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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Earnest Investments Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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EARNEST INVESTMENTS HOLDINGS LIMITED**安利時投資控股有限公司****(Continued into Bermuda with limited liability)***(Stock Code: 339)****PAST CONTINUING CONNECTED TRANSACTIONS****Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders****TC Capital**
天財資本

A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on page 14 of this circular. A letter from TC Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 21 of this circular.

A notice convening a special general meeting of Earnest Investments Holdings Limited to be held at 29/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong on Thursday, 18 October 2012 at 11:00 a.m. is set out on pages 55 to 56 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM or any adjourned meeting.

* *for identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2006 Investment Management Agreement”	the investment management agreement dated as of 26 July 2006
“2009 Investment Management Agreement”	the investment management agreement dated as of 26 July 2009
“Assets”	all the assets (including but not limited to cash, securities, proceeds, profits and all other income of the Company) of the Company from time to time
“associate(s)”	shall have the same meaning as is provided in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company in force from time to time
“China”	the People’s Republic of China which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Earnest Investments Holdings Limited, a company continued into Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua (all being independent non-executive Directors) to make recommendation to the Independent Shareholders in respect of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement
“Independent Financial Adviser” or “TC Capital”	TC Capital Asia Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement
“Independent Shareholders”	Shareholders other than those materially interested in the Transactions
“Investment Management Agreements”	the 2006 Investment Management Agreement and the 2009 Investment Management Agreement
“Latest Practicable Date”	21 September 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value”	the net asset value of the Company calculated in accordance with the provisions of the Bye-laws
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, confirm and ratify the Investment Management Agreements
“Share Option Scheme”	the share option scheme adopted by the Company at the annual general meeting of the Company held on 26 May 2006
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Success Talent” or “Investment Manager”	Success Talent Investments Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO to engage in type 9 regulated activities within the meaning of the SFO
“Transaction(s)”	the transaction(s) between the Company and Success Talent
“%”	per cent

LETTER FROM THE BOARD

EARNEST INVESTMENTS HOLDINGS LIMITED 安利時投資控股有限公司*

(Continued into Bermuda with limited liability)

(Stock Code: 339)

Executive Directors

Mr. CHAN Chak Paul (*Chairman*)
Mr. NGAI Wah Sang (*Deputy Chairman and
Chief Executive Officer*)
Mr. WANG Daming

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent Non-executive Directors

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

*Principal place of business
in Hong Kong:*

Room A, 5/F
Xiu Hua Commercial Building
No. 211 – 213 Jaffe Road
Wanchai
Hong Kong

25 September 2012

To the Shareholders

Dear Sir or Madam,

PAST CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

On 31 July 2012, the Board announced that the Company continued the appointment of Success Talent as its investment manager in 2006 and 2009 for a term of three years each upon the expiration of the preceding investment management agreement with Success Talent in 2006.

The purpose of this circular is to provide you with further details of the Investment Management Agreements, the recommendation of the Independent Board Committee, the advice of TC Capital to the Independent Board Committee and the Independent Shareholders, and the notice convening the SGM, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, confirm and ratify the Investment Management Agreements.

2006 INVESTMENT MANAGEMENT AGREEMENT

Parties: The Company and Success Talent as the Company's investment manager

* *for identification purpose only*

LETTER FROM THE BOARD

Terms of the 2006 Investment Management Agreement

Success Talent was continued to be appointed as the investment manager of the Company for a term of three years effective from 26 July 2006 to 25 July 2009 and Success Talent shall provide investment management services to the Company during the term of its appointment.

Investment Management Fee: HK\$30,000 per month payable on a monthly basis in arrears. The total fees payable to Success Talent during the respective periods are set out as follows:

Period	Number of months	Total investment management fee payable
26 July 2006 – 31 December 2006	approximately 5	HK\$155,806
1 January 2007 – 31 December 2007	12	HK\$360,000
1 January 2008 – 31 December 2008	12	HK\$360,000
1 January 2009 – 25 July 2009	approximately 7	HK\$204,194

2009 INVESTMENT MANAGEMENT AGREEMENT

Parties: The Company and Success Talent as the Company's investment manager

Terms of the 2009 Investment Management Agreement

Success Talent was continued to be appointed as the investment manager of the Company for a term of three years effective from 26 July 2009 to 25 July 2012 and Success Talent shall provide investment management services to the Company during the term of its appointment.

Investment Management Fee: HK\$30,000 per month payable on a monthly basis in arrears. The total fees payable to Success Talent during the respective periods are set out as follows:

Period	Number of months	Total investment management fee payable
26 July 2009 – 31 December 2009	approximately 5	HK\$155,806

LETTER FROM THE BOARD

Period	Number of months	Total investment management fee payable
1 January 2010 – 31 December 2010	12	HK\$360,000
1 January 2011 – 31 December 2011	12	HK\$360,000
1 January 2012 – 25 July 2012	approximately 7	HK\$204,194

BASIS FOR DETERMINING OF THE MANAGEMENT FEE

The investment management fee under both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement was fixed at HK\$360,000 per annum, which was reached after arm's length negotiations between the Company and Success Talent and was determined with reference to (i) the then prevailing market rates and the responsibilities and duties of Success Talent as the investment manager of the Company; (ii) the management fee payable to Success Talent since 2005, which was in the sum of HK\$360,000 per annum.

The Directors (including the independent non-executive Directors) considered that the investment management fee payable under the Investment Management Agreements was fair and reasonable and in the interests of the Company and the Shareholders as a whole. Each Director has no interest in both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement.

Annual Caps

The annual maximum investment management fees payable by the Company to Success Talent under the 2006 Investment Management Agreement and the 2009 Investment Management Agreement are set out as follows:

The 2006 Investment Management Agreement

	For the period from 26 July 2006 to 31 December 2006 <i>HK\$</i>	For the financial year ended 31 December 2007 <i>HK\$</i>	For the financial year ended 31 December 2008 <i>HK\$</i>	For the period from 1 January 2009 to 25 July 2009 <i>HK\$</i>
Investment management fee	155,806	360,000	360,000	204,194

LETTER FROM THE BOARD

The 2009 Investment Management Agreement

	For the period from 26 July 2009 to 31 December 2009 HK\$	For the financial year ended 31 December 2010 HK\$	For the financial year ended 31 December 2011 HK\$	For the period from 1 January 2012 to 25 July 2012 HK\$
Investment management fee	155,806	360,000	360,000	204,194

REASONS FOR THE CONTINUAL OF THE INVESTMENT MANAGEMENT AGREEMENT IN 2006 AND 2009

The Company is an investment company listed under Chapter 21 of the Listing Rules. The principal business of the Company is to invest in both listed and unlisted companies.

Success Talent has been the Company's investment manager since the listing of the Company in 2000. The continual of Success Talent's appointment as the Company's investment manager by the Company was in the ordinary course of its business. Following the expiration of the preceding investment management agreement in 2006, the Company continued the appointment of Success Talent as the investment manager of the Company in both 2006 and 2009 on the same terms and conditions as those set out in the preceding investment management agreement entered into by the Company and Success Talent in 2003 (save and except that the annual management fee under the preceding investment management agreement had been reduced to HK\$360,000 in 2005).

The Directors (including the independent non-executive Directors) considered that the investment experience of Success Talent and its responsible officers was relevant to the investment strategies of the Company and were of the view that the investment experience and expertise of Success Talent would be beneficial to the Company and its Shareholders as a whole.

INFORMATION ON SUCCESS TALENT

Success Talent, a company incorporated in Hong Kong with limited liability under the Companies Ordinance in 2000 and licensed since 20 August 2004 under the SFO, is principally engaged in the business of the provision of asset management services and is a licensed corporation (CE No.: AFU657) to carry out Type 9 (asset management) regulated activities under the SFO. Success Talent is also the investment manager of China Investment and Finance Group Limited (formerly known as "Garron International Limited"), the issued shares of which are listed on the Stock Exchange (stock code: 1226).

The responsible officers (as defined by the SFO) of Success Talent are Mr. LEE Kwok Leung and Mr. CHOI Wai Yin.

LETTER FROM THE BOARD

The experience of Mr. LEE Kwok Leung relating to management of investments on behalf of third party investors is as follows:–

Investment Manager	Name of Investments/funds	Net Asset Value/ Fund Size	Target Clients	Serving period	Responsibility and duty
Success Talent	The Company	Approximately HK\$49 million (as at 31 December 2011)	A listed investment company under Chapter 21 of the Listing Rules	From 2000 to present	1) Prospecting investment opportunities;
	China Investment and Finance Group Limited (Stock code: 1226)	Approximately HK\$553 million (as at 31 December 2011)	A listed investment company under Chapter 21 of the Listing Rules	From 2011 to present	2) Analyzing investment opportunities;
	Opes Asia Development Limited (Stock code: 810)	Around HK\$92 million (as at 31 March 2009)	A listed investment company under Chapter 21 of the Listing Rules	From April 2008 to March 2009	3) Conducting financial and legal due diligence;
BOCI Direct Investment Management Limited (“BDIM”)	BOC China Fund	US\$150 million	Institutions and corporate investors	From 1992 to 1999	4) Providing investment recommendation to the board;
					5) Monitoring the performance and status of the assets in the investment portfolio; and
					6) Monitoring and evaluating investment performance.
					1) Reporting to the board and the investment committee of the client;
					2) Formulating overall business direction;
					3) Prospecting investment opportunities;
					4) Analyzing investment opportunities;
5) Conducting financial and legal due diligence;					
6) Providing investment recommendation; and					
7) Executing investment transaction.					

LETTER FROM THE BOARD

The experience of Mr. CHOI Wai Yin relating to management of investments on behalf of third party investors is as follows:–

Investment Manager	Name of Investments/funds	Net Asset Value/ Fund Size	Target Clients	Serving period	Responsibility and duty
Success Talent	The Company	Approximately HK\$49 million (as at 31 December 2011)	A listed investment company under Chapter 21 of the Listing Rules	From 2000 to present	1) Prospecting investment opportunities;
	China Investment and Finance Group Limited (Stock code: 1226)	Approximately HK\$553 million (as at 31 December 2011)	A listed investment company under Chapter 21 of the Listing Rules	From 2011 to present	2) Analyzing investment opportunities;
	Opes Asia Development Limited (Stock code: 810)	Around HK\$92 million (as at 31 March 2009)	A listed investment company under Chapter 21 of the Listing Rules	From April 2008 to March 2009	3) Conducting financial and legal due diligence;
CEF New Asia Partners Limited	CEF New Asia Limited & CEF Greater China Limited	Total US\$180 million	Global Financial Institutions and professional investors in Hong Kong	From 1994 to 1998	4) Providing investment recommendation to the board;
					5) Monitoring the performance and status of the assets in the investment portfolio; and
					6) Monitoring and evaluating investment performance.
					1) Prospecting Investment opportunities;
					2) Analyzing investment opportunities;
					3) Conducting financial and legal due diligence;
					4) Providing investment recommendation; and
					5) Executing investment transactions.

