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EAGLE RIDE INVESTMENT HOLDINGS LIMITED

鷹力投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Eagle Ride Investment Holdings Limited (“**Eagle Ride**” or the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019 (the “**Year**”), together with the comparative figures for the year ended 31 December 2018 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Notes</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Revenue	(4)	–	660,685
Net loss on financial assets at fair value through profit or loss	(6)	(4,767,488)	(1,857,072)
Net other income, gains and losses	(4)	210,587	(1,440,946)
Administrative and other operating expenses		<u>(24,601,594)</u>	<u>(44,478,157)</u>
Loss from operations	(7)	(29,158,495)	(47,115,490)
Finance costs	(8)	<u>(14,515,341)</u>	<u>(6,152,200)</u>
Loss before tax		(43,673,836)	(53,267,690)
Income tax expense	(9)	<u>–</u>	<u>–</u>
Loss for the year and total comprehensive expenses attributable to owners of the Company		<u><u>(43,673,836)</u></u>	<u><u>(53,267,690)</u></u>
Loss per share			
Basic and diluted	(11)	<u><u>(0.024)</u></u>	<u><u>(0.030)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	<i>Notes</i>	2019 HK\$	2018 HK\$
Non-current assets			
Furniture, fixtures and equipment		–	1,513
Financial assets at fair value through profit or loss	(12)	10,906,777	16,540,214
Rental deposit	(13)	944,859	2,372,498
Right-of-use assets		8,788,249	–
		<u>20,639,885</u>	<u>18,914,225</u>
Current assets			
Other receivables, deposits and prepayments	(13)	417,053	882,335
Cash and bank balances		160,039	14,446,518
		<u>577,092</u>	<u>15,328,853</u>
Current liabilities			
Creditors and accrued expenses		8,078,346	2,969,696
Unsecured borrowings	(14)	27,480,024	21,977,858
Corporate bonds	(15)	12,313,303	–
Lease liabilities		3,646,789	–
		<u>51,518,462</u>	<u>24,947,554</u>
Net current liabilities		<u>(50,941,370)</u>	<u>(9,618,701)</u>
Total assets less current liabilities		<u>(30,301,485)</u>	<u>9,295,524</u>

	<i>Notes</i>	2019 HK\$	2018 HK\$
Non-current liabilities			
Unsecured borrowings	(14)	3,083,743	4,013,389
Corporate bonds	(15)	57,777,109	57,975,737
Lease liabilities		5,205,101	–
		<u>66,065,953</u>	<u>61,989,126</u>
NET LIABILITIES		<u>(96,367,438)</u>	<u>(52,693,602)</u>
Capital and reserves			
Share capital	(16)	22,544,485	22,544,485
Reserves		(118,911,923)	(75,238,087)
CAPITAL DEFICIENCY		<u>(96,367,438)</u>	<u>(52,693,602)</u>
Net liability value per share	(17)	<u>(0.0534)</u>	<u>(0.0292)</u>

NOTES:

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and its ultimate holding company is APAC Investment Holdings Limited (“**APAC**”) (incorporated in Samoa). Its ultimate controlling party is Mr. Hu Haisong (“**The Ultimate Controlling Party**”), who is a non-executive director of the Company. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong has changed from Room 4001, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong to Room 901, Sing Ho Finance Building, 166–168 Gloucester Road, Wan Chai, Hong Kong on 27 March 2020.

The Group is principally engaged in investment holdings and trading of financial assets at fair value through profit or loss (“**FVTPL**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. It is authorised for issue by the Board of Directors on 31 March 2020.

2. BASIS OF PREPARATION

Going Concern

For the year ended 31 December 2019, the Group incurred a net loss of approximately HK\$43,674,000 and net cash outflows from operating activities of approximately HK\$13,109,000. As at 31 December 2019, the Group recorded net current liabilities of approximately HK\$50,941,000 and net liabilities of approximately HK\$96,367,000.

