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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**  
**RENEWAL OF INVESTMENT MANAGEMENT AGREEMENT**

On 8 December 2016, the Company entered 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. The New Investment Management Agreement shall commence on the Renewal 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 New Investment Management 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 New Investment Management 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 – NEW INVESTMENT MANAGEMENT AGREEMENT**

## **Background**

On 27 March 2014, the Company entered into the Existing Investment Management Agreement with Corban Asset Management Limited (“**Corban**”, its company name was changed to Blue Star Asset Management Limited) whereby the Company appointed Corban as the investment manager to provide investment management services to the Company upon and subject to the terms and conditions of the Existing Investment Management Agreement. The Existing Investment Management Agreement would expire on 31 December 2016.

In view of the satisfactory performance of Blue Star, on 8 December 2016, the Company entered into the New Investment Management Agreement with Blue Star, among other things, to renew the appointment of Blue Star as the Investment Manager for the provision of investment management services, which will commence from the Renewal Date.

## **Principal terms of the New Investment Management Agreement**

The principal terms of the New Investment Management Agreement are summarised as below:

### ***Duration:***

From the Renewal Date until 31 December 2019

***Services:***

The Investment Manager shall provide investment management services to the Group, which include but not limited to the following:

- (a) identify and analyse investment opportunities for the Group and perform relevant investment due diligence;
- (b) advise on acquisitions or realisations of investments, submit relevant proposals to the Board for approval and arrange implementation of relevant investment decisions according to the instructions of the Board;
- (c) monitor the performance of the investments of the Group and keep the Board fully informed from time to time; and
- (d) ensure that trading and investment portfolio of the Company are managed in accordance with its investment objectives and policies, investment restrictions and the Articles.

***Remuneration:***

Under the New Investment Management Agreement, the Investment Manager will be entitled to:

(a) *Management fee:*

A monthly management fee is calculated at the rate of 2% per annum of the Net Asset Value as at each Valuation Date, on the basis of the actual number of days elapsed in the month during which investment management services are provided, and payable by the Company in Hong Kong dollars in arrears on or before the seventh Business Day of the next following month.

For avoidance of doubt, no management fee is payable by the Company on the un-invested portion of the Company's assets and such portion shall be excluded from the Net Asset Value when calculating the management fee. The Board considers such calculation basis is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) *Performance fee:*

An annual performance fee is calculated at the rate of 15% 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 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 next following month. 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:

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

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 during the period of the New Investment Management Agreement, 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 during the period of the New Investment Management Agreement, the Net Asset Value on the Renewal Date; 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 15% per annum or, such other percentage figure as agreed from time to time between the Board and the Investment Manager and (if required by the Listing Rules) approved by the Independent Shareholders.

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 New Investment Management 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 New Investment Management 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 New Investment Management Agreement are generally in line with market practice.

### **Annual Caps**

The following table sets out the details the Annual Caps that applicable to the New Investment Management Agreement for a period from 1 January 2017 to 31 December 2019:

	<b>Management fee</b>	<b>Performance fee</b>	<b>Annual Caps</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
For the year ending 31 December 2017	515	453	968
For the year ending 31 December 2018	773	863	1,636
For the year ending 31 December 2019	1,227	1,405	2,632

The computation basis of the proposed Annual Caps is the same as the Existing Investment Management Agreement and 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 15% 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.

### **Transaction amounts and the current annual caps**

The following is a summary of the actual transaction amounts and the annual caps under the Existing Investment Management Agreement for a period from 27 March 2014 to 31 December 2016:

	<b>Management fee <i>HK\$'000</i></b>	<b>Performance fee <i>HK\$'000</i></b>	<b>Annual Caps <i>HK\$'000</i></b>
For the period from 27 March 2014 to 31 December 2014	1,233	Nil	1,233
For the year ending 31 December 2015	2,279	Nil	2,279
For the year ending 31 December 2016 (estimated)	1,156	Nil	1,156

### **Reasons for and the benefits of entering into the New Investment Management 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 continue to appoint Blue Star to act 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 New Investment Management 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 New Investment Management 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 New Investment Management Agreement.

### **Implications under the Listing Rules**

The Company was notified by the Investment Manager that with effect from 17 June 2016, Mr. Hu Haisong, the controlling shareholder and a non-executive director of the Company, has ceased to be the beneficial owner of Blue Star. Due to the above cessation, Blue Star has ceased to be an “associate” of Mr. Hu with effect from 17 June 2016 and since then, Mr. Hu was no longer connected with the transactions under the Existing Investment Management Agreement.

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 New Investment Management 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 New Investment Management 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 New Investment Management 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 New Investment Management 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.



(A) The principal responsible officer (as defined by the SFO) of Blue Star is Ms. Lee Shuk Ying Nancy (“**Ms. Lee**”) and her particulars are as follows:

Ms. Lee is one of the directors and one of the responsible officers of Blue Star. Ms. Lee has over 15 years of experience in advisory and asset management business. She began the career as an Investment Analyst, with Sceptre Investment Counsel Limited, one of the largest international fund house in Canada housing AUM of Can\$9 billion in 1992.

She advanced as Fund Managers with well-recognized Wheelock NatWest Investment Management, Indocam Asset Management, Friends Ivory & Sime Asia. Her market coverage has been extensive including Asia, Hong Kong China and global equities. Consistent outperformance over benchmarks has been the norm.

She headed up the Taifook Asset Management’s MPF team with the flagship MPF Hong Kong SAR Fund stationing at the top Lipper Ranking as the No. 1 Fund for the consecutive years of 2006 to 2008. Aggregate Taifook Group assets under management increased tenfold to US\$500 million at end of her tenure.

In 2014, as responsible officer for South China Asset Management Limited, Ms. Lee setup new fund in form of (SPC) Segregated Portfolio Company Cayman structure; provided advisory and discretionary management of investment model portfolios.

Ms. Lee is an MBA graduate of the University of Toronto, Canada. She is a licenced person for regulated activities for Type 4 (advising on securities) and Type 9 (asset management) under the SFO.

(B) Mr. Lung Qi Zhen (“**Mr. Lung**”) is one of the responsible officers of the Investment Manager and his particulars are as follows:

Since September 2008 to February 2013, Mr. Lung worked with China Financial Leasing Group Limited (code 2312), a Hong Kong-listed company whose business nature corresponds to Eagle Ride Investment Holdings Limited. Mr. Lung led an investment team of three to source, evaluate, carry out due diligence and to make recommendation to the senior management for direct investment projects. Industries coverage included financial, advertisement, technology, energy (convention and new) etc. Mr. Lung participated in the investment committee comprised of executive directors and investment managers and took part in the execution of the investment decisions; assisted in performance review and monitoring of the invested companies and the listed investment portfolio.

Since June 2013 till March 2015, Mr. Lung worked with Avia Asset Management, the investment manager of China Financial Leasing Group Limited with portfolio size about USD10m, and a fund of a Taiwan life insurance company with AUM about USD200m, and achieved positive returns mostly in both 2013 and 2014.

## 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 New Investment Management Agreement for the period from 1 January 2017 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 (formerly known as Corban 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
“Existing Investment Management Agreement”	the investment management agreement made between the Company and Corban Asset Management Limited dated 27 March 2014
“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 Renewal Date to 31 December 2019
“Mr. Hu”	Mr. Hu Haisong, the controlling Shareholder and a non-executive Director
“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 Renewal Date 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
“Renewal Date”	1 January 2017
“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
“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, 8 December 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.*