LETTER FROM THE BOARD

Investment Manager	Name of Investments/funds	Net Asset Value/ Fund Size	Target Clients	Serving period	Responsibility and duty
BDIM	BOC China Fund	US\$150 million	Institutions and corporate investors	From 1992 to 1994	1) Analyzing investment opportunities; 2) Conducting financial and legal due diligence; and 3) Providing investment appraisal report.

HISTORICAL PERFORMANCES OF SUCCESS TALENT

Success Talent is currently the investment manager of two investment companies, the Company and China Investment and Finance Group Limited (Stock code: 1226). The historical performance of Success Talent is wholly reflected by the operating results of the Company and its other clients, which are in turn reflected as their track records of net asset value per share. As the majority of the investment portfolios of the Company are listed shares, Hang Seng Index, which is considered as a measurable and fair benchmark, is used as a proper reference for comparison. Net asset value per share of the two clients, which should be the main concern of investors, are depicted with the performance of Hang Seng Index as below:

(i) The Company

	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011
Net asset value per Share (<i>HK\$</i>)	0.5027	0.6608	0.6036
Growth rate of net asset value (compared to previous year)	63.27%	31.45%	(8.66%)
Hang Seng Index	21873	23035	18434
Growth rate of Hang Seng Index (compared to previous year)	52.05%	5.31%	(19.97%)

(ii) China Investment and Finance Group Limited

	As at 31 May 2011	As at 31 December 2011	As at 30 June 2012
Net asset value per share (<i>HK\$</i>)	0.94	0.951	0.927
Growth rate of net asset value	N.A. (<i>note</i>)	N.A. (<i>note</i>)	(2.52%)
Hang Seng Index	23684	18434	19441
Growth rate of Hang Seng Index	N.A. (<i>note</i>)	N.A. (<i>note</i>)	5.46%

Note: Success Talent has only been the investment manager of China Investment and Finance Group Limited since May 2011.

LETTER FROM THE BOARD

In view of the business relationship of Success Talent, the historical performance of Success Talent set out above as compared with the changes of Hang Seng Index, the Company is satisfied with the advisory services being provided by Success Talent.

PAST CONTINUING CONNECTED TRANSACTIONS AND THE BREACH OF THE LISTING RULES

Success Talent, being the investment manager of the Company, shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the continual of their appointment as the Company's investment manager in 2006 and 2009 becoming effective.

The total management fee payable to Success Talent under both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement was fixed at HK\$360,000 per annum, which had exceeded 25% of the then relevant percentage ratios and thus, the Company's continual of the appointment of Success Talent as its investment manager under the terms of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement and the payment of the management fee pursuant thereto therefore constituted continuing connected transactions subject to reporting, announcement and the Independent Shareholders approval requirements as set out in Rule 14A.52 of the Listing Rules. However, the Company failed to report, announce and obtain Independent Shareholders' approval in relation to both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement in time, and thus in breach of Rule 14A.35(3), 14A.35(4), 14A.35(5), 14A.37, 14A.38, 14A.39, 14A.45, 14A.46, 14A.47, 14A.48 and 14A.52 of the Listing Rules.

The Company explained that the non-compliance of the Listing Rules was due to, inter alia, the fact that the Company was not aware of the then threshold of 2.5% ratio in addition to the de minimis amount of HK\$1,000,000 since the changes to the Listing Rules becoming effective on 31 March 2004. Though the annual management fee contemplated in the 2006 Investment Management Agreement and the 2009 Investment Management Agreement never exceeded the de minimis amount of HK\$1,000,000, the then relevant percentage ratios of which had exceeded 25%, the exempt from reporting, review, announcement and Independent Shareholders' approval pursuant to the de minimis amount therefore did not apply.

The purposes of this circular are:

- (a) to provide the Shareholders with details of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder);
- (b) to set out the recommendation of the Independent Board Committee in respect of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder) to the Independent Shareholders;

LETTER FROM THE BOARD

- (c) to set out the opinion of the Independent Financial Adviser in respect of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder); and
- (d) to give the Shareholders the notice of SGM to consider and, if thought fit, to approve, confirm and ratify the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder).

SPECIAL GENERAL MEETING

A notice of the SGM, to be held at 29/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong on Thursday, 18 October 2012 at 11:00 a.m. for the purposes of consider and, if thought fit, approve, confirm and ratify the Investment Management Agreements, is set out on pages 55 to 56 of this circular. Shareholders are encouraged to attend the SGM.

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same to Tricor Tengis Limited, the branch share registrar of the Company, at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Investment Management Agreements. Accordingly, no Shareholder is required to abstain from voting on the relevant resolutions to approve the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder) at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua has been formed to advise the Independent Shareholders in respect of the Investment Management Agreements. TC Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Investment Management Agreements.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and TC Capital as set out on pages 14 to 21 of this circular. As set out in the letter from the Independent Board Committee, members of the Independent Board Committee, having taken into account the advice of TC Capital, consider that the terms of each of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder) are fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the entering into of the Investment Management

LETTER FROM THE BOARD

Agreements are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors recommend that all Independent Shareholders should vote in favour of the resolutions proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices to this circular.

By order of the Board
EARNEST INVESTMENTS HOLDINGS LIMITED
CHAN Chak Paul
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

EARNEST INVESTMENTS HOLDINGS LIMITED

安利時投資控股有限公司*

(Continued into Bermuda with limited liability)

(Stock Code: 339)

25 September 2012

To the Independent Shareholders

Dear Sir or Madam,

PAST CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 25 September 2012 (the “**Circular**”) of which this letter forms part. Unless the context otherwise defines, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder), details of which are set out in the letter from the Board in the Circular. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Investment Management Agreements.

Your attention is drawn to the “Letter from the Board” set out on pages 4 to 13 of the Circular which contain, inter alia, information about the terms of the Investment Management Agreements and the “Letter from TC Capital” set out on pages 15 to 21 of the Circular which contains its advice in respect of the terms of the Investment Management Agreements.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, TC Capital, we consider that the terms of the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder) are fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the entering into of the Investment Management Agreements are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Investment Management Agreements.

Yours faithfully,

INDEPENDENT BOARD COMMITTEE

EARNEST INVESTMENTS HOLDINGS LIMITED

Mr. CHAN Francis Ping Kuen

Mr. TAN Yee Boon

Mr. WANG Jia Hua

* for identification purpose only

LETTER FROM TC CAPITAL

The following is the full text of a letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Investment Management Agreements prepared for the purpose of inclusion in this circular.



TC Capital Asia Limited
天財資本亞洲有限公司

25 September 2012

*The Independent Board Committee and the Independent Shareholders
Earnest Investments Holdings Limited*

Dear Sirs,

PAST CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder), which constitute non-exempted continuing connected transactions of the Company. Details of the Investment Management Agreements are set out in the circular of the Company (the “**Circular**”) dated 25 September 2012, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Our role as the Independent Financial Adviser is to give our opinion as to whether the Investment Management Agreements (including the annual caps thereunder) are in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Success Talent, being the investment manager of the Company, is deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. As the total management fee payable to Success Talent had exceeded 25% of the then relevant percentage ratios, the payment of the management fee pursuant each of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement constituted continuing connected transactions subject to the reporting, announcement and the Independent Shareholders’ approval requirements as set out in Rule 14A.52 of the Listing Rules.

In formulating our recommendation, we have considered, among other things, (i) the Investment Management Agreements; (ii) the Company’s annual reports; and (iii) other information as set out in the Circular. We have also relied on representations of the Directors and representatives of the Company. We have assumed that all such information,

LETTER FROM TC CAPITAL

opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial positions or future prospects of each of the Company and Success Talent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

I. Background of the Company and Success Talent

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

Success Talent, a company incorporated in Hong Kong with limited liability under the Companies Ordinance in 2000, is principally engaged in the business of the provision of asset management services. Since 20 August 2004, it has been a licensed corporation (CE No.: AFU657) registered under the SFO to carry out Type 9 (asset management) regulated activity.

II. Reasons for entering into the Investment Management Agreements

Success Talent has been providing investment management services to the Company since the Company's listing on the Stock Exchange in 2000. As disclosed in the letter from the Board contained in the Circular, the continual of Success Talent's appointment as the Company's investment manager was in the ordinary and usual course of the business of the Company. Following the expiration of the preceding investment management agreement in 2006, the Company decided to continue the appointment of Success Talent as the investment manager of the Company in both 2006 and 2009 on substantially the same terms and conditions as those set out in the preceding investment management agreement entered into by the Company and Success Talent in 2003, save for the reduction of the annual management fee in 2005.

With this background in mind, Success Talent has a clear understanding of the investment policy, objective and strategy of the Company and is very familiar with the requirements of the Company. Besides, according to the Company, the investment experience

LETTER FROM TC CAPITAL

of Success Talent and its responsible officers are relevant to its investment strategies, and this prolonged relationship between the Company and Success Talent enables the smooth implementation of investment strategies.

Having considered the principal business of each of the Company and Success Talent and the reasons and benefits of the Investment Management Agreements as set out above, we are of the view that the entering into of the Investment Management Agreements falls within the ordinary and usual course of business of the Company and is in the interests of the Company and its Shareholders as a whole.

III. Principal terms of the 2006 Investment Management Agreement

Parties:

The Company and Success Talent as the Company's investment manager

Terms of the 2006 Investment Management Agreement:

Success Talent was continued to be appointed as the investment manager of the Company for a term of three years effective from 26 July 2006 to 25 July 2009 and Success Talent shall provide investment management services to the Company during the term of its appointment.

Management Fee:

HK\$30,000 per month payable on a monthly basis in arrears. The total fee payable to Success Talent during the respective periods are set out as follow:

Period	Number of months	Total investment management fee payable
26 July 2006 – 31 December 2006	approximately 5	HK\$155,806
1 January 2007 – 31 December 2007	12	HK\$360,000
1 January 2008 – 31 December 2008	12	HK\$360,000
1 January 2009 – 25 July 2009	approximately 7	HK\$204,194

IV. Principal terms of the 2009 Investment Management Agreement

Parties:

The Company and Success Talent as the Company's investment manager

LETTER FROM TC CAPITAL

Terms of the 2009 Investment Management Agreement:

Success Talent was continued to be appointed as the investment manager of the Company for a term of three years effective from 26 July 2009 to 25 July 2012 and Success Talent shall provide investment management services to the Company during the term of its appointment.