In view of such circumstances, the Directors have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding borrowings and be able to finance its future working capital and finance requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- (i) In January 2020, the Company signed an extension agreement with a corporate bondholder to extend the maturity date of a corporate bond with the principal amount of HK\$10,000,000 from January 2020 to January 2022 and the interest rate will be revised from 6% per annum to 7% per annum effective from 29 January 2020;
- (ii) In March 2020, the Company entered into a loan agreement with an independent third party, which it agreed to provide an unsecured loan of HK\$20,000,000 with fixed interest rate of 10% per annum for a period of one year;
- (iii) The Ultimate Controlling Party has confirmed in writing that despite the term for the loans due to him is within twelve months, he will not demand repayment of the loans until the Group is financially viable to make the repayment and he will provide continuous financial support to the Group to meet its financial obligations; and
- (iv) The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary financing and achieve the abovementioned plans and measures. The Group's ability to continue as a going concern would depend upon (i) whether the Group is able to obtain new financial support, the attainability depends on the performance of the Group; (ii) whether the Group is able to control costs, contain capital expenditures and generate sufficient cash inflow, the attainability depends on the effectiveness of strategies implementation; and (iii) whether the Group is able to maintain a good and stable relationship with the existing lenders and bond holders to avoid any demand for repayment of those accrued facility loan interest fee and bonds interest fee, the attainability depends on negotiations with the relative lenders and bond holders.

These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of the above measures. The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the consolidated financial statements for the year ended 31 December 2019 have been prepared on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”):

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the above new and amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“**HKAS 17**”), and the related interpretations.

Definition of a lease

The Group has elected to apply a practical expedient as set out in HKFRS 16 to contracts that were previously identified as leases according to HKAS 17 or HK(IFRIC)- Int 4 Determining whether an Arrangement contains a Lease. As a result, the Group will not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application on 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	At 1 January 2019 HK\$
Lease liabilities	
Operating lease commitments disclosed as at 31 December 2018	1,800,469
Less:	
Recognition exemption — low value assets	(247,514)
Recognition exemption — short-term leases	(1,552,955)
	<hr/>
Lease liabilities as at 1 January 2019	—
	<hr/> <hr/>

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interests Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and assets acquisitions for which acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND NET OTHER INCOME, GAINS AND LOSSES

An analysis of revenue and net other income, gains and losses is as follows:

	2019 HK\$	2018 HK\$
Revenue:		
Bond interest income	–	660,685
Other income, gains and losses:		
Income from office sharing	240,000	760,000
Exchange loss, net	(867,970)	(305,908)
Interest income on rental deposit	85,925	–
Loss on write-off of furniture, fixture and equipment	–	(55,794)
Impairment loss on other receivable	–	(2,317,127)
Interest income	–	398,794
Sundry income	752,632	79,089
	210,587	(1,440,946)

5. SEGMENT INFORMATION

Business segments

During the years ended 31 December 2019 and 2018, the Group's revenue was mainly derived from dividend income and interest income. The directors of the Company consider that the Group only has single business segment, i.e. investment in financial assets at FVTPL. It is not considered meaningful to provide a business segment analysis of financial performance.

Geographical segments

The Group's segment assets, which represent furniture, fixtures and equipment, financial assets at FVTPL and cash and bank balance, and liabilities which represent unsecured borrowings and corporate bonds for the year, analysed by geographical markets, are as follows:

	Singapore <i>HK\$</i>	2019 Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	10,906,777	160,039	11,066,816
Unallocated assets			<u>10,150,161</u>
Total assets			<u><u>21,216,977</u></u>
Segment liabilities	–	100,654,179	100,654,179
Unallocated liabilities			<u>16,930,236</u>
Total liabilities			<u><u>117,584,415</u></u>
		2018	
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	16,540,214	14,448,031	30,988,245
Unallocated assets			<u>3,254,833</u>
Total assets			<u><u>34,243,078</u></u>
Segment liabilities	–	83,966,984	83,966,984
Unallocated liabilities			<u>2,969,696</u>
Total liabilities			<u><u>86,936,680</u></u>

6. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Realised gain on disposal of unlisted corporate bond	–	194,000
Unrealised loss arising from fair value changes of listed equity investments	–	(465,920)
Unrealised loss arising from fair value changes of unlisted equity investment	<u>(4,767,488)</u>	<u>(1,585,152)</u>
	<u>(4,767,488)</u>	<u>(1,857,072)</u>

