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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)

PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Placing Agent



PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 10 September 2020 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent had agreed to procure subscriptions for, the Convertible Bonds on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six Places to subscribe for the Convertible Bonds in the principal amount of up to HK\$100,000,000.

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.3 per Conversion Share, a maximum of 333,320,000 new Shares will be allotted and issued by the Company, representing (i) approximately 18.48% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 15.60% of the total number of issued Shares as enlarged by the issue of 333,320,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the gross proceeds from the CB Placing will be approximately HK\$100,000,000 and the Company intends to use the net proceeds of approximately HK\$98,000,000 from the CB Placing for (i) repayment of borrowings as to approximately HK\$38,000,000 and (ii) general working capital as to approximately HK\$60,000,000.

GENERAL

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The EGM will be convened for the purpose of considering and, if thought fit, approving the CB Placing Agreement and the transaction contemplated thereunder, including issue of the Convertible Bonds, allotment and issue of the Conversion Shares, and grant of the Specific Mandate. A circular containing, among other things, (i) further details of the CB Placing; and (ii) a notice convening the EGM, will be dispatched to the Shareholders in due course.

Shareholders and potential investors of the Company should note that the CB Placing is subject to the fulfilment of the conditions precedent under the CB Placing Agreement. As the CB Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 10 September 2020 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent had agreed to procure subscriptions for, the Convertible Bonds on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six Placées to subscribe for the Convertible Bonds in the principal amount of up to HK\$100,000,000.

THE CB PLACING AGREEMENT

Date

10 September 2020 (after trading hours)

Issuer

The Company

Placing Agent

Glory Sun Securities Limited, being an Independent Third Party.

The Placing Agent will charge the Company a placing commission equivalent to 1% of the aggregate subscription monies for the Convertible Bonds placed plus any other reasonable out-of-pocket expenses incurred by the Placing Agent in relation to the CB Placing up to the limit of HK\$1,000. The CB Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market rate. The Directors consider that the terms of the CB Placing, including the CB Placing commission, are fair and reasonable based on the current market conditions and the CB Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Agent agreed to procure not less than six Placee(s) to subscribe for the Convertible Bonds on terms and conditions set out in the CB Placing Agreement on a best effort basis. The CB Placing Placee(s) shall be professional, institutional and/or private investors who and whose ultimate beneficial owners are Independent Third Parties.

Conditions precedent to the CB Placing Agreement

Completion of the CB Placing is conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares which may fall to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds;
- (ii) the Specific Mandate having been granted to the Board; and
- (iii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the CB Placing Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attaching to the Convertible Bonds)

The Company and the Placing Agent shall each use their respective best endeavours to procure the fulfilment of the above conditions precedent on or before 30 November 2020. If the above conditions precedent are not fulfilled by 5:00 p.m. on 30 November 2020 (or such other date as agreed between the Company and the Placing Agent in writing), the CP Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against each other, save for any antecedent breach.

Rescission of the CB Placing Agreement

If any of the following events shall occur at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, either party to the CB Placing Agreement may, by giving a written notice to the other, at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, rescind the CB Placing Agreement without liability to the other parties to the CB Placing Agreement and the CB Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof:

- (i) if there has come to the notice and in the reasonable opinion of the Placing Agent (or, the Company, as the case may be), any material breach of the warranties by the Company (or, the Placing Agent, as the case may be) or any of the obligations imposed upon the Company (or, the Placing Agent, as the case may be); or
- (ii) if there develops, occurs, or comes into effect the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (iii) if there is introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof which materially and adversely affects the business or financial performance of the Company or any member of the Group.

Completion

Subject to the fulfilment of the conditions precedent to the CB Placing Agreement and the performance by the Placing Agent of its obligations thereunder, the Completion shall take place on the Closing Date.

Specific Mandate

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the EGM.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

- Issuer:** The Company
- Principal amount:** Up to HK\$100,000,000

Maturity date: The date falling on the expiry of 12 months from the date of issue of the Convertible Bonds, provided that if such day is not a Business Day, the Business Day immediately after such date (the “**Maturity Date**”)

Interest: 8% per annum

Conversion Price: HK\$0.3 per Conversion Share, subject to adjustment.

The initial Conversion Price of HK\$0.3 per Conversion Share represents:

- (i) a premium of approximately 23.46% to the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement;
- (ii) a premium of approximately 70.45% to the average of the closing prices for the five consecutive trading days immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange of HK\$0.176 per Share.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.294 per Conversion Share. The initial Conversion Price was arrived at after arm’s length negotiations between the Company and the Placing Agent with reference to, among others, the prevailing market performance of the Shares.

Adjustments to the Conversion Price:

The Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) if and whenever there shall be an alteration to the value of the Shares as a result of consolidation or subdivision;
- (ii) if and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account and/or capital redemption reserve), other than Shares issued in lieu of a cash dividend;
- (iii) if and whenever the Company shall pay or make any capital distribution (as defined in the terms and conditions of the Convertible Bonds) to the Shareholders;
- (iv) if and whenever the Company shall offer to its Shareholders new Shares for subscription by way of rights issue or open offer, or shall grant to its Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 60% of the market price at the date of the announcement of the terms of such offer or grant;

- (v) if and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares: (a) so that the total effective consideration per share (as defined under the CB Placing Agreement) initially receivable for such securities is less than 60% of the market price at the date of the announcement of the terms of issue of such securities, (b) so that the rights of conversion or exchange or subscription attached to any such securities as mentioned in (a) above are modified so that the total effective consideration per share initially receivable for such securities shall be less than 60% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (vi) if and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 60% of the market price at the date of the announcement of the terms of such issue.

Conversion Shares:

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.3 per Conversion Share, a maximum of 333,320,000 new Shares will be allotted and issued by the Company, representing:

- (i) approximately 18.48% of the total number of issued Shares as at the date of this announcement; and
- (ii) approximately 15.60% of the total number of issued Shares as enlarged by the issue of 333,320,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Conversion period:

The period commencing from the date of issue of the Convertible Bonds and up to and including the 14th day immediately preceding the Maturity Date

Conversion rights:

Each Bondholder shall have the right, exercisable during the Conversion Period in the manner provided in the terms and conditions of the Convertible Bonds, to convert the whole or any part (subject to the terms and conditions of the Convertible Bonds, in minimum amount of or in multiples of HK\$100,000) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into Shares subject to adjustments.

- Redemption:** The Convertible Bonds shall not be redeemed (in whole or in part) at the option of the Company commencing from the date of issue of the Convertible Bonds up to and including the day immediately before the Maturity Date.
- All Convertible Bonds which have not been converted in accordance with the terms and conditions of the Convertible Bonds by the Maturity Date shall be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds (together with all interest accrued thereon).
- Transferability:** The Convertible Bonds are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules, provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company without the prior approval of the Company and provided further that the principal amount to be assigned or transferred is at least HK\$100,000 and in integral multiples of HK\$100,000 unless the outstanding principal amount of the Convertible Bonds is less than HK\$100,000 in which case the whole (but not part only) of that amount may be assigned and transferred.
- Ranking:** The Conversion Shares shall rank *pari passu* in respect of the voting rights with all other Shares in issue on the date of issue and allotment of the Conversion Shares except that they will not rank for any voting rights where the entitlement to voting rights accrues to the shareholders by reference to a record date which precedes the date of issue and allotment of the Conversion Shares.
- The Conversion Shares shall be entitled to all dividends, bonuses and other distributions, the record date of which falls on a date on or after the date of issue and allotment of the Conversion Shares.
- Status:** The obligations of the Company arising under the Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Application for listing:** No application shall be made to the Stock Exchange for the listing of the Convertible Bonds. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR THE CB PLACING AND USE OF PROCEEDS

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the gross proceeds from the CB Placing will be approximately HK\$100,000,000 and the Company intends to use the net proceeds of approximately HK\$98,000,000 from the CB Placing for (i) repayment of borrowings as to approximately HK\$38,000,000 and (ii) general working capital as to approximately HK\$60,000,000.

The Directors are of the view that (i) the CB Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties thereto; (ii) the CB Placing will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) the net proceeds of the CB Placing will strengthen the financial position of the Group. Accordingly, the Directors consider that the CB Placing is an appropriate means of raising additional working capital for the Company, the terms of the CB Placing Agreement are fair and reasonable and that the CB Placing is in the interests of the Company and the Shareholders as a whole.

To further strengthen the Group's financial position, the Company may further seek financing through debt and/or equity fund raising in the foreseeable future.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,803,558,784 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the date of this announcement		Immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Eagle Ride Investments Limited (<i>note</i>)	966,638,573	53.59%	966,638,573	45.24%
Placees			333,320,000	15.60%
Public Shareholders	<u>836,920,211</u>	<u>46.41%</u>	<u>836,920,211</u>	<u>39.16%</u>
Total	<u>1,803,558,784</u>	<u>100.00%</u>	<u>2,136,878,784</u>	<u>100.00%</u>

Note: Eagle Ride Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by APAC Investment Holdings Limited, a company incorporated in Samoa which in turn beneficially owned as to approximately 94.19% by Mr. HU Haisong (“**Mr. Hu**”), and approximately 5.81% by other investors (the “**Investors**”) (whose interests are held on trust by Mr. Hu). The Investors, include (i) Mr. WANG Haibin, a resident of the People’s Republic of China (the “**PRC**”) who engages in investment business in the PRC; and (ii) RB International Investments Asia Limited, which is principally engaged in financial services.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving the CB Placing Agreement and the transaction contemplated thereunder, including issue of the Convertible Bonds, allotment and issue of the Conversion Shares, and grant of the Specific Mandate. A circular containing, among other things, (i) further details of the CB Placing; and (ii) a notice convening the EGM, will be dispatched to the Shareholders in due course.

Shareholders and potential investors of the Company should note that the CB Placing is subject to the fulfilment of the conditions precedent under the CB Placing Agreement. As the CB Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the person(s) who for the time being is the holder of the Convertible Bond(s)
“Business Day(s)”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CB Placing”	the proposed placing of the Convertible Bonds on the terms and subject to the conditions set out in the CB Placing Agreement
“CB Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 10 September 2020 in respect of the CB Placing

“Closing Date”	any Business Day within a period of three Business Days following the date on which the conditions precedent of the CB Placing Agreement are fulfilled or such other date as agreed in writing by the Company and the Placing Agent
“Company”	Eagle Ride Investment Holdings Limited 鷹力投資控股有限公司, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the CB Placing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the price at which the Conversion Shares will be issued upon conversion of the Convertible Bond
“Conversion Rights”	the rights pursuant to the terms and conditions of the Convertible Bonds attaching to each Convertible Bond to convert the principal amount or a part thereof into Shares
“Conversion Share(s)”	Shares fall to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bond
“Convertible Bonds”	up to HK\$100,000,000, 1-year, 8% coupon unsecured non-redeemable convertible bonds to be issued by the Company in denomination of HK\$100,000 each with the benefit of and subject to the provisions of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to approve, among others, the CB Placing Agreement and the transaction contemplated thereunder and the Specific Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties which are independent of and not connected with the Directors, chief executive, or substantial Shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules) or parties acting in concert with any of them (as defined under the Takeovers Code) or connected persons of the Company

“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Glory Sun Securities Limited, a licensed corporation for carrying out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under and pursuant to the SFO
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the CB Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate granted to the Board to allot, issue and deal with the Conversion Shares at the relevant extraordinary general meeting of the Company to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“%”	per cent.

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, 10 September 2020

As at the date of this announcement, the Board comprises seven Directors. The executive Director is Mr. Chan Yiu Pun, Clement; the non-executive Directors are Mr. Tung Shu Sun, Mr. Dang Yin Liang, Dr. Xiao Yanming and Mr. Wong Tsz Wai; and the independent non-executive Director are Mr. Vichai Phaisalakani and Mr. Lai Kim Fung.