Management Fee:

HK\$30,000 per month payable on a monthly basis in arrears. The total fee payable to Success Talent during the respective periods are set out as follow:

Period	Number of months	Total investment management fee payable
26 July 2009 – 31 December 2009	approximately 5	HK\$155,806
1 January 2010 – 31 December 2010	12	HK\$360,000
1 January 2011 – 31 December 2011	12	HK\$360,000
1 January 2012 – 25 July 2012	approximately 7	HK\$204,194

The terms of the Investment Management Agreements, including the management fee payable under both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement were reached after arm's length negotiations between the Company and Success Talent, and were determined with reference to (i) the then prevailing market rates and the responsibilities and duties of Success Talent as the investment manager of the Company; and (ii) the management fee payable to Success Talent since 2005, which was in the sum of HK\$360,000 per annum.

We have also reviewed the terms of various investment management agreements of the investment companies listed on the Stock Exchange available on their respective websites. Taking into account that (i) the management fee was paid on a monthly basis in arrears, which is in line with the market practice; (ii) the Investment Management Agreements enables the Company to continue receiving the investment management services provided by Success Talent as a fixed annual amount since 2005; and (iii) the management fee charged by Success Talent is competitive and not demanding (details will be discussed under section headed "Management fee"), we concur with the view of the Directors that the terms of the Investment Management Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LETTER FROM TC CAPITAL

V. Management fee

The management fee charged by Success Talent is fixed at HK\$360,000 per annum. To assess the fairness and reasonableness of the management fee charged by Success Talent, we have conducted a research on the investment companies as defined under Chapter 21 of the Listing Rules and listed on the Stock Exchange and compare the total management fee charged by investment managers.

Although the investment companies may have different investment targets and investment performances as compared to Success Talent, we consider that the investment companies, in general, serve as a fair and representative sample as those investment companies are listed on the Stock Exchange and share a similar investment objective of capital appreciation with a main focus on listed and/or unlisted securities in Hong Kong and/or the PRC regardless of their individual uniqueness. In addition, given that the Net Asset Value was HK\$31.1 million and HK\$50.2 million as at 30 June 2006 and 30 June 2009 respectively, in order to provide a meaningful comparison, we have excluded those investment companies with net asset value over HK\$100.0 million (being approximately two times of the Net Asset Value of the Company as at 30 June 2009) on both dates and short-listed 9 investment companies (including the Company) so as to provide a general landscape for evaluating the fairness and reasonableness of the management fees charged by the investment managers for the investment companies with a similar size, business objective and on the same trading platform.

The information is summarized as follows:

Stock code	Company	Net asset value as at 30 June 2006 (HK\$' million)	Net asset value as at 30 June 2009 (HK\$' million)	Investment management fee charged for the year						Investment management fee calculation
				2006 (HK\$'000)	2007 (HK\$'000)	2008 (HK\$'000)	2009 (HK\$'000)	2010 (HK\$'000)	2011 (HK\$'000)	
1227	National Investments Fund Limited	1.1	42.5	400	400	400	400	402	598	HK\$400,000 per annum
905	Mastermind Capital Limited	6.9	32.1	600	600	600	600	575	500	2006-2010: higher of HK\$150,000 per three months or 0.375% per annum of the net asset value; 2011: HK\$500,000 per annum
1226	China Investment and Finance Group Limited	15.7	1.6	440	315	322	362	16 <i>(note 1)</i>	170	2006-2007: 2% per annum of the net asset value plus incentive fee (capped at HK\$440,000); 2008-2009: 2% per annum of the net asset value plus incentive fee (capped at HK\$390,000)
204	China Investment Development Limited <i>(note 2)</i>	25.3	2.8	-	200	-	6	110	100	2007: HK\$200,000 per annum; 2009-2011: higher of HK\$100,000 or 1.25% per annum of the net asset value
2312	China Financial Leasing Group Limited	36.9	7.8	1,015	765	360	660	660	705	2006-2007: 2.5% per annum of the net asset value plus incentive fee; 2008: HK\$30,000 per month; 2009-2010: HK\$55,000 per month

LETTER FROM TC CAPITAL

Stock code	Company	Net asset value as at 30 June 2006 (HK\$' million)	Net asset value as at 30 June 2009 (HK\$' million)	Investment management fee charged for the year						Investment management fee calculation
				2006 (HK\$'000)	2007 (HK\$'000)	2008 (HK\$'000)	2009 (HK\$'000)	2010 (HK\$'000)	2011 (HK\$'000)	
810	Opes Asia Development Limited	61.4	84.1	479	280	360	327	360	1,717	2006: 1.25% per annum of net asset value plus incentive fee; 2007-2010: HK\$30,000 per month; 2011: 2% per annum of the net asset value plus incentive fee
1160	Grand Investment International Limited	61.8	58.8	400	220	192	288	310	322	2006-2007: HK\$400,000 per annum; 2008-2009: HK\$200,000 per annum; 2010-2011: HK\$400,000 per annum
356	Incutech Investments Limited	67.2	(8.5)	1,082	1,054	530	621	600	600	2006-2008: 1.5% per annum of the net asset value; 1 March 2009-2011: HK\$150,000 per quarterly;
339	Earnest Investments Holdings Limited	31.1	50.2	360	360	360	360	360	360	HK\$30,000 per month
Average investment management fee				597	466	391	452	422	564	

Notes:

1. The investment management fee was charged by the investment manager for the period from 18 January 2011 to 31 March 2011 and has been excluded in the calculation of the average investment management fee for 2011.
2. There is no investment management fee charged for 2006 and 2008 as disclosed in the annual reports. The investment management fee charged for 2009 was for the period from 9 March 2009 to 31 March 2009. Therefore, the investment management fee of abovementioned years has been excluded in the calculation of the average investment management fee.

Source: www.hkex.com.hk

As shown in the table above, we note that the annual management fee of HK\$360,000 charged by Success Talent throughout 2006 to 2011 was lower than the average investment management fee charged and most of the comparable companies for the same period, except for China Investment and Finance Group Limited and China Investment Development Limited. We are of the view that the relatively lower investment management fees charged by these two companies were mainly due to the sizes of the net asset values of these two companies.

Consequently, we consider the investment management fee payable to Success Talent under the Investment Management Agreements is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM TC CAPITAL

VI. Historical Performance of Success Talent

In order to assess the historical investment performance of Success Talent, we have reviewed the change in Net Asset Value per share of the Company and the performance of Hang Seng Index during the year of 2009 to 2011. Having considered that Hang Seng Index is the main indicator of the overall market performances in Hong Kong, we consider it is reasonable to compare the growth rate of the Net Asset Value and Hang Seng Index. The table below shows the comparison between the percentage change in the Net Asset Value per share of the Company and the percentage change in Hang Seng Index during the year of 2009 to 2011:

	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011
Net asset value (HK\$)	0.50	0.66	0.60
Growth rate of net asset value (compared to previous year)	63.27%	31.45%	(8.66%)
Hang Seng Index	21873	23035	18434
Growth rate of Hang Seng Index (compared to previous year)	52.05%	5.31%	(19.97%)

We noted that the historical performance of Success Talent set out above outperformed the change of Hang Seng Index. Therefore, we believe that the appointment Success Talent as the investment manager is in the interest of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the terms of the Investment Management Agreements including the management fee are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to approve, confirm and ratify the Investment Management Agreements and the transactions contemplated thereunder (including the annual caps thereunder) thereof at the forthcoming SGM.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward WU
Managing Director

A. ADDITIONAL INFORMATION ON THE INVESTMENT MANAGER**Success Talent**

Success Talent is a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO to engage in type 9 regulated activities within the meaning of the SFO.

Role of Success Talent

The primary role of Success Talent is to invest, reinvest and manage the Assets on behalf of the Company in accordance with the Investment Management Agreements, the Bye-Laws and the investment policies of the Company. The principal duties of Success Talent under the Investment Management Agreements are summarised as follows:

- (a) identify, review and evaluate investment and disinvestment opportunities for the Company and negotiate the best terms of such investment and divestment for the Company;
- (b) advise the Board on the merits of investment opportunities or information relevant to the making of judgments about the merits of investment opportunities and to render investment advice to the Board based upon such information;
- (c) provide the Board with such information as may reasonably be available to it on opportunities to acquire or to dispose of investments and which in the opinion of Success Talent are or may be suitable for the Company;
- (d) execute all lawful investment and disinvestment decisions of the Company with due care and diligence in accordance with the instructions of the Board and the terms of the Investment Management Agreements; and
- (e) monitor and keep under review the performance and status of the investment assets of the Company from time to time; and assess whether it is reasonable to make provision for any possible diminution in value of investment out of the net amount derived from interest, dividends and other income received by the Company.

From time to time the Board may give the Success Talent directions in writing relating to the management of Assets by the Success Talent on behalf of the Company.

Success Talent confirmed that it is the investment manager of another Chapter 21 investment company. In respect of the Chapter 21 investment company, Success Talent confirmed to the Company that it has separate officers responsible for providing services to each company. Success Talent has confirmed to the Company that the investment objectives, policies and restrictions including length of investments, forms of

investments, geographical coverage and investments limit of the other Chapter 21 investment company that Success Talent also acting as investment manager are similar but not identical to that of the Company.

Common investments between the Company and other clients of Success Talent

Success Talent has confirmed to the Company that similar advisory role is performed for its other clients and it will provide investment advisory reports for its clients in accordance with their respective investment objectives as a reference and it will not execute investment decisions for and behalf of any of its clients. Any investment (if approved) can only be executed into by its clients directly and as principal, and Success Talent does not have the authority to bind any client to any investment. Thus, it is possible that its different clients may have made investments in the same target(s) separately and independently. It is the clients of Success Talent themselves who directly make the investment. Therefore, there is no past/existing investments previously/currently under the management of Success Talent. Whether the clients are successful in making the investments would ultimately be determined by such clients. As Success Talent maintains a clear understanding of the investment policies, investment objectives and investment strategies of each of its clients, only clients with suitable investment appetite (i.e. investment size, industry, risk, etc.) will be introduced to the relevant potential investment opportunities. All of the relevant clients of Success Talent will be made aware that other clients of Success Talent are also presented with the investment opportunities.

Dealing with conflict of interests situation and mechanism to avoid conflict of interest

Success Talent has adopted the following system which could serve all its clients well and at the same time could avoid conflict of interest, measures concerning this aspect are as follows:

- (1) all of its existing client(s) will be informed if a new third party client will be engaged; and
- (2) projects sourced by its individual clients itself will be treated in a strictly confidential procedure and made sure that only the specific client will be advised on the project, proper Chinese Wall has been established in accordance to the rules and regulations set forth by the Securities and Futures Commission.

