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**EARNEST INVESTMENTS HOLDINGS LIMITED**

*(Continued into Bermuda with limited liability)*

**(Stock Code: 339)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

The board of directors (the “Board”) of Earnest Investments Holdings Limited (the “Company”) is pleased to announce that the audited results of the Company for the year ended 31 December 2015 together with the comparative figures for the corresponding year 2014 are as follows:

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	<u>2015</u> HK\$	<u>2014</u> HK\$
Revenue	4	115,760	2,902
Loss on disposal of available-for-sale financial assets		-	(50,000)
Gains on disposals of financial assets at fair value through profit or loss		2,448,660	873,680
Change in fair value (losses)/ gains on financial assets at fair value through profit or loss (classified as held for trading)		(18,809,570)	3,021,120
Administrative and other operating expenses		<u>(3,457,414)</u>	<u>(3,202,566)</u>
<b>(Loss)/profit before tax</b>		<b>(19,702,564)</b>	645,136
Income tax	5	<u>-</u>	<u>-</u>
<b>(Loss)/profit for the year attributable to owners of the Company</b>	6	<b>(19,702,564)</b>	645,136
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b><u>(19,702,564)</u></b>	<b><u>645,136</u></b>
<b>(Loss)/earnings per share</b>			
Basic	7	<u>(0.203)</u>	<u>0.008</u>

**EARNEST INVESTMENTS HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2015**

	Note	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>24,981,310</b>	36,116,390
Prepayments, deposits and other receivables		<b>141,556</b>	362,840
Bank and cash balances		<b>8,449,793</b>	16,764,868
		<b>33,572,659</b>	53,244,098
<b>Current liabilities</b>			
Accruals and other payables		<b>246,662</b>	215,537
<b>Net current assets</b>		<b>33,325,997</b>	53,028,561
<b>Total assets less current liabilities</b>		<b>33,325,997</b>	53,028,561
<b>NET ASSETS</b>		<b>33,325,997</b>	53,028,561
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>1,940,000</b>	1,940,000
Reserves		<b>31,385,997</b>	51,088,561
<b>TOTAL EQUITY</b>		<b>33,325,997</b>	53,028,561
<b>Net asset value per share</b>	8	<b>0.34</b>	0.55

*Notes:*

**1. CORPORATE INFORMATION**

The Company was continued into Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Suites 04&05, 19/F Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment and trading of listed and unlisted equity securities.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

### (a) Application of new and revised HKFRSs

The application of these new and revised HKFRSs did not result in significant changes to the Company’s accounting policies, presentation of the Company’s financial statements and amounts reported for the current and prior years.

### (b) New and revised HKFRSs in issue but not yet effective

The Company has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The Directors anticipate that the new and revised HKFRSs will be adopted in the Company’s financial statements when they become effective. The Company is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### List of new and revised HKFRSs in issue but not yet effective that are relevant to the Company

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) **New Hong Kong Companies Ordinance (Cap. 622)**

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. Although the Company is not incorporated in Hong Kong, the Listing Rules require the Company to follow the disclosure requirement of the new Hong Kong Companies Ordinance. As a result, there are changes to presentation and disclosures of certain information in the financial statements.

(d) **Amendments to the Listing Rules**

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the financial statements.

4. **REVENUE**

	<u>2015</u> HK\$	<u>2014</u> HK\$
Dividend income from listed investments	113,900	2,379
Bank interest income	<u>1,860</u>	<u>523</u>
Revenue	<u>115,760</u>	<u>2,902</u>
Proceeds from disposal of available-for-sale financial assets	-	600,000
Proceeds from disposals of financial assets at fair value through profit or loss	<u>39,428,010</u>	<u>26,217,160</u>
Gross proceeds from disposal of investments	<u>39,428,010</u>	<u>26,817,160</u>

No segment information is presented as all of the revenue and turnover, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