7. LOSS FROM OPERATIONS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Loss from operations has been arrived at after charging (crediting):		
Auditor's remuneration	280,000	360,000
Investment management fee	2,220,000	2,220,000
Depreciation of furniture, fixtures and equipment	1,513	1,127,612
Depreciation of right-of-use assets	2,929,416	–
Exchange loss, net	867,970	305,908
Interest income on rental deposit	(85,925)	–
Loss on write-off of furniture, fixtures and equipment	–	55,794
Net loss on financial assets at FVTPL	4,767,488	1,857,072
Total minimum lease payments for leases previously classified as operating leases under HKAS 17 (<i>note</i>)	–	8,326,054
Lease payments for short-term leases and low value assets not included in the measurement of lease liabilities (<i>note</i>)	1,907,608	–
Directors' remuneration and staff costs		
— salaries, allowance and other benefits in kind	10,218,183	12,803,743
— contributions to MPF Scheme	102,895	184,167
	<u>102,895</u>	<u>184,167</u>

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

8. FINANCE COSTS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interests on:		
— Loans from a director	624,447	622,681
— Loan from a licensed money lending company	873,411	999,855
— Loans from third parties	6,270,617	1,301,610
— Corporate bonds (<i>note 15</i>)	5,839,059	3,228,054
	<u>13,607,534</u>	<u>6,152,200</u>
Imputed interest on:		
— Lease liabilities	907,807	—
	<u>14,515,341</u>	<u>6,152,200</u>

9. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Thus, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group did not have any assessable profits.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Loss before tax	<u>(43,673,836)</u>	<u>(53,267,690)</u>
Hong Kong Profits Tax calculated at the rate of 16.5% (2018: 16.5%)	(7,206,183)	(8,789,169)
Tax effect of expenses not deductible for tax purpose	1,992,459	3,747,711
Tax effect of income not taxable for tax purpose	—	(32,010)
Tax effect on temporary differences not recognised	(92,363)	(457,623)
Tax effect on tax losses not recognised	5,306,087	5,531,091
Income tax expense for the year	<u>—</u>	<u>—</u>

At the end of the reporting period, the Group has estimated unrecognised tax losses of approximately HK\$248,460,000 (2018: approximately HK\$216,302,000) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses do not have expiry date under the current tax legislation.

The Group had no material unprovided deferred tax liabilities at the end of the reporting period (2018: HK\$nil).

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the year (2018: HK\$nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	<u>43,673,836</u>	<u>53,267,690</u>
Number of shares		
Number of ordinary shares for the purpose of basic loss per share for both years	<u>1,803,558,784</u>	<u>1,803,558,784</u>

The diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding as at 31 December 2019 and 2018.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Non-current asset:		
Unlisted equity investment in overseas	<u>10,906,777</u>	<u>16,540,214</u>
Current assets:		
Equity investments listed in Hong Kong	<u>–</u>	<u>–</u>

No financial assets at FVTPL are pledged to the securities brokers (2018: HK\$nil).

The Group had the following investments:

At 31 December 2019

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount HK\$	Unrealised loss arising on revaluation HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$
Unlisted equity investments										
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	16,540,214	(4,767,488)	(865,949)	10,906,777	4,547,974	-
Listed equity investments										
(c)	Tech Pro Technology Development Limited	Cayman Islands	17,634,000	0.22%	-	-	-	-	-	-
(d)	State Energy Group International Assets Holdings Limited	Bermuda	896,000	0.12%	-	-	-	-	-	-
					-	-	-	-	-	-

At 31 December 2018

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount HK\$	Unrealised loss arising on revaluation HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$
Unlisted equity investments										
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	18,424,082	(1,585,152)	(298,716)	16,540,214	4,106,219	-
Unlisted corporate bond										
(b)	China Partners Consultancy Limited	Hong Kong	N/A	N/A	-	-	-	-	N/A	N/A
Listed equity investments										
(c)	Tech Pro Technology Development Limited	Cayman Islands	17,634,000	0.22%	-	-	-	-	2,088,589	-
(d)	State Energy Group International Assets Holdings Limited	Bermuda	896,000	0.12%	465,920	(465,920)	-	-	34,549	-
					465,920	(465,920)	-	-	-	-

Notes:

- (a) E-Com Holdings Pte. Ltd. (“**E-Com**”) is a private company incorporated in Singapore, which is principally engaged in the provision of Chinese e-learning platforms for primary school students in Singapore and other Asian regions. No dividend was declared or received during the year (2018: HK\$nil).