Success Talent will, in any event, disclose to the Company any transaction involving investments in which the Company has invested or may reasonably be expected to invest before Success Talent enters into such transaction on its own account or on behalf of any third party by giving a notice to the Board to that effect but Success Talent will not be required to disclose information about its other clients which is subject to client confidentiality. Success Talent is confident that pursuant to

their internal doctrine, no conflict of interests would be taken place. In order to minimize potential conflict of interests, Success Talent has segregated an independent investment team for the other Chapter 21 investment company.

Success Talent advised that they are confident that pursuant to the above arrangement, no conflict of interests would take place. In the event an investment opportunity is presented to more than one client, the opportunities which are to be allocated between the Company and such other clients will be based on (i) the nature and size of the investment; (ii) the investment restrictions of the Company and such other clients; and/or (iii) the risk portfolio and required rate of return on the investment. Should more than 1 client fit into the investment criteria, such investment opportunity sourced by Success Talent will be submitted to all the clients with suitable investment appetite simultaneously with same materials and information for consideration, provided that the investment opportunity will not trigger the investment constraints of its clients. Identical investment recommendations and advice will be given to all clients with details record. If the investment opportunity could accommodate only one investor due to the investment amount and other reasons, Success Talent will act in accordance to first-in-first-served schedule, thereby ensuring that investment opportunities are allocated on a reasonable and equitable basis.

Success Talent explained to the Company that it deals with situations of actual and potential conflicts of interests as follows:

- (a) For listed securities – Success Talent will advise its clients based on each client’s investment objectives, existing investments portfolio maintained and preferences of that client, if any. The investment advice given for different clients may, depending on the above factors, be the same or differ between clients.

Success Talent has told the Company it will not execute any investment decision on behalf of any of its clients. The investment decision is made by each client independently and executed directly by such clients through their brokers. The actual order placed by each client, even for the same investment target may differ as to price, quantity and timing. Accordingly, in the case of Success Talent giving advice on listed investments where there is an open market, there should be no potential or actual conflict of interest.

- (b) For unlisted investments – Success Talent will offer potential investment opportunities in unlisted investments to all their clients at the same time (except for those of their clients who are restricted from making such investment) so as to ensure each client is given an opportunity to decide on whether it wishes to participate in such investment. At the same time, Success Talent will also disclose to each client the potential conflict of interest between their clients in the same investment opportunity.

Success Talent has confirmed that a separate team comprising 2 full time officers of Success Talent has been allocated to discharge the advisory role for the investments of the Company. An effective and efficient communication channel has been maintained so as to ensure that the request of assistance from the Company could be promptly attended and handled.

B. ADDITIONAL INFORMATION ON THE COMPANY'S INVESTMENTS

Investment objectives and policies

The Company is an investment company continued into Bermuda and listed on the Stock Exchange with the principal investment objective of achieving medium-term capital appreciation through investments in listed and unlisted companies in Hong Kong and in the PRC.

The Company has adopted the following investment policies:

1. the Company's investments will normally be made in the form of equity related securities and debt instrument in listed and unlisted companies engaged in industries including (but not limited to) the manufacturing, services, property, telecommunications, technology and infrastructure sectors to maintain a balance in the Company's exposure to different industry sectors and to minimize the offset on the Company of any downturn in any particular sector;
2. the Company will invest in enterprises which are established in their respective fields and in which the Board believes that there are prospects long-term growth. In particular, the Company will seek to identify business or entities with a potential of profit growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to the long-term growth of such companies;
3. the Company may invest in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations;
4. the Board and the Investment Manager will where possible seek to identify investments where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other;
5. the Company will realise investments from time to time where to do so is in the opinion of the Board in the best interest of the Company or where the terms on which such realisation can be achieved are in the opinion of the Board to be particularly favourable to the Company;

6. the Company may hedge against interest rate risks by entering into forward interest rate agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates. The Company can only engage in transactions in options and futures which are traded on a recognised securities or futures exchange and for hedging purpose only; and
7. before suitable investment projects are identified, the Company may seek to protect the capital value of the Company's cash assets by placing the same in bank deposits in any currency, bonds or treasury securities issued by the government of the United States or the government of Hong Kong, their respective agencies; or securities or other instruments denominated in any currency issued by various governments or international development agencies.

Investors should note that while it is the intention that the funds of the Company will be invested in accordance with the investment objectives and policies outlined above as soon as practicable, it may take some time before the funds of the Company are fully deployed due to market and other investment considerations.

Investment restrictions

Under the Bye-Laws and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. In part to meet such restriction, the Board has resolved that the Company may not:

1. either on its own or in conjunction with any connected person (as defined in the Listing Rules), take legal or effective, management control of any company or other entity in which it invests or controls more than 30%, (or such lower percentage as may from time to time be specified in the Hong Kong Codes on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights of such company or other entity, except in relation to such wholly-owned subsidiaries of the Company;
2. invest in any company or entity if such investment will result in more than 20% of the Company's Net Asset Value being invested in such company or entity as at the date the investment is made;
3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metals; and
4. invest more than 50%, of the Assets sets outside Hong Kong and the PRC to the extent of contravening its primary objective of achieving medium-term capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC.

The Company has to comply with investment restrictions 1 and 2 above, in accordance with the Bye-Laws, and at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment restrictions 3 and 4 can be changed subject to the approval of Shareholders by way of an ordinary resolution. The Board has no present intention to change any of the abovementioned investment restrictions.

Investment portfolio

Set out below are the investments held by the Company as at 31 December 2006, 2007, 2008, 2009, 2010 and 2011:

As at 31 December 2006

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares/registered capital	Proportion of investee's capital owned	Principal activities	Dividend		Net assets value	Profit/(loss)	Net assets attributable to the Company	
					Cost	income received during the year				
					HK\$	HK\$	HK\$	HK\$	HK\$	
北京大明潤誠投資顧問有限公司 (Beijing Daming Runcheng Investment consultancy Co., Ltd.) ("北京大明潤誠") (a)(b)	PRC	RMB2,000,000	25.5%	Provision of investment and business management consulting services	5,500,000	–	N/A	39,492,477	2,547,039	10,070,582
Artronic Productions (Australia) Pty Limited ("Artronic") (c)	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board	5,000,000	–	N/A	11,985,479	(1,521,105)	1,797,822
Ocean Pharmaceutical (HK) Limited ("Ocean") (a)(d)	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	–	N/A	4,298,245	1,699,841	264,477
					14,500,000					

Notes:

- (a) The Company's investments in 北京大明潤誠 and Ocean with attributable equity interests held between 20% to 25.5% are not treated as associates because the Company is not in a position to exercise any significant influence over the financial and operating policies of these companies or to participate in their operations.
- (b) The Company's investment in 北京大明潤誠 is held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in 北京大明潤誠. These intermediate holding companies have no other activities.

- (c) The Company's investment in Artronic is held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic. These intermediate holding companies have no other activities.
- (d) The Company's investment in Ocean is held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised holding (losses)/gains	Dividend income received during the year	Dividend cover	Net assets attributable to the Company
				HK\$	HK\$	HK\$	HK\$	HK\$	
(a) China Elegance (Holdings) Limited ("China Elegance")	Bermuda	92,595,000	8.96%	10,614,788	5,555,700	(5,059,088)	-	N/A	2,423,177
(b) China Mobile Limited ("China Mobile")	Hong Kong	2,000	Less than 1%	55,311	134,400	79,089	2,560	2.56 times	31,592
(c) Shougang Concord International Enterprises Company Limited ("Shougang International")	Hong Kong	1,170,000	Less than 1%	737,100	596,700	(140,400)	7,020	10.67 times	587,308
(d) Shougang Concord Century Holdings Limited ("Shougang Century")	Hong Kong	5,754,000	Less than 1%	3,772,300	3,625,020	(147,280)	-	N/A	4,316,870
				15,179,499	9,911,820	(5,267,679)	9,580		

Notes:

- (a) China Elegance (Stock Code: 476) is principally engaged in investment holding, metals and minerals trading, and the manufacturing, trading and distribution of consumer products. The audited consolidated loss attributable to equity holders of China Elegance for the year ended 31 March 2006 was approximately HK\$11,043,000 (2005: HK\$823,000). As at 31 March 2006, the audited consolidated net asset value attributable to equity holders of China Elegance was approximately HK\$25,428,000 (2005: HK\$37,714,000). The unaudited consolidated loss attributable to equity holders of China Elegance for the six months ended 30 September 2006 was approximately HK\$6,345,000 (2005: HK\$2,184,000). As at 30 September 2006, the unaudited consolidated net asset value attributable to equity holders of China Elegance was approximately HK\$27,041,000 (2005: HK\$33,883,000).
- (b) China Mobile (Stock Code: 941) is principally engaged in the provision of mobile communications and related services in the PRC and investment holding. The audited consolidated profit attributable to equity holders of China Mobile for the year ended 31 December 2006 was approximately RMB66,026,000,000 (2005: RMB53,549,000,000). As at 31 December 2006, the audited consolidated net asset value attributable to equity holders of China Mobile was approximately RMB319,002,000,000 (2005: RMB272,824,000,000).
- (c) Shougang International (Stock Code: 697) is principally engaged in manufacturing, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping, and electricity generation. The audited consolidated profit attributable to equity holders of Shougang International for the year ended 31 December 2006 was approximately HK\$221,618,000 (2005:

HK\$305,032,000). As at 31 December 2006, the audited consolidated net asset value attributable to equity holders of Shougang International was approximately HK\$2,943,594,000 (2005: HK\$2,226,334,000).

- (d) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products, manufacturing of steel cords, property development and investment, provision of management and information technology services. The audited consolidated profit attributable to equity holders of Shougang Century for the year ended 31 December 2006 was approximately HK\$76,031,000 (2005: HK\$62,218,000). As at 31 December 2006, the audited consolidated net asset value attributable to equity holders of Shougang Century was approximately HK\$957,354,000 (2005: HK\$693,753,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. No investments on unlisted equity securities was made during the year.

For investments on equity securities listed in Hong Kong, there were realized trading gains arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains HK\$
697	Shougang International	–	30,000	2,400
103	Shougang Century	5,854,000	100,000	18,000
476	China Elegance	73,500,000	–	–
				20,400

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives.

Management discussion about investments made in unlisted equity securities*北京大明潤誠*

As at 31 December 2006, the net asset value of 北京大明潤誠 was approximately HK\$39.5 million, and the profit after tax was approximately HK\$2.5 million. The share of net asset value attributable to the Company was approximately HK\$10 million while the cost of investment is HK\$5.5 million. 北京大明潤誠 was principally engaged in provision of investment and management consultancy in China and achieved a satisfactory upward trend in its performance. It was expected that services sector like financial services would boost in line with economic growth in China, As the investment consultancy business in China was still in a beginning stage and was not so regulated, there might be short term fluctuation in financial returns in this business term.

