gas”	Hubei Minsheng Liquefied Petroleum Gas Limited* (湖北民生石油液化氣有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Disposal Company
“Minsheng Natural Gas”	Hubei Minsheng Natural Gas Limited* (湖北民生天然氣有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Dawn Rainbow Limited, a company incorporated in Samoa with limited liability, which is wholly-owned by Mr. Xu Chenhao, who is a merchant, as at the date of this announcement
“PYI Min Sheng”	PYI Min Sheng Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Disposal Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the Shareholder’s Loan which has been assigned by the Vendor to the Purchaser as at Completion
“Sale Share”	the entire issued share capital of the Disposal Company, which was held by the Vendor immediately prior to Completion
“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)
“Shareholder’s Loan”	the entire amount of the shareholder’s loan owing by the Disposal Company to the Vendor amounting to approximately HK\$319 million immediately prior to Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Blue River Infrastructure Group Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Vendor’s Group”	the Vendor, its subsidiary (excluding the Disposal Group), any parent company of the Vendor and all other subsidiaries of any parent company of the Vendor including the CNG Companies
“Wuhan”	Wuhan City, Hubei Province, the PRC
“Wuhan Jieyuntong”	Wuhan Jieyuntong Logistics Limited* (武漢捷運通運輸有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

* For identification purposes only

By Order of the Board

Blue River Holdings Limited

HO Sze Nga

Company Secretary

Hong Kong, 21 March 2024

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

Executive Directors:

Benny KWONG (*Chairman and
Managing Director*)
AU Wai June

Independent Non-Executive Directors:

William GILES
YU Chung Leung
LAM John Cheung-wah