## 5. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has no assessable profit for the year (2014: Nil).

The reconciliation between the income tax and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
(Loss)/profit before tax	<u>(19,702,564)</u>	<u>645,136</u>
Tax at 16.5% (2014: 16.5%)	<b>(3,250,923)</b>	106,447
Tax effect of income that is not taxable	<b>(19,101)</b>	(478)
Tax effect of expenses that are not deductible	-	25,575
Tax effect of temporary differences not recognised	<u><b>3,270,024</b></u>	<u>(131,544)</u>
Income tax	<u>-</u>	<u>-</u>

## 6. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company's (loss)/profit for the year attributable to owners of the Company is stated after charging the following:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Auditor's remuneration	<b>184,000</b>	182,000
Investment management fee (note below)	<b>412,258</b>	360,000
Operating lease charges - land and buildings	<u><b>168,000</b></u>	<u>161,000</u>

Note:

During the year, the Company paid management fee of HK\$412,258 (2014: HK\$360,000) pursuant to the investment management agreements entered between the Company and Success Talent Investments Limited as investment manager (i) on 30 July 2012 for a term of three years from 26 July 2012 with a management fee of HK\$30,000 per month ("2012 Investment Management Agreement"); and (ii) on 3 June 2015 for a term of two years from 26 July 2015 with management fee of HK\$40,000 per month payable monthly in arrears ("2015 Investment Management Agreement").

Rule 14A.08 of the Listing Rules provides that where a listed company is an investment company listed under Chapter 21 of the Listing Rules, its connected persons also include an investment manager. Accordingly, the provision of investment management services by the investment manager to the Company pursuant to the 2012 Investment Management Agreement and the 2015 Investment Management Agreement constitutes continuing connected transactions for the Company.

**7. (LOSS)/EARNINGS PER SHARE**

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK\$19,702,564 (2014: profit of HK\$645,136) and the weighted average number of ordinary shares of 97,000,000 (2014: 82,227,397) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during two years ended 31 December 2015 and 2014.

**8. NET ASSET VALUE PER SHARE**

The calculation of the net asset value per share is based on the net assets of the Company as at 31 December 2015 of HK\$33,325,997 (2014: HK\$53,028,561) and the number of ordinary shares of 97,000,000 (2014: 97,000,000) in issue as at that date.

**9. EVENTS AFTER THE REPORTING PERIOD**

On 11 January 2016, 19,000,000 ordinary shares of HK\$0.02 each were issued by way of placing at price of HK\$0.7 per share and these new shares have been allotted by the Company to not less than six placees, who are professional investors as defined under the Securities and Futures Ordinance. The net proceeds from the placing is approximately HK\$12,800,000, which is intended to be used for working capital of the Company and future investments yet to be identified.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Results and Appropriations**

For the year ended 31 December 2015, the Company recorded a turnover of approximately HK\$39.5 million (2014: HK\$26.8 million), loss attributable to owners of approximately HK\$19.7 million (2014: profit of HK\$0.6 million) and loss per share of HK\$0.203 (2014: profit per share of HK\$0.008). The increase in turnover was mainly due to the increase in trading of listed securities. As compared to the last year, despite there was a net realized gain on disposal of listed securities amounting to approximately HK\$2,448,000 (2014: HK\$874,000), the Company's result was mainly attributable to the unrealized holding loss on the trading securities in Hong Kong.

## **Business Review**

The year under review continued to be a difficult year for Hong Kong securities market which was adversely affected by the negative investment sentiment across the world including especially the People's Republic of China. As compared to the last year, the carrying value of the Company's share portfolio dropped by 31% to HK\$25 million as at 31 December 2015. Under current global economic uncertainties and volatility, the Company will continue to be cautious in making new investments and trading of listed securities and to maintain and grow its portfolio value in future. However, as the Company's operating results are mostly driven by the Company's investments in trading securities, its performance will continuously be affected by the prevailing global stock market.

The Company's portfolio of Hong Kong listed securities as at 31 December 2015 consisted of China Dynamic (Holdings) Limited, New Times Energy Corporation Limited, APAC Resources Limited, Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited, C.banner International Holdings Limited, Shufeng International Clean Energy Limited and China Innovationpay Group Limited.