Artronic

As at 31 December 2006, the net asset value of Artronic was approximately HK\$12 million, and the loss for the year was approximately HK\$1.5 million. The share of net asset value attributable to the Company was approximately HK\$1.8 million while the cost of investment was HK\$5 million. Artronic's principal activities was manufacturing of printed circuit board in Australia. The Board and Success Talent were of the view that demand for electronic products in China would increase in line with economic growth, and so was the demand for printed circuit board. It was believed that the China market will strive for quality products produced from Australia, however, fierce domestic cost competition made it very difficult to flourish. As such, Artronic's export business was greatly affected and had recorded a loss for the year. Even the net asset value attributable to the Company was lower than the Company's investment cost, no impairment was made as considering the situation is a short term fluctuation.

Ocean

As at 31 December 2006, the net asset value of Ocean was approximately HK\$4.3 million, and the profit after tax was approximately HK\$1.7 million. The share of net asset value attributable to the Company was approximately HK\$265,000 while the cost of investment was HK\$4 million. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. Although the net asset value attributable to the Company was far lower than the investment cost, no impairment was made as Ocean's business performance was climbing up and it was believed that the profit will become more significant should the China market could be open up in near term.

As at 31 December 2007

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares/registered capital	Proportion of investee's capital owned	Principal activities	Impairment loss		Carrying amount	Dividend income received during the year	Dividend cover	Net assets value	Profit/(loss)	Net assets attributable to the Company
					Cost	Impairment loss						
					HK\$	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
北京大明潤誠 (a)&(b)	PRC	RMB2,000,000	25.5%	Provision of investment and business management consulting services	5,500,000	(2,700,000)	2,800,000	-	N/A	20,534,431	(21,590,945)	5,236,280
Artronic (c)	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board	5,000,000	-	5,000,000	-	N/A	10,439,388	(2,919,777)	1,565,908
Ocean (a)&(d)	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	-	4,000,000	-	N/A	5,126,296	753,904	1,025,259
					<u>14,500,000</u>	<u>(2,700,000)</u>	<u>11,800,000</u>					

Notes:

- (a) The Company's investments in 北京大明潤誠 and Ocean with attributable equity interests held between 20% to 25.5% are not treated as associates because the Company was not in a position to exercise any significant influence over the financial and operating policies of 北京大明潤誠 and Ocean or to participate in their operations.
- (b) The Company's investment in 北京大明潤誠 was held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in 北京大明潤誠. These intermediate holding companies have no other activities.
- (c) The Company's investment in Artronic was held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic. These intermediate holding companies have no other activities.
- (d) The Company's investment in Ocean was held through an intermediate holding company which act as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

In the absence of quoted market price in an active market, the Directors estimated the fair value of the Company's investment in 北京大明潤誠 by considering information from a variety of sources, including the latest management financial information and the performance of 北京大明潤誠. Due to the changes in market condition of the business of 北京大明潤誠, an impairment of HK\$2,700,000 was made against the investment in 北京大明潤誠 during the year.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised holding (losses)/gains	Dividend income received during the year	Dividend cover	Net assets attributable to the Company
				HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
(a) APAC Resources Limited ("APAC Resources")	Bermuda	220,000	Less than 1%	363,400	316,800	(46,600)	-	N/A	220,559
(b) Sinocop Resources Holdings Limited ("Sinocop Resources") (formerly known as China Elegance (Holdings) Limited)	Bermuda	54,375,000	4.3%	6,233,372	108,206,250	101,972,878	-	N/A	6,003,174
(c) New Times Group Holdings Limited ("New Times Group")	Bermuda	13,000,000	1.7%	20,150,000	10,920,000	(9,230,000)	-	N/A	5,934,771
(d) Shougang International	Hong Kong	74,000	Less than 1%	46,620	236,060	189,440	24,570	1.85 times	72,009
(e) Shougang Century	Hong Kong	4,312,000	Less than 1%	3,106,565	4,656,960	1,550,395	36,740	7.33 times	4,669,401
				<u>29,899,957</u>	<u>124,336,070</u>	<u>94,436,113</u>	<u>61,310</u>		

Notes:

- (a) APAC Resources (Stock Code: 1104) is principally engaged in (i) trading in base metals and commodities trading portfolio primarily focused on natural resources and related sectors; and (ii) trading in fabric products and other merchandises with investment in the resources and related industries and listed securities as trading portfolio. The audited consolidated profit attributable to equity holders of APAC Resources for the year ended 31 December 2007 was approximately HK\$345,313,000 (2006: HK\$24,982,000). As at 31 December 2007, the audited consolidated net asset value attributable to equity holders of APAC Resources was approximately HK\$4,738,296,000 (2006: HK\$129,976,000).
- (b) Sinocop Resources (Stock Code: 476) is principally engaged in investment holding, metals and minerals trading, and the manufacturing, trading and distribution of consumer products. The audited consolidated loss attributable to equity holders of Sinocop Resources for the year ended 31 March 2007 was approximately HK\$14,440,000 (2006: HK\$11,043,000). As at 31 March 2007, the audited consolidated net asset value attributable to equity holders of Sinocop Resources was approximately HK\$21,544,000 (2006: HK\$25,428,000). The unaudited consolidated loss attributable to equity holders of Sinocop Resources for the six months ended 30 September 2007 was approximately HK\$25,073,000 (2006: HK\$6,345,000). As at 30 September 2007, the unaudited consolidated net asset value attributable to equity holders of Sinocop Resources was approximately HK\$138,920,000 (2006: HK\$27,041,000).
- (c) New Times Group (Stock Code: 166) is principally engaged in the business of zinc core concentrate and zinc ingots trading, property investments and development. The audited consolidated loss attributable to equity holders of New Times Group for the year ended 31 December 2007 was approximately HK\$59,737,000 (for the nine months ended 31 December 2006: HK\$26,117,000). As at 31 December 2007, the audited consolidated net asset value attributable to equity holders of New Times Group was approximately HK\$355,008,000 (2006: HK\$144,279,000).
- (d) Shougang International (Stock Code: 697) is principally engaged in manufacturing, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping, and electricity generation. The audited consolidated profit attributable to equity holders of Shougang International for the year ended 31 December 2007 was approximately HK\$1,404,196,000 (2006:

HK\$221,618,000). As at 31 December 2007, the audited consolidated net asset value attributable to equity holders of Shougang International was approximately HK\$6,814,731,000 (2006: HK\$2,943,594,000).

- (e) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products, manufacturing of steel cords, property development and investment, provision of management and information technology services. The audited consolidated profit attributable to equity holders of Shougang Century for the year ended 31 December 2007 was approximately HK\$105,762,000 (2006: HK\$76,031,000). As at 31 December 2007, the audited consolidated net asset value attributable to equity holders of Shougang Century was approximately HK\$1,499,089,000 (2006: HK\$957,354,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. No investments on unlisted equity securities was made during the year.

For investments on equity securities listed in Hong Kong, there were realized trading gains arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains HK\$
697	Shougang International	–	1,096,000	1,916,300
103	Shougang Century	1,116,000	2,558,000	638,060
941	China Mobile	–	2,000	32,600
476	Sinocop Resources	–	38,220,000	15,811,250
166	New Times Group	13,000,000	–	–
1104	APAC Resources	220,000	–	–
				18,398,210

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives. As at 31 December 2007, the unrealized holding gain for listed securities arrived at approximately HK\$94 million, the Board and Success Talent believed that the correct investment direction brought in a positive gain to the Company.

Management discussion about investments made in unlisted equity securities

北京大明潤誠

As at 31 December 2007, the net asset value of 北京大明潤誠 was approximately HK\$20.5 million, and loss for the year was approximately HK\$21.6 million. The share of net asset value attributable to the Company had decreased to approximately HK\$5.2 million while the cost of investment was HK\$5.5 million. 北京大明潤誠 was principally engaged in provision of investment and management consultancy in China and achieved a satisfactory upward trend in its performance. It was expected that services sector like financial services would boost in line with economic growth in China. As the investment consultancy business in China was still in a beginning stage and was not so regulated, there might be fluctuation in financial returns in their business. The significant loss for the year incurred by 北京大明潤誠 was mainly due to a write off of financial asset, as such the Company had made an impairment of HK\$2.7 million to reflect its future expected value.

Artronic

As at 31 December 2007, the net asset value of Artronic was approximately HK\$10.4 million, and the loss for the year was approximately HK\$2.9 million. The share of net asset value attributable to the Company was approximately HK\$1.6 million while the cost of investment was HK\$5 million. Artronic's principal activities was the manufacturing of printed circuit board in Australia. The Board and Success Talent were of the view that demand for electronic products in China would increase in line with economic growth, and so was the demand for printed circuit board. It was believed that the China market would strive for quality products produced from Australia, however, fierce domestic cost competition made it very difficult to flourish. As such, Artronic's export business was greatly affected and had recorded a loss for the year. Artronic current year's results were slightly worse than last year. Even the net asset value attributable to the Company was again lower than the Company's investment cost, no impairment was made as considering the situation was a short term fluctuation.

Ocean

As at 31 December 2007, the net asset value of Ocean was approximately HK\$5.1 million, and the profit after tax was approximately HK\$754,000. The share of net asset value attributable to the Company was approximately HK\$1 million while the cost of investment was HK\$4 million. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. Although the net asset value attributable to the Company was still lower than the investment

cost, no impairment was made as Ocean's business performance, as well as its net asset value, was climbing up and it was believed that the profit will become more significant should the China market could be open up in near term.