For the year ended 31 December 2019, the unaudited consolidated net profit was approximately S\$451,000 (equivalent to approximately HK\$2,162,000) (2018: unaudited consolidated net profit approximately S\$502,000, equivalent to approximately HK\$2,920,000). As at 31 December 2019, its unaudited consolidated net assets were approximately S\$3,313,000 (equivalent to approximately HK\$19,190,000) (2018: unaudited consolidated net assets approximately S\$3,014,000, equivalent to approximately HK\$17,326,000).

At the end of the reporting period, the Group held more than 20% of the effective shareholding interest in E-Com. The investment in E-Com was not accounted for as associate as the Group does not have any significant influence over the financial and operating policies in E-Com or participate in the policymaking processes. Accordingly, investment in E-Com has been designated upon initial recognition as a financial asset at FVTPL.

As at 31 December 2019 and 2018, the carrying amount of the Group’s interest in the shares of E-Com exceeded 10% of the total assets of the Group.

- (b) China Partners Consultancy Limited (“**CPC**”) is a private company incorporated in Hong Kong, which is principally engaged in the provision of consultancy services. The Group has redeemed the CPC’s corporate bond during the year ended 31 December 2018.
- (c) Tech Pro Technology Development Limited (“**Tech Pro**”) (Stock code: 3823) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange. It is principally engaged in the manufacturing and sale of LED lighting products and accessories, provision of energy efficiency projects, promotion and development of a professional football club, and provision of property leasing and sub-leasing services.

The Stock Exchange has suspended the trading of Tech Pro’s share since 9 November 2017. Also, the Stock Exchange announces that the listing of Tech Pro’s shares is cancelled with effect from 9:00 am on 2 March 2020. Therefore, it is considered that the market value is HK\$nil as at 31 December 2019 and 2018.

- (d) State Energy Group International Assets Holdings Limited (“**State En Assets**”) (Stock code: 918) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. It is principally engaged in the sourcing, marketing and selling of garments, and property investments.

Reference is made to the announcements of State En Assets dated (i) 11 and 15 June 2018 and 18 and 19 September 2018 in relation to the decision of the Listing Committee of HKEX to place State En Assets in the first delisting stage; (ii) 2 and 11 October 2018 and 3 and 13 December 2018 in relation to the Second Review by the Listing (Review) Committee; and (iii) the Stock Exchange decided the listing of State En Assets’ share is suspended since 1 February 2019 and remain suspended until this reporting date. Therefore, the market value of State En Assets is considered as HK\$nil as at 31 December 2019 and 2018.

The investments in listed and unlisted equity investment, and unlisted corporate bond at 31 December 2019 and 2018 were, upon initial recognition, recognised by the Group as financial assets at fair value through profit or loss. The financial assets at FVTPL which are managed and their performances evaluated on a fair value basis, in accordance with the Group's investment. Their performances are regularly reviewed by the key management personnel of the Group.

The fair value of unlisted equity investment was assessed by the directors of the Company with reference to the professional valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer.

The market value of listed equity investments were determined based on the quoted market bid prices available on the Stock Exchange at 31 December 2019 and 2018.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Notes</i>	2019 HK\$	2018 <i>HK\$</i>
Non-current asset			
Rental deposit		944,859	2,372,498
Current assets			
Other receivables	<i>(a)</i>	2,657,265	2,417,346
Less: Allowance for credit loss	<i>(b)</i>	(2,317,127)	(2,317,127)
		340,138	100,219
Rental and utility deposits		43,150	151,350
Prepaid services fee		33,765	630,766
		417,053	882,335

Notes:

- (a) Includes in the brokers' accounts of HK\$60,138 (2018: HK\$60,219) which is held by collateralised securitization vehicles in segregated deposit fund, and amounts of office sharing income of HK\$280,000 (2018: HK\$40,000) due from a related party, Fortune Legendary Asset Management Limited ("**Fortune Legendary**").
- (b) Other receivable due from Huge Profit of approximately HK\$2,317,000 has been impaired in the year ended 31 December 2019 and 2018.