As at 31 December 2015, approximately 74% (2014: 68%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 1% (2014: 1%) in other assets and the remaining 25% (2014: 31%) in cash which was deposited with banks in Hong Kong.

## **Liquidity, Financial Resources and Funding**

As at 31 December 2015, the net asset value of the Company amounted to HK\$33,325,997 (2014: HK\$53,028,561) with net asset value per share of HK\$0.34 (2014: HK\$0.55). The Company has no significant liabilities. The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' funds, was 0.007 as at 31 December 2015 (2014: 0.004).

For the year under review, the Directors considered the opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base by shares placement. Hence, the Company entered into a placing agreement (the "**Placing Agreement**") with RHB Securities Hong Kong Limited, pursuant to which RHB Securities Hong Kong Limited agreed to place a maximum of 19,000,000 shares of the Company (the "**Placing Shares**") on a best effort basis to not fewer than 6 places, at a price of HK\$0.7 per Placing Share (the "**Placing**") under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 22 May 2015. The net proceeds raised upon the completion of the Placing was intended to be used for working capital of the Company and future investments yet to be identified.

The Placing completed on 11 January 2016.

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at 31 December 2015. The Directors believe that the Company had minimal exposure to foreign exchange risk.

## **Environmental, Social and Corporate Responsibility**

The Company is committed to maintain environmental and social standard to ensure business development and sustainability. We take steps to reduce our consumption of energy and natural resources e.g. advocate paperless office to reduce the consumption of paper, turn off computers, printers and lighting immediately after use; and use environmentally friendly products and certified materials whenever possible.

The Company has complied with all relevant laws and regulations which include the Bermuda Companies Act and the Rules Governing Listing of Securities on the Stock Exchange and maintained good relationship with its employees and investors.

## **Employees**

During the year, the Company has 7 staff including Directors and the total staff costs for the year amounted to HK\$580,700 (2014: HK\$459,000). The Company's remuneration policies are in line with the prevailing market practice.

## **Charges on the Company's Assets and Contingent Liabilities**

As at 31 December 2015, there were no charges in the Company's assets and the Company did not have any significant contingent liabilities.

## **Prospects**

The Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies.

Nevertheless, the Company will continue to identify and capture investment opportunities as and when they arise.

## **DIVIDEND**

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

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

During the year, the Company neither purchased, sold nor redeemed any of its own listed securities.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions during the year ended 31 December 2015.

## **DIRECTORS' SERVICE CONTRACTS**

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Company which is not determinable by the Company without paying one year's remuneration (other than statutory compensation) as compensation.

## **DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the year, no Director has been recorded as having interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION**

As at 31 December 2015, none of the Directors of the Company or their associates had any interest and short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

At no time during the year, the Directors or Chief Executives had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its other associated corporations required to be disclosed pursuant to the SFO.

At no time during the year was the Company a party to any arrangement to enable the Directors or Chief Executives of the Company to hold any interests or short positions in shares or underlying shares in, or debentures of, the Company or other associated corporation.

## **AUDIT COMMITTEE**

The Audit Committee, with its terms of reference established in accordance with the Code, comprises three Independent Non-executive Directors, Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua. The committee has reviewed the Company's audited financial statements for the year ended 31 December 2015.

## **SCOPE OF WORK OF RSM HONG KONG**

The figures in respect of this announcement of the Company's results for the year ended 31 December 2015 have been agreed by the Company's auditor, RSM Hong Kong (formerly known as RSM Nelson Wheeler), to the amounts set out in the Company's audited financial statements for the year ended 31 December 2015. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountant and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

## **DISCLOSURE OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the Company's website at [www.earnest-inv.com](http://www.earnest-inv.com). The 2015 annual report of the Company containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and will be made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
Earnest Investments Holdings Limited  
**CHAN Chak Paul**  
*Chairman*

Hong Kong, 21 March 2016

*As at the date of this announcement, the board of directors of the Company consists of three Executive Directors, Mr. CHAN Chak Paul, Mr. NGAI Wah Sang and Mr. WANG Daming, one Non-executive Director, Mr. SUN Bo and three Independent Non-executive Directors, Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua.*