As at 31 December 2008

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares/registered capital	Proportion of investee's capital owned	Principal activities	Cost	Impairment loss	Carrying amount	Dividend income received during the year	Dividend cover	Net assets value	Profit/(loss)	Net assets attributable to the Company
					HK\$	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
北京大明潤誠 (a)(b)	PRC	RMB2,000,000	25.5%	Provision of investment and business management consulting services	5,500,000	(2,700,000)	2,800,000	-	N/A	12,223,185	(9,529,038)	3,116,912
Artronic (c)	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board	5,000,000	(4,300,000)	700,000	-	N/A	4,559,485	(3,331,726)	683,923
Ocean (a)(d)	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	(3,350,000)	650,000	-	N/A	6,344,890	1,168,249	1,258,178
					<u>14,500,000</u>	<u>(10,350,000)</u>	<u>4,150,000</u>					

Notes:

- (a) The Company's investments in 北京大明潤誠 and Ocean with attributable equity interests held between 20% to 25.5% are not treated as associates because the Company was not in a position to exercise any significant influence over the financial and operating policies of 北京大明潤誠 and Ocean or to participate in their operations.
- (b) The Company's investment in 北京大明潤誠 was held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in 北京大明潤誠. These intermediate holding companies have no other activities.
- (c) The Company's investment in Artronic was held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic. These intermediate holding companies have no other activities.
- (d) The Company's investment in Ocean was held through an intermediate holding company which act as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

In the absence of quoted market price in an active market, the Directors estimated the fair value of the Company's investments in unlisted securities by considering information from a variety of sources, including the latest management financial information and the performance of the investee companies. Due to the changes in market condition of the business of the investee companies, an impairment of HK\$7,650,000 (2007: HK\$2,700,000) was made against the available-for-sale financial assets during the year.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised holding (losses)/gains	Dividend income received during the year	Dividend cover	Net assets attributable to the Company
				HK\$	HK\$	HK\$	HK\$	HK\$	
(a) APAC Resources	Bermuda	220,000	Less than 1%	363,400	74,800	(288,600)	-	N/A	59,145
(b) Sinocop Resources	Bermuda	54,375,000	4.3%	6,233,372	9,950,625	3,717,253	-	N/A	5,941,639
(c) New Times Group	Bermuda	13,000,000	1.7%	20,150,000	4,160,000	(15,990,000)	-	N/A	5,181,872
(d) Shougang International	Hong Kong	74,000	Less than 1%	46,620	63,640	17,020	7,400	2.21 times	78,006
(e) Shougang Century	Hong Kong	4,312,000	Less than 1%	3,106,565	1,487,640	(1,618,925)	86,240	5.05 times	4,238,373
				<u>29,899,957</u>	<u>15,736,705</u>	<u>(14,163,252)</u>	<u>93,640</u>		

Notes:

- (a) APAC Resources (Stock Code: 1104) is principally engaged in (i) trading in base metals and commodities trading portfolio primarily focused on natural resources and related sectors; and (ii) trading in fabric products and other merchandises and (iii) trading and investment of listed securities in the resources and related industries. The audited consolidated loss attributable to equity holders of APAC Resources for the year ended 31 December 2008 was approximately HK\$1,252,329,000 (2007: profit of HK\$345,313,000). As at 31 December 2008, the audited consolidated net asset value attributable to equity holders of APAC Resources was approximately HK\$1,271,261,000 (2007: HK\$4,738,296,000).
- (b) Sinocop Resources (Stock Code: 476) is principally engaged in investment holding, metals and minerals trading and processing of raw ores. The audited consolidated loss attributable to equity holders of Sinocop Resources for the year ended 31 March 2008 was approximately HK\$44,000,000 (2007: HK\$14,440,000). As at 31 March 2008, the audited consolidated net asset value attributable to equity holders of Sinocop Resources was approximately HK\$168,465,000 (2007: HK\$21,544,000). The unaudited consolidated loss attributable to equity holders of Sinocop Resources for the six months ended 30 September 2008 was approximately HK\$12,328,000 (2007: HK\$25,073,000). As at 30 September 2008, the unaudited consolidated net asset value attributable to equity holders of Sinocop Resources was approximately HK\$137,496,000 (2007: HK\$138,920,000).
- (c) New Times Group (Stock Code: 166) is principally engaged in the business of trading of non-ferrous metal, property investments and development and provision of financial services. The audited consolidated loss attributable to equity holders of New Times Group for year ended 31 December 2008 was approximately HK\$42,151,000 (2007: HK\$59,737,000). As at 31 December 2008, the audited consolidated net asset value attributable to equity holders of New Times Group was approximately HK\$311,698,000 (2007: HK\$355,008,000).
- (d) Shougang International (Stock Code: 697) is principally engaged in manufacture of steel cord for radial tyres, processing and trading of copper and brass products and conducts chartering services. The audited consolidated profit attributable to equity holders of Shougang International for the year ended 31 December 2008 was approximately HK\$1,419,463,000 (2007: HK\$1,404,196,000). As at 31 December 2008, the audited consolidated net asset value attributable to equity holders of Shougang International was approximately HK\$7,563,838,000 (2007: HK\$6,814,731,000).
- (e) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products, manufacturing of steel cords, property development and investment, provision of management and information technology services. The audited consolidated profit attributable to equity holders of Shougang Century for the year ended 31 December 2008 was approximately HK\$34,762,000 (2007: HK\$105,762,000). As at 31 December 2008, the audited consolidated net asset value attributable to equity holders of Shougang Century was approximately HK\$1,835,845,000 (2007: HK\$1,499,089,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. No investments on unlisted equity securities was made during the year.

For investments on equity securities listed in Hong Kong, there were realized trading gains arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains HK\$
1	Cheung Kong (Holdings) Limited	10,000	10,000	15,500
				15,500
				15,500

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives. As at 31 December 2008, due to the breakout of financial crisis, the Company recorded an unrealized holding loss of approximately HK\$14 million, a sharp contrast to the unrealized holding gain of HK\$94 million as at 31 December 2007. However, the Company still maintained the view of investing in resources development related investee having regard to its medium term investment objectives.

Management discussion about investments made in unlisted equity securities*北京大明潤誠*

As at 31 December 2008, the net asset value of 北京大明潤誠 was approximately HK\$12.2 million, and loss for the year was approximately HK\$9.5 million. The share of net asset value attributable to the Company had decreased to approximately HK\$3.1 million while the carrying amount of investment was HK\$2.8 million. Further to last year losses, 北京大明潤誠 experienced a loss for the year of approximately HK\$9.5 million again and the share of net asset value attributable to the Company had further decreased to approximately HK\$3.1 million although the range had been narrowing. Since the share of net asset value attributable to the Company could still cover the investment's carrying amount, no further impairment was made.

Artronic

As at 31 December 2008, the net asset value of Artronic was approximately HK\$4.6 million, and the loss for the year was approximately HK\$3.3 million. The share of net asset value attributable to the Company was approximately HK\$684,000 while the cost of investment is HK\$5 million. Artronic's principal activities was the manufacturing of printed circuit board in Australia. As discussed previously, fierce domestic cost competition had greatly affected its export business and the breakout of financial crisis during the year further expanded its loss to HK\$3.2 million. As such, an impairment of HK\$4.3 million was made to reflect its future expected value.

Ocean

As at 31 December 2008, the net asset value of Ocean was approximately HK\$6.3 million, and the profit after tax was approximately HK\$1.2 million. The share of net asset value attributable to the Company was approximately HK\$1.3 million while the cost of investment was HK\$4 million. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. Despite the breakout of financial crisis, Ocean was still able to maintain growth in both net asset value and profit, however, as it was difficult to assess the ultimate impact in the coming years, an impairment of HK\$3.35 million was made to reflect its future expected value.

As at 31 December 2009

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares	Proportion of investee's capital owned	Principal activities	Impairment loss		Carrying amount	Dividend income received during the year	Dividend cover	Net assets value	Profit/(loss)	Net assets attributable to the Company
					Cost	Impairment loss						
					HK\$	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
Artronic (a)	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board	5,000,000	(4,300,000)	700,000	-	N/A	3,753,345	(3,125,229)	562,002
Ocean (b)	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	(3,350,000)	650,000	-	N/A	7,115,699	826,944	1,423,140
					<u>9,000,000</u>	<u>(7,650,000)</u>	<u>1,350,000</u>					

Notes:

- (a) The Company's investment in Artronic was held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic. These intermediate holding companies have no other activities.
- (b) The Company's investment in Ocean with 20% attributable equity interests held was not treated as an associate because the Company was not in a position to exercise any significant influence over the financial and operating policies of Ocean or to participate in its operations.

The investment was held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Market value		Unrealised holding (losses)/gains	Dividend income received during the year		Dividend cover	Net assets attributable to the Company
				Cost	Market value		Dividend	Dividend		
				HK\$	HK\$	HK\$	HK\$	HK\$		HK\$
(a) APAC Resources	Bermuda	220,000	Less than 1%	363,400	102,300	(261,100)	-	N/A		114,517
(b) Sinocop Resources	Bermuda	52,625,000	4.2%	6,032,757	23,944,375	17,911,618	-	N/A		5,139,263
(c) New Times Energy Corporation Limited ("New Times Energy") (formerly known as New Times Group Holdings Limited)	Bermuda	13,000,000	Less than 1%	20,150,000	4,420,000	(15,730,000)	-	N/A		8,097,012
(d) Shougang International	Hong Kong	24,000	Less than 1%	15,120	46,560	31,440	2,220	6.56 times		25,191
(e) Shougang Century	Hong Kong	3,712,000	Less than 1%	2,674,298	3,823,360	1,149,062	-	N/A		3,990,188
				<u>29,235,575</u>	<u>32,336,595</u>	<u>3,101,020</u>	<u>2,220</u>			

Notes:

- (a) APAC Resources (Stock Code: 1104) is principally engaged in (i) trading in base metals and commodities primarily focused on natural resources and related sectors; and (ii) trading of and investment in listed securities in the resources and related industries. The audited consolidated profit attributable to owners of APAC Resources for the year ended 31 December 2009 was approximately HK\$372,603,000 (2008: loss of HK\$1,252,329,000). As at 31 December 2009, the audited consolidated net asset value attributable to owners of APAC Resources was approximately HK\$2,962,014,000 (2008: HK\$1,271,261,000).
- (b) Sinocop Resources (Stock Code: 476) is principally engaged in investment holding, trading of metals and minerals and processing of raw ores. The audited consolidated loss attributable to owners of Sinocop Resources for the year ended 31 March 2009 was approximately HK\$20,469,000 (2008: HK\$44,000,000). As at 31 March 2009, the audited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$126,684,000 (2008: HK\$168,465,000). The unaudited consolidated loss attributable to owners of Sinocop Resources for the six months ended 30 September 2009 was approximately HK\$10,555,000 (2008: HK\$12,328,000). As at 30 September 2009, the unaudited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$122,883,000 (2008: HK\$137,496,000).
- (c) New Times Energy (Stock Code: 166) is principally engaged in trading of non-ferrous metal and frozen foods and exploration of natural resources. The audited consolidated loss attributable to owners of New Times Energy for year ended 31 December 2009 was approximately HK\$31,934,000 (2008: HK\$42,151,000). As at 31 December 2009, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,431,889,000 (2008: HK\$311,698,000).
- (d) Shougang International (Stock Code: 697) is principally engaged in manufacturing, sale and trading of steel products, vessel chartering and leasing of floating cranes and provision of management services. The audited consolidated profit attributable to owners of Shougang International for the year ended 31 December 2009 was approximately HK\$71,667,000 (2008: HK\$1,419,463,000). As at 31 December 2009, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$8,581,236,000 (2008: HK\$7,563,838,000).
- (e) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products and manufacturing of steel cords. The audited consolidated profit attributable to owners of Shougang Century for the year ended 31 December 2009 was approximately HK\$171,314,000 (2008: HK\$34,762,000). As at 31 December 2009, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,065,826,000 (2008: HK\$1,835,845,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. During the year, the investment in unlisted equity securities of 北京大明潤誠 was sold at consideration of HK\$2 million and the loss on disposal of HK\$800,000 was recognised.

