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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)

CONTINUING CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE NEW INVESTMENT
MANAGEMENT AGREEMENT

Reference is made to the announcement of Eagle Ride Investment Holdings Limited (the “**Company**”) dated 8 December 2016 (the “**Announcement**”) in relation to, among other matters, the Company’s entering into the New Investment Management Agreement with Blue Star to renew the appointment of Blue Star as the Company’s investment manager for the Management Period. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

On 5 July 2017, the Company entered into the Supplemental Agreement with Blue Star to revise the remuneration payable to Blue Star and the Annual Caps thereunder the New Investment Management Agreement. The Supplemental Agreement shall be effective from the Effective Date.

Blue Star, as the investment manager of the Company, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules, as such, the transaction contemplated by the Supplemental Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios are less than 25% and the aggregate amount of the proposed annual caps are less than HK\$10 million, the transaction contemplated under the Supplemental Agreement is subject to reporting and announcement requirements, and is exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

CONTINUING CONNECTED TRANSACTION – SUPPLEMENTAL AGREEMENT TO THE NEW INVESTMENT MANAGEMENT AGREEMENT

Background

Reference is made to the announcement of Eagle Ride Investment Holdings Limited (the “**Company**”) dated 8 December 2016 (the “**Announcement**”) in relation to, among other matters, the Company’s entering into the New Investment Management Agreement with Blue Star to renew the appointment of Blue Star as the Company’s investment manager for the Management Period. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

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Principal terms of the Supplemental Agreement

The principal terms of the Supplemental Agreement are summarised as below:

Duration:

From the Effective Date until 31 December 2019

Remuneration:

Under the Supplemental Agreement, the Investment Manager will be entitled to:

(a) *Management fee:*

A monthly management fee of HK\$185,000 shall be paid by the Company in arrears on or before the seventh Business Day of the month immediately following the month in which the monthly management fee is accrued.

(b) *Performance fee:*

An annual performance fee is calculated at the rate of 20% per annum (being “C”, as defined below) of any net appreciation in the Net Asset Value (being “A”, as defined below) at the relevant Performance Fee Valuation Date above 115% the High Watermark (being “B”, as defined below), and payable by the Company in Hong Kong dollars in arrears on or before the seventh Business Day of the month immediately following the date of issue of the audited account of the Group for the relevant year. For the avoidance of doubt, the Investment Manager shall be entitled to a performance fee if and only if “A” in the formula exceeds the High Watermark “B”. The formula is as follows:

$$(A - B \times 115\%) \times C$$

where:

“A” is the Net Asset Value, calculated on the relevant Performance Fee Valuation Date, after the deduction of the management fee, but before the deduction of the provision for the performance fee, if any, during the relevant period. For avoidance of doubt, in calculating the performance fee, only net appreciation in the Net Asset Value resulting from the performance of the Company’s investment portfolio managed by the Investment Manager will be included. Therefore, any net increase in the Net Asset Value as a result of any fund raising activities of the Company in the relevant year will be excluded in calculating the net appreciation in the Net Asset Value.

“B” is a benchmark Net Asset Value (the “**High Watermark**”), which is the greater of: (i) if a performance fee has been paid, the previous highest Net Asset Value (after the deduction of all fees including management fee and performance fee paid in the relevant year) on any preceding Performance Fee Valuation Date in respect of which the

Investment Manager was entitled to a performance fee; or (ii) if no performance fee has been paid, the Net Asset Value on the Renewal Date of the New Investment Management Agreement; or (iii) the value for “A” as at any preceding Performance Fee Valuation Date in relation to which a performance fee was calculated after deduction of all fees including management fee and performance fee paid in the relevant year and taking into account the result of any capital reorganisation activities of the Company in the relevant year.

“C” is the rate of performance fee at 20% per annum or, such other percentage figure as agreed from time to time between the Board and the Investment Manager and (subject to any approval required under the Listing Rules).

Given the calculation of the performance fee excludes any net increase in the Net Asset Value as a result of any fund raising activities of the Company in the relevant year and takes into consideration the High Watermark, the Board considers such calculation basis it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) considers that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, for the reasons that (i) the terms of the Supplemental Agreement were arrived at after arm’s length negotiation between the Company and the Investment Manager; and (ii) the structure and level of fees under the Supplemental Agreement are generally in line with market practice.

Annual Caps

The following table sets out the details the Annual Caps that applicable to the Supplemental Agreement for a period from the Effective Date to 31 December 2019:

	Management fee	Performance fee	Annual Caps
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
For the year ending 31 December 2017	1,110	447	1,557
For the year ending 31 December 2018	2,220	997	3,217
For the year ending 31 December 2019	2,220	1,296	3,516

The computation basis of the proposed Annual Caps is determined with reference to the following factors:

- (i) an approximate of 20% increase in the issued share capital of the Company in each of the Financial Year 2017, 2018 and 2019 as additional capital for investments; and
- (ii) an estimated annual growth of 30% of Net Asset Value in each of the Financial Year 2017, 2018 and 2019.