14. UNSECURED BORROWINGS

	<i>Notes</i>	2019 HK\$	2018 <i>HK\$</i>
Current liabilities			
— Loans from a director	<i>a</i>	11,803,639	10,996,041
— Loan from a licensed money lending company	<i>b</i>	7,987,713	9,985,535
— Loans from third parties	<i>c</i>	7,688,672	996,282
		27,480,024	21,977,858
Non-current liability			
— Loans from third parties	<i>c</i>	3,083,743	4,013,389
		30,563,767	25,991,247

Notes:

(a) Loans from a director

The loans included loans advanced of approximately HK\$10,560,000 (2018: approximately HK\$10,377,000) and loan interest payable of approximately HK\$1,243,000 (2018: approximately HK\$619,000). The loans were obtained from a director, the Ultimate Controlling Party, on an unsecured basis, bearing fixed interest at 6% per annum and repayable within one year. The Ultimate Controlling Party will not demand repayment of the loans until the Group is financially viable to make the repayment.

(b) Loan from a licensed money lending company

The loan is due to an independent licensed money lending company, bearing fixed interest rate at 10% per annum for a term of one year. The effective interest rate is 11.23% (2018: 10.58%) per annum.

(c) Loans from third parties

The loans are due to independent third parties, bearing fixed interest rate at 6% to 16% (2018: 6% to 8%) per annum for terms of one to five years. The effective interest rate is in the range of 8.78% to 16% (2018: 8.78% to 12.16%) per annum.

15. CORPORATE BONDS

The corporate bonds (“**Bond(s)**”) recognised in the consolidated statement of financial position were calculated as follows:

	Unlisted bond (“Bond I”) HK\$	Unlisted bond (“Bond II”) HK\$	Unlisted bond (“Bond III”) HK\$	Unlisted bond (“Bond IV”) HK\$	Unlisted bond (“Bond V”) HK\$	Unlisted bond (“Bond VI”) HK\$	Unlisted bond (“Bond VII”) HK\$	Unlisted bond (“Bond VIII”) HK\$	Total HK\$
At 1 January 2018	10,413,669	2,454,906	8,932,028	9,647,080	-	-	-	-	31,447,683
Principal value of the Bonds on initial recognition	-	-	-	-	10,000,000	10,000,000	10,000,000	-	30,000,000
Direct transaction costs	(500,000)	-	-	-	(1,150,000)	(1,350,000)	(1,650,000)	-	(4,650,000)
	9,913,669	2,454,906	8,932,028	9,647,080	8,850,000	8,650,000	8,350,000	-	56,797,683
Effective interest expenses	765,317	266,787	951,029	832,134	184,773	176,686	51,328	-	3,228,054
Interest paid	(500,000)	(150,000)	(700,000)	(700,000)	-	-	-	-	(2,050,000)
At 31 December 2018 and 1 January 2019	10,178,986	2,571,693	9,183,057	9,779,214	9,034,773	8,826,686	8,401,328	-	57,975,737
Principal value of the Bond on initial recognition	-	-	-	-	-	-	-	10,000,000	10,000,000
Direct transaction costs	-	-	-	-	-	-	-	(1,650,000)	(1,650,000)
	10,178,986	2,571,693	9,183,057	9,779,214	9,034,773	8,826,686	8,401,328	8,350,000	66,325,737
Effective interest expenses	858,907	279,905	978,733	842,489	635,058	656,509	966,764	620,694	5,839,059
Interest paid	(600,000)	(74,384)	(700,000)	(700,000)	-	-	-	-	(2,074,384)
At 31 December 2019	10,437,893	2,777,214	9,461,790	9,921,703	9,669,831	9,483,195	9,368,092	8,970,694	70,090,412
Analysed as:									
Current	10,437,893	75,410	-	-	500,000	500,000	800,000	-	12,313,303
Non-current	-	2,701,804	9,461,790	9,921,703	9,169,831	8,983,195	8,568,092	8,970,694	57,777,109
Total	10,437,893	2,777,214	9,461,790	9,921,703	9,669,831	9,483,195	9,368,092	8,970,694	70,090,412

The effective interest rate of the Bond I, II, III, IV, V, VI, VII and VIII are 8.63%, 21.58%, 10.73%, 8.85%, 6.99%, 7.38%, 11.22% and 8.00% per annum respectively.

16. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0125 each	<i>HK\$</i>
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>80,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>1,803,558,784</u>	<u>22,544,485</u>

17. NET LIABILITY VALUE PER SHARE

As at 31 December 2019 and 2018, the net liability value per share of the Company were HK\$0.0534 and HK\$0.0292 respectively. The net liability value per share is calculated by dividing the net liabilities in the consolidated financial position of approximately HK\$96,367,000 (2018: approximately HK\$52,694,000) by the number of 1,803,558,784 (2018: 1,803,558,784) ordinary shares as at 31 December 2019.

18. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and office equipment which fall due as follows:

	Premises 2018 <i>HK\$</i>	Office equipment 2018 <i>HK\$</i>
Within one year	1,596,185	41,400
In the second to fifth years inclusive	<u>4,629</u>	<u>158,255</u>
	<u>1,600,814</u>	<u>199,655</u>

19. PLEDGE OF ASSETS

At the end of the reporting period, no margin facility (2018: HK\$nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of HK\$nil (2018: HK\$nil) were treated as collateral for the facilities granted.

20. RELATED PARTY DISCLOSURES

(a) Transactions

The Group had the following significant related party transactions during the year which were carried out in the normal course of the Group's business:

Name of related party	Nature of transaction	2019 HK\$	2018 HK\$
Fortune Legendary	Investment management fee	2,220,000	2,220,000
	Income from office sharing	(240,000)	(760,000)
The Ultimate Controlling Party	Loan interest expenses	<u>624,447</u>	<u>622,681</u>

(b) Balances

At the end of the reporting period, the amounts due from/(to) related parties are as follows:

Name of related party	Nature of balance	2019 HK\$	2018 HK\$
Fortune Legendary	Other receivables — Income from office sharing receivable	280,000	40,000
	Accrued expenses — Investment management fee payable	(925,000)	—
The Ultimate Controlling Party	Loans and interest incurred from a director	<u>(11,803,639)</u>	<u>(10,996,041)</u>

(c) **Compensation of key management personnel**

Remuneration for key management personnel, including amounts paid to the directors of the Company is as follows:

	2019	2018
	HK\$	HK\$
Directors' fee	5,025,000	4,870,484
Salaries, allowance and other benefits in kind	1,056,000	1,056,000
Discretionary bonuses	513,000	453,000
Contributions to MPF Scheme	18,000	18,000
	<u>6,612,000</u>	<u>6,397,484</u>

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2019, the following significant subsequent events took place:

- (a) In January 2020, the Company signed an extension agreement with a corporate bondholder to extend the maturity date of a corporate bond with the principal amount of HK\$10,000,000 from January 2020 to January 2022 and the interest rate will be revised from 6% per annum to 7% per annum effective from 29 January 2020;
- (b) In March 2020, the Company entered into a loan agreement with an independent third party, which it agreed to provide an unsecured loan of HK\$20,000,000 with fixed interest rate of 10% per annum for a period of one year; and
- (c) Since January 2020, the outbreak of Novel Coronavirus (“**COVID-19**”) has impact on the global business environment. Up to the date of these financial results, COVID-19 has not resulted in material impact to the Group. Pending on the development and spread of COVID-19 subsequent to the date of these financial results, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial results. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As explained in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately HK\$43,674,000 and had net cash outflow from operating activities of approximately HK\$13,109,000 during the year ended 31 December 2019. As at 31 December 2019, the Group had net current liabilities of approximately HK\$50,941,000 and net liabilities of approximately HK\$96,367,000.

As at 31 December 2019, the loan and related interest payment to an independent third party of approximately HK\$1,362,000 were not repaid in accordance with the terms of loan agreement, the facility interest payment of approximately HK\$5,839,000 were not repaid in accordance with the repayment schedule pursuant to the loan facility agreement, and the bond interest payment of approximately of HK\$1,875,000 relating to certain bonds of the Group of principal amount of HK\$33,000,000 were not repaid in accordance with the repayment schedules pursuant to the bond agreements. In addition, as at 31 December 2019, the Group recorded outstanding loans of approximately HK\$8,200,000 and bond of approximately HK\$10,000,000 which are due for repayment before 31 March 2020.

The directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcome of these measures, which are subject to the following uncertainties, including (i) whether the Group is able to obtain new financial support, the attainability depends on the performance of the Group; (ii) whether the Group is able to control costs, contain capital expenditures and generate sufficient cash inflow, the attainability depends on the effectiveness of strategies implementation; and (iii) whether the Group is able to maintain a good and stable relationship with the existing lenders and bond holders to avoid any action of demand immediate repayment of those accrued facility loan interest fee and bonds interest fee, the attainability depends on the outcome of negotiations with the relative lender and bond holders.

These facts and circumstances, along with other matters as described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Eagle Ride Investment Holdings Limited is an investment holding company. The Company's investment instruments are to be made in the form of equity securities or equity related securities or debt-related instruments in listed and unlisted companies. The investments normally are to be made in enterprises which are established within their respective fields. The Company may also seek to identify investments where there are synergies with other investee entities.

Year 2019 was a year full of challenges and uncertainties. The global financial markets were volatile and tainted by economic and political uncertainties. The Hong Kong's economy was hit by both internal factors and external shocks in 2019. The social unrest arising from the Extradition bill was regarded as the major cause for the economic downturn with a severe blow to the labor market.

The prospect of fading US policy support in 2020, together with escalation in the US-China trade conflict, the outbreak of the global virus and global growth concerns eventually took their toll on investor confidence. All these contributed to cautious sentiment among investors, and created a challenging market environment for the Company.

During the year ended 31 December 2019, the Company continued its investments in both listed and unlisted equity securities and other related financial assets. As at 31 December 2019, the Company's investment portfolio was diversified and across different business sectors including education and investment in securities.

BUSINESS REVIEW

At the end of the reporting period, the Company's investment performances were as follows:

1. net unrealised loss arising on fair value changes of unlisted equity investment was approximately HK\$4,767,000.

FINANCIAL REVIEW

The Company derived nil revenue as bond interest income for the year 2019 (2018: HK\$661,000). The net loss attributable to owners of the Company was approximately HK\$43,674,000, a decrease of approximately HK\$9,594,000 from the loss of approximately HK\$53,268,000 in the last financial year.

The decrease in loss position was mainly attributable to the decrease in administrative cost of approximately HK\$19,877,000 but offset by the increment of finance costs of approximately HK\$8,363,000.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group has cash and cash equivalents of approximately HK\$160,000 (2018: approximately HK\$14,447,000). The Company is fully aware of the financial position and financial performance of the reporting period. The Board are of the opinion that the Company will have sufficient financial resources to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period, after taking into consideration of the following:

1. In January 2020, the Company signed an extension agreement with a corporate bondholder to extend the maturity date of a corporate bond with the principal amount of HK\$10,000,000 from January 2020 to January 2022 and the interest rate will be revised from 6% per annum to 7% per annum effective from 29 January 2020;
2. In March 2020, the Company had obtained a loan from an independent third party at a principal amount of HK\$20,000,000 which is repayable within 12 months with no securities pledged nor guarantee and bearing fixed interest rate at 10% per annum;
3. Mr. Hu, the non-executive director and ultimate controlling shareholder of the Company, has confirmed in writing that despite the term for the loans due to him is within twelve months, he will not demand repayment of the loans until the Group is financially viable to make the repayment and he will provide continuous financial support to the Group to meet its financial obligations; and
4. The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary financing and achieve the abovementioned plans and measures. The Group's ability to continue as a going concern would depend upon (i) whether the Group is able to obtain new financial support, the attainability depends on the performance of the Group; (ii) whether the Group is able to control costs, contain capital expenditures and generate sufficient cash inflow, the attainability depends on the effectiveness of strategies implementation; and (iii) whether the Group is able to maintain a good and stable relationship with the existing lenders and bond holders to avoid any action of demand immediate repayment of those accrued facility loan interest fee and bonds interest fee, the attainability depends on the outcome of negotiations with the relative lender and bond holders.

These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of the above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the current year (2018: HK\$ nil).

GEARING RATIO

The gearing ratio (total borrowings/total assets) as at 31 December 2019 was 474.40% (2018: 245.21%).

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The directors of the Company actively and regularly reviews and manages the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, raise new debts or sells assets to reduce debt.

LITIGATION

No outstanding litigation as at 31 December 2019 was noted (2018: nil).

CONTINGENT LIABILITIES

As at 31 December 2019, the Company did not have any contingent liabilities (2018: nil).

PLEDGE OF ASSETS

At the end of the reporting period, no margin facility (2018: nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of approximately nil (2018: approximately nil) were treated as collateral for the facilities granted. No margin facility has been utilised by the Group at 31 December 2019 (2018: nil).

FOREIGN EXCHANGE RISK

The Company has foreign currency investments in financial assets, which expose it to foreign currency risk. The Group is mainly exposed to the effects of fluctuation of the US\$ and the S\$. As the HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rates between the HK\$ and the US\$ to be insignificant. Accordingly, their fluctuation is excluded from the sensitivity analysis. If the exchange rate of HK\$ against S\$ has been increased/decreased by 5% (2018: 5%), the Group's loss for the year would have been decreased/increased by approximately HK\$545,000 (2018: approximately HK\$827,000).

EMPLOYEES

As at 31 December 2019 the Group had 3 (2018: 9) employees. The total employees remuneration was approximately HK\$3,624,000 (2018: approximately HK\$6,424,000) for the current financial year. The Group's emolument policies are formulated based on the performance of individual employees and is reviewed regularly every year.

OUTLOOK

Looking forward into the Year of 2020, the operating environment for financial markets is expected to remain challenging. The outbreak of the global virus has adversely impact on the investment market and thus many economic and political uncertainties remain. Capital markets in 2020 are likely to be volatile.

The Company will continue to adopt and maintain a prudent investment approach to capture attractive investment opportunities as and when they arise. The Company will continue fully leveraging its strong market analytical capability and carefully identify the market trend through a flexible investment strategy to bring the maximum returns for all the shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles, code provisions and recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). During the year ended 31 December 2019, the Company has complied with all code provisions, and where applicable, certain recommended best practices set out in the CG Code except for code provisions A.5.1 and A.6.7 of the CG Code as explained below.

Following the resignation of Mr. Vichai Phaisalakani on 1 October 2019, (i) the number of the INEDs has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Board does not have at least one of its INEDs possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee, the number of members of the Audit Committee has fallen below the minimum number, and no INED who possesses appropriate qualifications or expertise has been appointed as a member of the Audit Committee as required under Rule 3.21 of the Listing Rules; (iv) the Remuneration Committee to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Rule 3.25 of the Listing Rules; and (v) the Nomination Committee to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Code Provision A.5.1 of the CG Code set out in Appendix 14 to the Listing Rules.

The Company should appoint sufficient number of INED and make appropriate appointment to the Audit Committee, the Remuneration Committee and the Nomination Committee within three months from 1 October 2019 pursuant to Rules 3.11, 3.23, 3.27 of the Listing Rules and Code Provision A.5.1 of the CG Code. On 17 January 2020, the Stock Exchange granted a waiver from strict compliance with Rule 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and an extension of time for a period of one month to 31 January 2020.

Following the appointment of Mr. Phaisalakani as an independent non-executive director, the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee on 23 January 2020, the Company fulfils the requirements under Rule 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

As at the date of this announcement, the Company has complied with Rule 3.10(1), Rule 3.10(2), and Rule 3.10A of the Listing Rules. The Company has appointed three independent non-executive Directors, one of whom possess the requisite appropriate professional qualifications or accounting or related financial management expertise. The Board confirmed that the independence and eligibility of the independent non-executive Directors are in compliance with the relevant requirements of the Listing Rules.

Under the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of members. All Directors are encouraged to attend the Company's general meetings and each Director makes every effort to attend. However, two independent non-executive Directors and three non-executive Directors were unable to attend the annual general meeting held on 5 June 2019 due to other personal engagements.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), as contained in Appendix 10 of the Listing Rules, as the required standard for the Directors to deal in the securities of the Company. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, the Company did not purchase, sell or redeem any of the Company’s own securities.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by HLM CPA Limited who will retire and eligible for re-election at the forthcoming annual general meeting.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee of the Company comprises three members and is currently consisting of two independent non-executive directors, namely, Mr. Vichai Phaisalakani and Mr. Wang Xianzhang, and one non-executive director, namely, Mr. Hu Haisong. Mr. Vichai Phaisalakani is the chairman of the Audit Committee. The consolidated financial statements of the Group for the Year had been reviewed, discussed and approved by the Audit Committee.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Company at www.eaglerideinvestment.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

By order of the Board
Eagle Ride Investment Holdings Limited
鷹力投資控股有限公司
Tung Shu Sun
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises eight Directors. The executive Director is Mr. Chan Yiu Pun, Clement; the non-executive Directors are Mr. Hu Haisong, Mr. Tung Shu Sun, Mr. Dang Yin Liang and Mr. Ding Shiguo; and the independent non-executive Directors are Mr. Gui Shengyue, Mr. Wang Xianzhang and Mr. Vichai Phaisalakani.