For investments on equity securities listed in Hong Kong, there were realized trading gains arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains HK\$
697	Shougang International	–	50,000	46,500
103	Shougang Century	–	600,000	405,000
476	Sinocop Resources	–	1,750,000	<u>897,750</u>
				<u><u>1,349,250</u></u>

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives. As at 31 December 2009, the Company recorded an unrealized holding gain of approximately HK\$3.1 million, a turnaround from unrealized holding loss last year. The Company still maintained the view of investing in resources development related investee having regard to its medium term investment objectives.

Management discussion about investments made in unlisted equity securities*北京大明潤誠*

As at 31 December 2009, the situation of 北京大明潤誠 had not improved in the first half of 2009. As such, the investment in 北京大明潤誠 was sold at a consideration of HK\$2 million and the loss on disposal of HK\$800,000 was realized during the year.

Artronic

As at 31 December 2009, the net asset value of Artronic was approximately HK\$3.8 million, and the loss for the year was approximately HK\$3.1 million. The share of net asset value attributable to the Company was approximately HK\$562,000 while the carrying amount of investment was HK\$700,000. Even the net asset value attributable to the Company was lower than the investment carrying amount, no impairment was made during the year as considering the amount was not so significant and might be recovered in near term.

Ocean

As at 31 December 2009, the net asset value of Ocean was approximately HK\$7.1 million, and the profit after tax was approximately HK\$827,000. The share of net asset value attributable to the Company was approximately HK\$1.4 million while the carrying amount of investment was HK\$650,000. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. Although the recorded profit was decreased, Ocean managed to pick up its business from last year financial crisis. It was confident that Ocean's operating results would improve should the overall economic situation becomes more stable and no impairment was made during the year.

As at 31 December 2010

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares	Proportion of investee's capital owned	Principal activities	Impairment loss		Carrying amount	Dividend income received during the year	Dividend cover	Net assets value	Profit/(loss)	Net assets attributable to the Company
					Cost	Impairment loss						
					HK\$	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
Ocean	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	(3,350,000)	650,000	400,000	0.43	5,979,068	(862,369)	1,195,814

The Company's investment in Ocean with 20% attributable equity interests held was not treated as an associate because the Company was not in a position to exercise any significant influence over the financial and operating policies of Ocean or to participate in its operations.

The investment was held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Market value		Unrealised holding (losses)/gains	Dividend income received during the year	Dividend cover	Net assets attributable to the Company
				Cost	Market value				
				HK\$	HK\$	HK\$	HK\$		HK\$
(a) APAC Resources	Bermuda	220,000	Less than 1%	363,400	107,800	(255,600)	-	N/A	161,364
(b) Sinocop Resources	Bermuda	52,625,000	3.85%	6,032,757	42,100,000	36,067,243	-	N/A	5,482,312
(c) New Times Energy									
Ordinary shares	Bermuda	13,000,000	Less than 1%	20,150,000	2,457,000	(17,693,000)	-	N/A	5,807,793
Warrants 2011	N/A	1,857,142	N/A	-	63,143	63,143	N/A	N/A	N/A
(d) Shougang International	Hong Kong	24,000	Less than 1%	15,120	27,120	12,000	-	N/A	28,086
(e) Shougang Century	Hong Kong	3,314,000	Less than 1%	2,387,560	3,082,020	694,460	90,820	5.51 times	3,882,339
				<u>28,948,837</u>	<u>47,837,083</u>	<u>18,888,246</u>	<u>90,820</u>		

Notes:

- (a) APAC Resources (Stock Code: 1104) is principally engaged in (i) trading in base metals and commodities; and (ii) trading and investment in listed securities with a portfolio primarily focused on natural resources and related sector and industries. The unaudited (2009: audited) consolidated profit attributable to owners of APAC Resources for the year ended 31 December 2010 was approximately HK\$1,104,447,000 (2009: HK\$372,603,000). As at 31 December 2010, the unaudited (2009: audited) consolidated net asset value attributable to owners of APAC Resources was approximately HK\$5,068,709,000 (2009: HK\$2,962,014,000).
- (b) Sinocop Resources (Stock Code: 476) is principally engaged in investment holding, trading of metals and minerals and processing of raw ores. The audited consolidated loss attributable to owners of Sinocop Resources for the year ended 31 March 2010 was approximately HK\$25,187,000 (2009: HK\$20,469,000). As at 31 March 2010, the audited consolidated net asset value attributable to

owners of Sinocop Resources was approximately HK\$147,990,000 (2009: HK\$126,684,000). The unaudited consolidated loss attributable to owners of Sinocop Resources for the six months ended 30 September 2010 was approximately HK\$19,401,000 (2009: HK\$10,555,000). As at 30 September 2010, the unaudited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$142,545,000 (2009: HK\$122,883,000).

- (c) New Times Energy (Stock Code: 166) is principally engaged in trading of non-ferrous metal and frozen foods and exploration of natural resources. The audited consolidated loss attributable to owners of New Times Energy for year ended 31 December 2010 was approximately HK\$66,057,000 (2009: HK\$31,934,000). As at 31 December 2010, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,688,031,000 (2009: HK\$3,431,889,000).
- (d) Shougang International (Stock Code: 697) is principally engaged in manufacture and sale of steel products; vessel chartering and the leasing of floating cranes; trading of steel products and iron ore; mining, processing and sale of iron ore; and management services business. The audited consolidated profit attributable to owners of Shougang International for the year ended 31 December 2010 was approximately HK\$499,576,000 (2009: HK\$71,667,000). As at 31 December 2010, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$9,567,094,000 (2009: HK\$8,581,236,000).
- (e) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products and manufacturing of steel cords. The audited consolidated profit attributable to owners of Shougang Century for the year ended 31 December 2010 was approximately HK\$200,441,000 (2009: HK\$171,314,000). As at 31 December 2010, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,251,968,000 (2009: HK\$2,065,826,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. During the year, the investment in unlisted equity securities of Artronic was sold at consideration of HK\$500,000 and the loss on disposal of HK\$200,000 was recognised.

For investments on equity securities listed in Hong Kong, there were net realized trading losses arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains/ (losses) HK\$
103	Shougang Century	–	398,000	(70,500)
358	Jiangxi Copper Company Limited	20,000	20,000	8,000
937	New Times Energy Warrant 2011	1,857,142*	–	–
				<u>(62,500)</u>

* New Time Energy Warrants 2011 granted on 18 June 2010

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives. As at 31 December 2010, the Company recorded an unrealized holding gain of approximately HK\$19 million, an increase from HK\$3.1 million last year. The Company still maintained the view of investing in resources development related investee having regard to its medium term investment objectives.

Management discussion about investments made in unlisted equity securities*Artronic*

As at 31 December 2010, the situation of Artronic had not improved in the first half of 2010. As such, the investment in Artronic was sold at a consideration of HK\$500,000 and the loss on disposal of HK\$200,000 was realized during the year.

Ocean

As at 31 December 2010, the net asset value of Ocean was approximately HK\$6 million, and the loss for the year was approximately HK\$0.9 million. The share of net asset value attributable to the Company was approximately HK\$1.2 million while the carrying amount of investment was HK\$650,000. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. As discussed previously, Ocean's operating results was closely related to the overall economic situation. The European sovereign debt crisis again adversely affected Ocean's business, even more than the financial crisis happened in 2008. Although Ocean recorded a loss for the first time from 2006, the Company was confident that Ocean's operating results would improve should the overall economic situation becomes more stable and no impairment was made during the year. During the year, Ocean declared and paid a final dividend of HK\$2 million out of its retained earnings. The Company received the final dividend of HK\$400,000 from Ocean during the year.

As at 31 December 2011

Investments in unlisted equity securities

Name of investee company	Place of incorporation	Particulars of issued shares	Proportion of investee's capital owned	Principal activities	Impairment loss		Carrying amount	Dividend income received during the year	Dividend cover	Net assets value	Profit/(loss)	Net assets attributable to the Company
					Cost	HK\$						
Ocean	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	(3,350,000)	650,000	-	N/A	5,538,615	(2,440,453)	1,107,723

The Company's investment in Ocean with 20% attributable equity interests held was not treated as an associate because the Company was not in a position to exercise any significant influence over the financial and operating policies of Ocean or to participate in its operations.

The investment was held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean. This intermediate holding company has no other activities.

Investments in equity securities listed in Hong Kong

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Market value		Unrealised holding (losses)/gains	Dividend income received during the year		Dividend cover	Net assets attributable to the Company
				Cost	HK\$		HK\$	HK\$		
(a) APAC Resources	Bermuda	220,000	Less than 1%	363,400	72,600	(290,800)	-	N/A		173,410
(b) Sinocop Resources	Bermuda	49,665,000	3.59%	5,693,431	38,738,700	33,045,269	-	N/A		5,549,944
(c) New Times Energy	Bermuda	650,000	Less than 1%	20,150,000	383,500	(19,766,500)	-	N/A		5,374,391
(d) Shougang International	Hong Kong	24,000	Less than 1%	15,120	11,040	(4,080)	240	6.11 times		27,203
(e) Shougang Century	Hong Kong	3,314,000	Less than 1%	2,387,560	1,093,620	(1,293,940)	49,710	6.95 times		4,034,287
(f) China Petroleum and Chemical Corporation ("China Petroleum")	PRC	30,000	Less than 1%	247,500	245,100	(2,400)	-	N/A		1,034,081
				<u>28,857,011</u>	<u>40,544,560</u>	<u>11,687,549</u>	<u>49,950</u>			

Notes:

- (a) APAC Resources (Stock Code: 1104) is principally engaged in (i) trading in base metals and mineral resources; and (ii) provision of management services and consultancy service in corporate management, metallurgy technology, investment and development in mineral resources. The audited (2010: unaudited) consolidated profit attributable to owners of APAC Resources for the eighteen months ended 30 June 2011 was approximately HK\$1,462,069,000 (twelve months ended 31 December 2010: HK\$1,104,447,000). As at 30 June 2011, the audited (2010: unaudited) consolidated net asset value attributable to owners of APAC Resources was approximately HK\$5,398,600,000 (as at 31 December 2010: HK\$5,068,709,000).
- (b) Sinocop Resources (Stock Code: 476) is principally engaged in investment holding, trading of metals and minerals and processing of raw ores. The audited consolidated loss attributable to owners of Sinocop Resources for the year ended 31 March 2011 was approximately HK\$43,077,000 (2010:

HK\$25,187,000). As at 31 March 2011, the audited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$173,356,000 (2010: HK\$147,990,000). The unaudited consolidated loss attributable to owners of Sinocop Resources for the six months ended 30 September 2011 was approximately HK\$10,950,000 (2010: HK\$19,401,000). As at 30 September 2011, the unaudited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$154,703,000 (2010: HK\$142,545,000).

