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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

#### **INTERIM RESULTS**

The board of Directors (the “**Board**”) of Eagle Ride Investment Holdings Limited 鷹力投資控股有限公司 (the “**Company**”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”), which have been reviewed by the Company’s audit committee and the auditor, are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2016*

	<b>(Unaudited)</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2016</b>	2015
<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
Revenue	–	–
Net unrealised gain arising on revaluation of financial assets designated as held for trading	<b>16,161,600</b>	9,500,400
Net unrealised gain (loss) arising on revaluation of financial assets designated as at fair value through profit or loss	<b>466,708</b>	(149,058)
Gain on disposal of a subsidiary (4)	<b>2,225,567</b>	–
Net other income, gains and losses	<b>992,990</b>	(485,369)
Administrative and other operating expenses	<u><b>(16,809,909)</b></u>	<u>(21,030,456)</u>
Profit (loss) from operations (5)	<b>3,036,956</b>	(12,164,483)
Finance costs (6)	<u><b>(2,532,030)</b></u>	<u>(568,408)</u>
Profit (loss) before tax	<b>504,926</b>	(12,732,891)
Income tax expense (7)	<u>–</u>	<u>–</u>
Profit (loss) for the period and total comprehensive income (expenses) attributable to owners of the Company	<u><b>504,926</b></u>	<u>(12,732,891)</u>
Profit (loss) per share		
Basic and diluted (9)	<u><b>HK\$0.03 cents</b></u>	<u>(HK\$0.85 cents)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*At 30 June 2016*

		(Unaudited) At 30 June 2016 HK\$	(Audited) At 31 December 2015 HK\$
	<i>Notes</i>		
<b>Non-current assets</b>			
Furniture, fixtures and equipment		3,147,695	3,801,953
Financial assets at fair value through profit or loss	(10)	26,417,529	25,055,044
Rental deposit		2,372,498	–
		<u>31,937,722</u>	<u>28,856,997</u>
<b>Current assets</b>			
Other receivables, deposits and prepayments		1,071,804	2,357,636
Financial assets at fair value through profit or loss	(10)	54,818,400	38,656,800
Cash and bank balances		17,993,287	145,520
		<u>73,883,491</u>	<u>41,159,956</u>
Assets classified as held for sale		–	24,930,413
		<u>73,883,491</u>	<u>66,090,369</u>
<b>Current liabilities</b>			
Creditors and accrued expenses		2,586,554	6,528,400
Deposit received in advance		–	8,155,980
Unsecured borrowings	(11)	10,070,459	–
Loans from a director	(12)	10,917,584	11,910,881
		<u>23,574,597</u>	<u>26,595,261</u>
<b>Net current assets</b>		<u>50,308,894</u>	<u>39,495,108</u>
<b>Total assets less current liabilities</b>		<u>82,246,616</u>	<u>68,352,105</u>
<b>Non-current liabilities</b>			
Unsecured borrowings	(11)	3,799,861	–
Corporate bonds	(13)	29,782,202	20,192,478
		<u>33,582,063</u>	<u>20,192,478</u>
<b>NET ASSETS</b>		<u><u>48,664,553</u></u>	<u><u>48,159,627</u></u>
<b>Capital and reserves</b>			
Share capital	(14)	18,750,735	18,750,735
Reserves		29,913,818	29,408,892
<b>TOTAL EQUITY</b>		<u><u>48,664,553</u></u>	<u><u>48,159,627</u></u>

**NOTES:**

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). It was authorised for issue on 31 August 2016.

The condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the Group’s audited financial statements for the year ended 31 December 2015, except for adoption of the new and revised Hong Kong Financial Reporting Standards (the “**HKFRSs**”) which are effective for the first time set out in Note 2 of the condensed consolidated financial statements.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since 31 December 2015. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the HKFRSs.

**Going concern**

At 30 June 2016, the Group recorded net current assets of approximately HK\$50,309,000 and net assets of approximately HK\$48,665,000, which included the unsecured borrowings of approximately HK\$10,070,000 and loans from Mr. Hu Haisong (“**Mr. Hu**”), the non-executive director and ultimate controlling shareholder of the Company, of approximately HK\$10,918,000, which are due for repayment within the next twelve months after the end of the reporting period.

Subsequent to the end of the reporting period, (i) the Group invested in a 2-year corporate bond in the principal amount of HK\$5,000,000 and; (ii) the fair value of financial assets designated as held for trading has dropped from approximately HK\$54,818,000 at the end of the reporting period to approximately HK\$5,351,000 at 30 August 2016, the latest practicable date before the issuance of the interim report. These events greatly impair the liquidity of the Group subsequent to the reporting date. If these events were taken into consideration, the Group would be reporting as net current liabilities of approximately HK\$4,158,000 and net liabilities of approximately HK\$802,000 on a proforma basis before the provision of operational expenses.

Accordingly, the above situation has given rise to a substantial uncertainty about the Group's ability to continue as a going concern as the Group will be unable to meet its liabilities in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or other sources.

In this regard, the directors of the Company have identified and/or implemented the following plans to alleviate the Group's going concern problem:

- Mr. Hu has confirmed 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;
- Subsequent to the end of the reporting period, the Group entered into a legally binding share placing agreement with a placing agent for the issue and allotment of a maximum of 300,000,000 shares at the price of HK\$0.255 per share on the best effort basis. Reference is made to the announcement of the Company dated 26 August 2016 in relation to the placing of new shares of the Company under general mandate; and
- The Group is taking measures to tighten cost controls over the administrative and other operating expenses.

After taking into account the above measures, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2016 on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts on a liquidation basis, to provide for any 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 these condensed consolidated financial statements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRS 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements

The application of the above amendments to HKFRSs in the current interim period has had no material impacts on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these interim financial statements:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>4</sup> Effective date yet to be determined.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have certain impact on the amounts reported in respect of the Group's financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company do not anticipate that the application of the other new or revised standards, amendments will have material impact on the condensed consolidated financial statements.

### **3. SEGMENT INFORMATION**

#### **Business segments**

During the periods ended 30 June 2016 and 2015, the Group's revenue and net profit (loss) mainly derived from the unrealised gain arising on revaluation of financial assets designated as held for trading and the unrealised gain (loss) arising on revaluation of financial assets designated as at fair value through profit or loss ("FVTPL"). The directors of the Company consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holdings only, it is not considered meaningful to provide a business segment analysis of operating gain (loss).

## Geographical segments

The Group's segment assets and liabilities which represent furniture, fixtures and equipment, financial assets at FVTPL, assets classified as held for sale, deposit received in advance, unsecured borrowings and corporate bonds for the period/year, analysed by geographical market, are as follows:

	(Unaudited)				
	At 30 June 2016				
	PRC (except Hong Kong) <i>HK\$</i>	Hong Kong <i>HK\$</i>	Singapore <i>HK\$</i>	United States of America <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	–	57,966,095	19,092,917	7,324,612	84,383,624
Unallocated assets					<u>21,437,589</u>
<b>Total assets</b>					<b><u>105,821,213</u></b>
Segment liabilities	–	43,652,522	–	–	43,652,522
Unallocated liabilities					<u>13,504,138</u>
<b>Total liabilities</b>					<b><u>57,156,660</u></b>
	(Audited)				
	At 31 December 2015				
	PRC (except Hong Kong) <i>HK\$</i>	Hong Kong <i>HK\$</i>	Singapore <i>HK\$</i>	United States of America <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	24,930,413	42,458,753	18,401,582	6,653,462	92,444,210
Unallocated assets					<u>2,503,156</u>
<b>Total assets</b>					<b><u>94,947,366</u></b>
Segment liabilities	–	28,348,458	–	–	28,348,458
Unallocated liabilities					<u>18,439,281</u>
<b>Total liabilities</b>					<b><u>46,787,739</u></b>

#### 4. GAIN ON DISPOSAL OF A SUBSIDIARY

The Group entered into a sale agreement in 2015 to dispose of its 100% equity interest in Clear Gold Limited (“Clear Gold”), a wholly-owned subsidiary which held one of the unlisted equity investments, at a consideration of US\$3,500,000 (equivalent to approximately HK\$27,156,000). The transaction was completed on 14 March 2016. The gain arising from the disposal of Clear Gold was calculated as follows:

	<i>HK\$</i>
<b>Net asset disposed of:</b>	
Financial assets at FVTPL	24,930,413
Gain on disposal of a subsidiary	<u>2,225,567</u>
Total consideration received in cash	<u><u>27,155,980</u></u>

#### 5. PROFIT (LOSS) FROM OPERATIONS

	<b>(Unaudited)</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2016</b>	2015
	<b><i>HK\$</i></b>	<i>HK\$</i>
Profit (loss) from operations has been arrived at after charging (crediting):		
Investment management fee	<b>831,690</b>	1,108,642
Depreciation of furniture, fixtures and equipment	<b>654,258</b>	663,280
Net exchange (gain) loss	<b>(896,007)</b>	485,799
Net unrealised gain arising on revaluation of financial assets designated as held for trading	<b>(16,161,600)</b>	(9,500,400)
Net unrealised (gain) loss arising on revaluation of financial assets designated as at FVTPL	<b>(466,708)</b>	149,058
Gain on disposal of a subsidiary	<b>(2,225,567)</b>	–
Operating lease rentals in respect of:		
– office equipment	<b>20,832</b>	19,840
– office premises	<b>4,053,185</b>	4,104,565
Directors’ remuneration and staff costs:		
– salaries, allowance and other benefits in kind	<b>6,590,815</b>	7,974,362
– contributions to MPF scheme	<b>104,885</b>	137,945
	<u><b>104,885</b></u>	<u>137,945</u>

## 6. FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$</b>	<b>HK\$</b>
Interest on:		
Loans from a director		
–wholly repayable within one year	<b>347,602</b>	128,592
Short-term unsecured borrowings		
–wholly repayable within one year	<b>870,459</b>	–
Long-term unsecured borrowings		
–wholly repayable within five years	<b>99,861</b>	–
Corporate bonds ( <i>Note 13</i> )		
–wholly repayable within five years	<b>471,121</b>	373,253
–not wholly repayable within five years	<b>742,987</b>	66,563
	<b>2,532,030</b>	568,408

## 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2016 and 2015 as the Group did not have any assessable profits.

## 8. DIVIDEND

No dividend was paid, declared or proposed for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$nil).

## 9. PROFIT (LOSS) PER SHARE

The calculation of the basic profit (loss) per share is based on the profit for the period HK\$504,926 (six months ended 30 June 2015: loss HK\$12,732,891) and the number of ordinary shares of 1,500,058,784 (six months ended 30 June 2015: 1,500,058,784) in issue at the end of the reporting period.

The amounts of diluted profit (loss) per share are the same as basic profit (loss) per share as there were no potential ordinary shares outstanding for the six months ended 30 June 2016 and 2015.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) At 30 June 2016 HK\$	(Audited) At 31 December 2015 HK\$
<b>Non-current asset</b>		
Financial assets designated as at FVTPL		
– Unlisted equity investments	<u>26,417,529</u>	<u>25,055,044</u>
<b>Current asset</b>		
Financial assets designated as held for trading		
– Equity investment listed in Hong Kong	<u>54,818,400</u>	<u>38,656,800</u>

The total carrying amount of the financial assets designated as held for trading pledged to the securities broker was approximately HK\$54,818,000 (31 December 2015: approximately HK\$38,657,000).

The Group had the following equity investments:

### At 30 June 2016 (Unaudited)

Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount HK\$	Unrealised (loss) gain arising on revaluation HK\$	Exchange gain HK\$	Fair value/ market value HK\$
<u>Unlisted equity investments</u>							
E-Com Holdings Pte. Ltd. ("E-Com")	Singapore	1,259,607	23.70%	18,401,582	(197,887)	889,222	19,092,917
Vaca Energy, LLC ("Vaca")	United States of America	1,322,843	6.33%	6,653,462	664,595	6,555	7,324,612
<u>Listed equity investment</u>							
Tech Pro Technology Development Limited ("Tech Pro")	Cayman Islands	21,840,000	0.33%	38,656,800	16,161,600	–	54,818,400

At 31 December 2015 (Audited)

Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount	Unrealised	Exchange loss	Fair value/ market value
					(loss) gain arising on revaluation		
				HK\$	HK\$	HK\$	HK\$
<b>Unlisted equity investments</b>							
E-Com	Singapore	1,259,607	23.70%	27,073,124	(7,092,423)	(1,579,119)	18,401,582
Vaca	United States of America	1,322,843	6.33%	23,575,462	(16,902,921)	(19,079)	6,653,462
<b>Listed equity investment</b>							
Tech Pro	Cayman Islands	21,840,000	0.33%	33,306,000	5,350,800	–	38,656,800

The fair value of unlisted equity investments were determined 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 fair value of listed equity investment was determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at the end of the reporting period.

## 11. UNSECURED BORROWINGS

		(Unaudited) At 30 June 2016 HK\$	(Audited) At 31 December 2015 HK\$
	<i>Notes</i>		
<b>Current liability</b>			
Loan from a licensed money lending company, unsecured	(a)	<b>10,070,459</b>	–
<b>Non-current liability</b>			
Loan from a third party, unsecured	(b)	<b>3,799,861</b>	–

*Notes:*

### (a) Loan from a licensed money lending company, unsecured

The loan is due to an independent licensed money lending company at a principal amount of HK\$10,000,000, net transaction cost of HK\$800,000, bearing fixed interest rate at 10% per annum for a term of one year. The effective interest rate is 18.00% per annum.

### (b) Loan from a third party, unsecured

The loan is due to an independent third party at a principal amount of HK\$4,000,000, net transaction cost of HK\$300,000, bearing fixed interest rate at 8% per annum for a term of four years. The effective interest rate is 11.01% per annum.

## 12. LOANS FROM A DIRECTOR

	(Unaudited) At 30 June 2016 HK\$	(Audited) At 31 December 2015 HK\$
Loans advanced	10,590,721	11,593,184
Loan interest payable	<u>326,863</u>	<u>317,697</u>
	<u><b>10,917,584</b></u>	<u><b>11,910,881</b></u>

The loans obtained from a director were unsecured, bearing fixed interest rate at 6% per annum and repayable within one year.

The directors of the Company consider that the carrying amounts approximate to their fair values.

## 13. CORPORATE BONDS

The corporate bonds recognised in the condensed consolidated statements of financial position were calculated as follows:

	<i>HK\$</i>
At 1 January 2015	–
Issue of bonds, net of transaction cost	18,835,000
Effective interest expenses	1,433,094
Interest paid	<u>(75,616)</u>
At 31 December 2015 and 1 January 2016 (audited)	20,192,478
Issue of bonds, net of transaction cost	8,950,000
Effective interest expenses ( <i>Note 6</i> )	1,214,108
Interest paid	<u>(574,384)</u>
<b>At 30 June 2016 (unaudited)</b>	<u><b>29,782,202</b></u>

For the period ended 30 June 2016, the Group has issued a 7-year corporate bond, with principal amount, net of direct expenses, of HK\$8,950,000 to an independent third party, which will be due in April 2023. The corporate bond is unsecured and carries interest at fixed rate of 7% per annum with interest payable annually. The effective interest rate of the corporate bond is 8.85% per annum.

For the period ended 31 December 2015, the Company had issued 3-year to 7-year corporate bonds with aggregate principal amounts, net of direct expenses, of HK\$18,835,000 to certain independent third parties, which will be due in January 2018, March 2022 and July 2022. These corporate bonds are unsecured and carry interest at fixed rates of 5% to 7% per annum with interest payable semi-annually or annually. The effective interest rate of these corporate bonds range from 10.43% to 21.58% per annum.

The Company has the right to redeem the outstanding principal amount, in whole or in part, of three corporate bonds at any time before the maturity date (the “**Redemption Rights**”) with at least 5 clear business days written notice, but the bondholders have no right to require the Group to redeem bond before the maturity date.

The Redemption Rights are regarded as embedded derivatives in the host contract. The Redemption Rights are not recognised in the condensed consolidated financial statements since the directors of the Company consider that the probability of exercise of the Redemption Rights are remote. The directors of the Company have assessed the fair values of the Redemption Rights at initial recognition with reference to the professional valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer, and consider that the fair values were insignificant. Accordingly, the fair values of the Redemption Rights were not accounted for in the consolidated financial statements at 30 June 2016 and 31 December 2015.

#### 14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0125 each	HK\$
<b>Authorised:</b>		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	<u>80,000,000,000</u>	<u>1,000,000,000</u>
	Number of ordinary shares of HK\$0.0125 each	HK\$
<b>Issued and fully paid:</b>		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	<u>1,500,058,784</u>	<u>18,750,735</u>

During the period, there was no movement in the Company’s share capital.

## 15. RELATED PARTY DISCLOSURES

### (a) Transactions

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

Name of related party	Nature of transaction	(Unaudited)	
		For the six months ended 30 June	
		2016	2015
		HK\$	HK\$
Blue Star Asset Management Limited ("Blue Star")	Investment management fee	831,690	1,108,642
Mr. Hu	Loan interest expenses	347,602	128,592
Ms. Li Yunshan	Consultancy fee	—	480,000

### (b) Balances

Name of related party	Nature of balance	(Unaudited)	(Audited)
		At 30 June	At 31 December
		2016	2015
		HK\$	HK\$
Blue Star	Accrued investment management fee	247,401	1,280,900
Mr. Hu	Loans from a director	10,917,584	11,910,881

## 16. COMMITMENTS

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

	Office equipment		Office premises	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	At	At	At	At
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
Within one year	42,336	42,000	8,374,118	3,418,285
In the second to fifth years inclusive	63,504	84,672	15,932,100	4,371
	<u>105,840</u>	<u>126,672</u>	<u>24,306,218</u>	<u>3,422,656</u>

## 17. PLEDGE OF ASSETS

At 30 June 2016, margin facility of approximately HK\$27,409,000 (31 December 2015: approximately HK\$19,328,000) from a regulated securities broker was granted to the Group under which financial assets at FVTPL with market value of approximately HK\$54,818,000 (31 December 2015: approximately HK\$38,657,000) were pledged as collateral for the facilities granted. No margin facility was utilised by the Group at 30 June 2016 (31 December 2015: nil).

## 18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

- (a) On 11 July 2016, the Group invested in a corporate bond issued by an independent private company in the principal amount of HK\$5,000,000, carrying a fixed interest rate of 14% per annum and for a period of 2 years effective from 11 July 2016; and
- (b) On 26 August 2016, the Group entered into a legally binding share placing agreement with a placing agent for issue and allotment of a maximum of 300,000,000 shares at the price of HK\$0.255 per share on the best effort basis. Reference is made to the announcement of the Company dated 26 August 2016 in relation to the placing of new shares of the Company under general mandate.

## 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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 engaged in, but not limited to, the oil sector.

At 30 June 2016, the Group's investment portfolio was diversified and comprised of different sectors of business including education, oil field and investment in securities. The total assets of the Group were approximately HK\$105,821,000 of which non-current portion and current portion were approximately HK\$31,938,000 and HK\$73,883,000 respectively.

The current liabilities of the Group at 30 June 2016 were approximately HK\$23,575,000 which consisted of approximately HK\$2,587,000 accrual for the administrative and other operating expenses; approximately HK\$10,070,000 unsecured borrowings; and approximately HK\$10,918,000 loans from a director. The net assets of the Group at 30 June 2016 were approximately HK\$48,665,000.

For the period ended 30 June 2016, the Group achieved that the net unrealised gain arising on revaluation of financial assets as held for trading was increased by approximately 70% compared to the last reporting period ended 30 June 2015. Furthermore, the Company has a net gain of approximately HK\$505,000 during the period compared to net loss of approximately HK\$12,733,000 in the last reporting period ended 30 June 2015.

With the extensive management experience and solid investment record, as well as the wide network of the board members and partners, the Group continues to bring value to the Company and all of its shareholders.

## Financial Review

During the reporting period ended, the Company's investment performances were as follows:

1. Net unrealised gain arising on revaluation of financial assets designated as held for trading was approximately HK\$16,162,000 or 70% increment compared to the last reporting period ended 30 June 2015;
2. Net unrealised gain arising on revaluation of financial assets designated as at FVTPL was approximately HK\$467,000 or 413% increment compared to the last reporting period ended 30 June 2015; and
3. Gain on disposal of a subsidiary which holds one unlisted equity investment was approximately HK\$2,226,000.

For the period ended 30 June 2016, the net profit attributable to owners of the Company was approximately HK\$505,000, improvement of approximately HK\$13,238,000 from the loss of approximately HK\$12,733,000 in the last corresponding period. The improvement was mainly due to the increase of unrealised gain on the financial assets designated for trading which amounted at approximately HK\$6,661,000 and the decrease in administrative and other operating expenses which amounted at approximately HK\$4,221,000.

At 30 June 2016, the Group recorded net current assets of approximately HK\$50,309,000 and net assets of approximately HK\$48,665,000, which included unsecured borrowings of approximately HK\$10,070,000 and loans from a director of approximately HK\$10,918,000, which were due for repayment within the next twelve months after 30 June 2016. The fair value of financial assets designated as held for trading is dropped from approximately HK\$54,818,000 at the end of the reporting period to approximately HK\$5,351,000 at 30 August 2016, the latest practicable date before the issuance of the interim report, which the Group would suffer an unrealised loss of approximately HK\$49,467,000 and resulted in net current liabilities and net liabilities position on a proforma basis before the provision of operational expenses. The Group is fully aware of the financial position and several measurements have been carried out to improve the Company's liquidity. The measurements are as follows:

1. Mr. Hu has confirmed 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;

2. Subsequent to the end of the reporting period, the Group entered into a legally binding share placing agreement with a placing agent for the issue and allotment of a maximum of 300,000,000 shares at the price of HK\$0.255 per share on the best effort basis. Reference is made to the announcement of the Company dated 26 August 2016 in relation to the placing of new shares of the Company under general mandate; and
3. The Group is taking measures to tighten cost controls over the administrative and other operating expenses.

After taking into account the above measures, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2016 on a going concern basis.

At 30 June 2016, margin facility of approximately HK\$27,409,000 (31 December 2015: approximately HK\$19,328,000) from a regulated securities broker was granted to the Group under which financial assets at FVTPL with market value of approximately HK\$54,818,000 (31 December 2015: approximately HK\$38,657,000) were pledged as collateral for the facilities granted. No margin facility was utilised by the Group at 30 June 2016 (31 December 2015: nil).

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. The Board believes that the foreign exchange risk is minimal.

### **Dividends**

The Board does not recommend the payment of an interim dividend for the period (six months ended 30 June 2015: HK\$nil).

### **Gearing Ratio**

The gearing ratio (total borrowings/total assets) was 51.57% (31 December 2015: 33.81%).

## **Litigation**

No outstanding litigation at 30 June 2016 was noted (31 December 2015: nil).

## **Contingent Liabilities**

At 30 June 2016, the Group did not have any contingent liabilities (31 December 2015: nil).

## **Employees**

At 30 June 2016, the Group has employed 13 employees, including one Executive Director and had no major changes in the information related to human resources as stated in its 2015 Annual Report.

## **OUTLOOK**

Looking ahead, the investment market is expected to remain challenging in the second half of 2016. In spite of this, the Group will continue to adopt and maintain a prudent investment approach to capture attractive investment opportunities as and when they arise. The Group 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 Period, the Company has complied with all code provisions, and where applicable, certain recommended best practices set out in the CG Code except for code provision A.6.7 of the CG Code as explained below.

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, one independent non-executive Director and two non-executive Directors were unable to attend the annual general meeting held on 26 May 2016 due to other personal engagements.

The Board recognises its responsibility for maintaining a sound and effective system of internal control to safeguard the shareholders' investment and the Company's assets, and for reviewing its effectiveness. The Company has appointed an independent professional as an internal audit and to report directly to the Audit Committee on a semi-annually basis.

## **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 of the Company to deal in the securities of the Company. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The interim financial information of the Group for the Period is unaudited, but has been reviewed by HLM CPA Limited, the Company's independent auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial information has also been reviewed by the Company's Audit Committee.

Below is extracted from the auditor's review report:

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Emphasis of Matter**

Without qualifying our review conclusion, we draw your attention to Note 1 of the condensed consolidated financial statements regarding the going concern issue of the Group.

As indicated in Note 1 of the condensed consolidated financial statements, after taking into account of the Group's investment in a 2-year corporate bond and the significant unrealised loss arising on revaluation of financial assets designated as held for trading on a proforma basis before the provision of operational expenses. The Group's financial position would change from net current assets of approximately HK\$50,309,000 to net current liabilities of approximately HK\$4,158,000 and the net assets of approximately HK\$48,665,000 would become net liabilities of approximately HK\$802,000.

These conditions, along with other matters as set forth in Note 1 of the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The condensed consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to implement the plans to generate sufficient net cash inflows from future operations and/or other sources as indicated in Note 1 of the condensed consolidated financial statements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts on a liquidation basis, to provide for any 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 these condensed consolidated financial statements.

## **PUBLICATION OF RESULTS AND INTERIM REPORT**

This results announcement is published on the website of the Company at [www.eaglerideinvestment.com](http://www.eaglerideinvestment.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim 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 August 2016

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