The Directors further consider that the investment return may be affected by a number of factors, such as the returns and volatilities of the financial markets and individual investment, and is therefore of the view that the performance of the Company's future Net Asset Value would be difficult to estimate and may vary significantly due to unexpected fluctuations of the financial markets.

Reasons for and the benefits of entering into the Supplemental Agreement

The Company is an investment company under Chapter 21 of the Listing Rules and principally engaged in direct investments in listed and unlisted companies.

The Investment Manager is a licensed corporation permitted to carry out the regulated activity of asset management under the SFO. In view of the satisfactory performance of Blue Star, the Board has decided to revise the remuneration payable to Blue Star as the Investment Manager under the New Investment Management Agreement, after taking into consideration, including but without limitation, to the following factors:

- the Investment Manager's possession of the required professional qualifications, expertise and experience in providing the investment management services;
- the Investment Manager's ability to introduce new investment opportunities and potential investors to the Company and assist the Company in managing its assets to pursue the Company's investment strategy;
- the satisfactory business relationship established between the Investment Manager and the Company;

- the terms and conditions of the Supplemental Agreement proposed to be entered into between the Company and the Investment Manager were negotiated on an arm's length basis and are on normal commercial terms that are fair and reasonable; and
- the Annual Caps are fair and reasonable.

Having considered the above factors, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Supplemental Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole to enter into the Supplemental Agreement.

Implications under the Listing Rules

The Investment Manager is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. The provision of investment management services by the Investment Manager to the Company under the Supplemental Agreement therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable Percentage Ratios for the transactions contemplated under the Supplemental Agreement are less than 25% and the aggregate amount of the Annual Caps is expected to be less than HK\$10,000,000, the transaction contemplated under the Supplemental Agreement is subject to the reporting and announcement requirements, and is exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Save as disclosed in this announcement, to the best knowledge, information and belief of the Directors, none of the Directors has a material interest in the entering into of the Supplemental Agreement and the transactions contemplated thereunder.

INFORMATION OF THE COMPANY

The Company is an investment company principally engaged in direct investments in listed and unlisted companies. The Company's investment objective is to (i) achieve short to medium term (i.e. less than one year to five years) and long term (i.e. more than five years) capital appreciation; and (ii) generate income from interests, dividends and realise the investments, by investing in listed and unlisted companies/business/entities established and/or conducting business in the United States of America, Hong Kong, the PRC, or any other countries. The Company's investment instruments will be made in the form of equity securities or equity-related securities or debt-related instruments in listed and unlisted companies engaged in, including but not limited to other industries, the oil sector. The investments will normally be made in enterprises which are established in their respective fields. The Company may also seek to identify investments where there is a certain degree of synergy with other investee entities.

INFORMATION OF THE INVESTMENT MANAGER

Blue Star was incorporated with limited liability in Hong Kong and has been licensed since August 2012 under the SFO. It is principally engaged in the business of the provision of asset management services and is a licensed corporation (CE No.: AZL510) permitted to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Annual Cap(s)”	the annual maximum amount of the fees payable by the Company to Blue Star under the Supplemental Agreement for the period from Effective Date to 31 December 2019
“Articles”	the articles of association of the Company, as amended from time to time

“associate”	the meaning ascribed to it under the Listing Rules
“Blue Star” or “Investment Manager”	Blue Star Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO permitted to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities within the meaning of the SFO
“Board”	the board of Directors
“Business Day”	a day (other than Saturday) on which banks in Hong Kong are generally open for business
“Company”	Eagle Ride Investment Holdings Limited
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Day”	5 July 2017
“Financial Year”	the financial year of the Company, being the period of twelve months from 1 January to 31 December, or as otherwise determined by the Board
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Period”	the period from the 1 January 2017 to 31 December 2019

“New Investment Management Agreement”	the new investment management agreement dated 8 December 2016 entered into between the Company and the Investment Manager for a period from the 1 January 2017 to 31 December 2019
“Net Asset Value”	the consolidated net asset value of the Company calculated in accordance with the provisions of the Articles
“Percentage Ratio(s)”	the applicable percentage ratio(s) (other than the profits ratio and equity capital ratio) under Rule 14.07 of the Listing Rules
“Performance Fee Valuation Date”	the last Business Day of each financial year of the Company, being 31 December of each year
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 5 July 2017 entered into between the Company and the Investment Manager to revise the remuneration payable to the Investment Manager and the Annual Caps under the New Investment Management Agreement

“Valuation Date”	the last dealing day of the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the Board for the purpose of calculating the Net Asset Value
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 5 July 2017

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.