- (c) New Times Energy (Stock Code: 166) is principally engaged in (i) trading of oil products and non-ferrous metals; (ii) the production and sale of iron concentrates; and (iii) exploration of crude oil. The audited consolidated loss attributable to owners of New Times Energy for year ended 31 December 2011 was approximately HK\$87,410,000 (2010: HK\$66,057,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,757,626,000 (2010: HK\$3,688,031,000).
- (d) Shougang International (Stock Code: 697) is principally engaged in (i) manufacture and sale of steel products; (ii) chartering of vessel and leasing of floating cranes; (iii) trading of steel products and iron ore; (iv) mining, processing and sale of iron ore; and (v) management services business. The audited consolidated profit attributable to owners of Shougang International for the year ended 31 December 2011 was approximately HK\$152,252,000 (2010: HK\$499,576,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$10,148,381,000 (2010: HK\$9,567,094,000).
- (e) Shougang Century (Stock Code: 103) is principally engaged in processing and trading of copper and brass products and manufacturing of steel cords. The audited consolidated profit attributable to owners of Shougang Century for the year ended 31 December 2011 was approximately HK\$3,527,000 (2010: HK\$200,441,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,340,106,000 (2010: HK\$2,251,968,000).
- (f) China Petroleum (Stock Code: 386) is principally engaged in the oil and gas and chemical operations and businesses, including (i) the exploration, development and production of crude oil and natural gas; (ii) the refining, transportation, storage and marketing of crude oil and petroleum products; and (iii) the production and sale of chemicals. The audited consolidated profit attributable to owners of China Petroleum for the year ended 31 December 2011 was approximately HK\$87,797,000,000 (2010: HK\$82,570,000,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of China Petroleum was approximately HK\$578,413,000,000 (2010: HK\$496,068,000,000).

Investments bought and sold during the year:

Decision on investments to be bought or sold during the year were made after discussion and mutual agreement between the Board and Success Talent. No investments on unlisted equity securities was made during the year.

For investments on equity securities listed in Hong Kong, there were net realized trading gains arising from following transactions during the year:

Stock Code	Name of Investee	No. of shares bought	No. of shares sold	Realized gains/(losses) HK\$
386	China Petroleum	50,000	20,000	(400)
476	Sinocop Resources	–	2,960,000	1,918,000
1929	Chow Tai Fook Jewellery Group Limited	50,000	50,000	7,000
937	New Times Energy Warrant 2011	–	1,857,142*	–
				1,924,600

* *New Time Energy Warrants 2011 expired on 24 June 2011*

Reasons to make the investments during the year

Both the Board and Success Talent take the view that China economy will continue to grow in the near and medium term. On one hand, the Directors and Success Talent are optimistic about the demand and prospect of mineral resources, including but not limited to iron and steel. Accordingly, the investment on listed securities were mainly focused on those investees which are involved in minerals trading and/or resources development etc. On the other hand, as anticipated growth in China economy, domestic demand on consumer products such as electronic products, pharmaceutical products, and other services like financial services would become optimistic too. As such, investments on unlisted securities relevant to these sectors were made accordingly.

All of the Company's investments were intended to be held for medium-term capital appreciation, and it was in the opinion of both the Board and Success Talent that such investments mix and portfolio fulfilled the Company's investment objectives. As at 31 December 2011, the Company recorded an unrealized holding gain even under the outbreak of European sovereign debt crisis, of approximately HK\$12 million, a decrease from HK\$19 million last year. The Company still maintained the view of investing in resources development related investee having regard to its medium term investment objectives.

Management discussion about investments made in unlisted equity securities

As at 31 December 2011, the net asset value of Ocean was approximately HK\$5.5 million, and the loss for the year was approximately HK\$2.4 million. The share of net asset value attributable to the Company was approximately HK\$1.1 million while the carrying amount of investment was HK\$650,000. Ocean's principal activity was the sourcing and sole trading of dedicated pharmaceutical products specializing in vascular health. Although Ocean incurred further loss for the year, the Company was confident that Ocean's operating results would improve should the overall economic situation becomes more stable and no impairment was made during the year.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at the Latest Practicable Date, no share option was granted to any Director under the Share Option Scheme.

As at the Latest Practicable Date, none of Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

At no time as at the Latest Practicable Date was the Company a party to any arrangements to enable the Directors or chief executives of the Company or any of their associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

3. SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company:

Name of shareholders	Capacity	Shares held	Approximate % of issued share capital as at the Latest Practicable Date
Winsome Worldwide Limited (Note 1)	Beneficial owner	22,275,000	27.50%
SIU Kwan (Note 1)	Interest of controlled corporation	22,275,000	27.50%
YAU Mei Han	Beneficial owner	14,051,250	17.35%
Supreme Zone Investments Limited (Note 2)	Beneficial owner	11,812,500	14.58%
KEUNG Kwai Yung (Note 2)	Interest of controlled corporation	11,812,500	14.58%

Notes:

- (1) The 22,275,000 shares were held by Winsome Worldwide Limited which was wholly owned by Ms. SIU Kwan. By virtue of the SFO, Ms. SIU Kwan was deemed to be interested in the 22,275,000 shares.
- (2) The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Ms. KEUNG Kwai Yung. By virtue of the SFO, Ms. KEUNG Kwai Yung was deemed to be interested in the 11,812,500 shares.

All the interests disclosed above represent long position in the ordinary shares of the Company.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors has an unexpired service contract with any member of the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN CONTRACTS/ASSETS

No contracts of significance in relation to the Company's business to which the Company was a party and in which the Director(s) had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Company, or was proposed to be acquired, or disposed of by, or leased to any member of the Company since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any interests, directly or indirectly, in a business which competes or is likely to compete with the business of the Company.

7. MATERIAL CONTRACTS

None of the member of the Company entered into any material contracts, not being contracts entered into in the ordinary course of business, during the two years preceding the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2011 (being the date to which the latest published audited accounts of the Company were made up).

9. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, no member of the Company was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Company.

10. EXPERT'S DISCLOSURE OF INTEREST AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
TC Capital	a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, TC Capital:

- (a) did not have any direct or indirect interests in any assets which have been, since 31 December 2011 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Company, or are proposed to be acquired or disposed of by or leased to any member of the Company; and
- (b) did not have any shareholding in any member of the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company.

TC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears in this circular.

11. MISCELLANEOUS

- (a) The principal place of business of the Company in Hong Kong is at Room A, 5/F Xiu Hua Commercial Building, No. 211 – 213 Jaffe Road, Wan Chai, Hong Kong.
- (b) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (c) The company secretary of the Company is Ms. Chui Yee Man.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) at 29/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the 2006 Investment Management Agreement;
- (b) the 2009 Investment Management Agreement;
- (c) the Bye-Laws;
- (d) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (e) the letter from TC Capital, the text of which is set out in this circular; and
- (f) the written consent of TC Capital referred to in the section headed “Expert” in this Appendix.

NOTICE OF SPECIAL GENERAL MEETING

EARNEST INVESTMENTS HOLDINGS LIMITED 安利時投資控股有限公司*

(Continued into Bermuda with limited liability)

(Stock Code: 339)

NOTICE IS HEREBY GIVEN that a special general meeting of Earnest Investments Holdings Limited (the “**Company**”) will be held at 29/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong on Thursday, 18 October 2012 at 11:00 a.m. shall have been concluded or adjourned) for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the entering of an agreement dated 26 July 2006, (the “**2006 Investment Management Agreement**”) between the Company and Success Talent Investments Limited (“**Success Talent**”) in relation to the provision of investment management services to the Company for a term up to 25 July 2009 on the terms set out therein (a copy of the 2006 Investment Management Agreement has been produced to this meeting marked “A” and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated under the 2006 Investment Management Agreement, be and is hereby approved, confirmed and ratified; and
- (b) the annual caps in relation to the investment management fees payable by the Company to Success Talent under the 2006 Investment Management Agreement for the period commencing from 26 July 2006 until 25 July 2009 and each of the period from 26 July 2006 to 31 December 2006, years ended 31 December 2007 and 31 December 2008 and the period from 1 January 2009 to 25 July 2009 would not exceed HK\$155,806, HK\$360,000, HK\$360,000 and HK\$204,194 respectively be and are hereby approved, confirmed and ratified; and
- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to implement all the transactions referred to in the 2006 Investment Management Agreement and to do all such acts and things and sign all such documents, agreements or deeds on behalf of the Company as they shall in their absolute discretion consider necessary or desirable to give effect to the 2006 Investment Management Agreement and the arrangements contemplated thereunder.”

* for identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

2. “**THAT:**

- (a) the entering of an agreement dated 26 July 2009, (the “**2009 Investment Management Agreement**”) between the Company and Success Talent in relation to the provision of investment management services to the Company for a term up to 25 July 2012 on the terms set out therein (a copy of the 2009 Investment Management Agreement has been produced to this meeting marked “B” and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated under the 2009 Investment Management Agreement, be and is hereby approved, confirmed and ratified; and
- (b) the annual caps in relation to the investment management fees payable by the Company to Success Talent under the 2009 Investment Management Agreement for the period commencing from 26 July 2009 until 25 July 2012 and each of the period from 26 July 2009 to 31 December 2009, years ended 31 December 2010 and 31 December 2011 and the period from 1 January 2012 to 25 July 2012 would not exceed HK\$155,806, HK\$360,000, HK\$360,000 and HK\$204,194 respectively be and are hereby approved, confirmed and ratified; and
- (c) the Directors be and are hereby authorised to implement all the transactions referred to in the 2009 Investment Management Agreement and to do all such acts and things and sign all such documents, agreements or deeds on behalf of the Company as they shall in their absolute discretion consider necessary or desirable to give effect to the 2009 Investment Management Agreement and the arrangements contemplated thereunder.”

By order of the Board
EARNEST INVESTMENTS HOLDINGS LIMITED
CHAN Chak Paul
Chairman

Hong Kong, 25 September 2012

Notes:

- 1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited with Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong at 26/F., Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 3. As at the date of this notice, the Board comprises three executive directors, namely, Mr. CHAN Chak Paul, Mr. NGAI Wah Sang and Mr. WANG Daming and three independent non-executive directors, namely, Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua.