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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The board (the “Board”) of directors (the “Directors”, and each, a “Director”) of Earnest Investments Holdings Limited (the “Company”) is pleased to announce the unaudited interim financial results of the Company for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

		(Unaudited)	
		Six months ended 30 June	
	<i>Note</i>	2016	2015
		HK\$	HK\$
Revenue	4	62,032	22,960
(Losses)/gains on disposals of financial assets at fair value through profit or loss		(23,164,798)	443,882
Net change in fair value gains/(losses) on financial assets at fair value through profit or loss		18,050,445	(3,955,337)
Administrative and other operating expenses		<u>(2,814,150)</u>	<u>(1,567,574)</u>
Loss before tax		(7,866,471)	(5,056,069)
Income tax	5	<u>-</u>	<u>-</u>
Loss for the period attributable to owners of the Company	6	(7,866,471)	(5,056,069)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to owners of the Company		<u>(7,866,471)</u>	<u>(5,056,069)</u>
Loss per share			
Basic	8	<u>(0.068)</u>	<u>(0.052)</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016**

		(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Non-current assets			
Property, plant and equipment	9	<u>436,752</u>	<u>-</u>
Current assets			
Financial assets at fair value through profit or loss		19,109,715	24,981,310
Prepayments, deposits and other receivables		336,726	141,556
Bank and cash balances		<u>18,942,090</u>	<u>8,449,793</u>
		<u>38,388,531</u>	<u>33,572,659</u>
Current liabilities			
Accruals and other payables		<u>399,296</u>	<u>246,662</u>
Net current assets		<u>37,989,235</u>	<u>33,325,997</u>
Total assets less current liabilities		<u>38,425,987</u>	<u>33,325,997</u>
Non-current liabilities		<u>-</u>	<u>-</u>
NET ASSETS		<u>38,425,987</u>	<u>33,325,997</u>
Capital and reserves attributable to owners of the Company			
Share capital		2,320,000	1,940,000
Reserves		<u>36,105,987</u>	<u>31,385,997</u>
TOTAL EQUITY		<u>38,425,987</u>	<u>33,325,997</u>
Net asset value per share	10	<u>0.33</u>	<u>0.34</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

Earnest Investments Holdings Limited (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, 25 Harbour Road, Wanchai, Hong Kong.

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

The condensed interim financial statements have not been audited.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015.

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

In the current period, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed financial statements.

4. REVENUE

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
Dividend income from listed investments	60,643	21,500
Bank interest income	1,389	1,460
Revenue	62,032	22,960
Proceeds from disposals of financial assets at fair value through profit or loss	1,699,242	18,227,520

No segment information is presented as all of the revenue and 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 is required since the Company has no assessable profit for the period (2015: Nil).

6. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company's loss for the period attributable to owners of the Company is stated after charging the following:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
Investment management fee (<i>Note 7</i>)	343,871	180,000
Depreciation	28,618	-
Directors' remuneration		
- Fees	210,000	176,400
- Retirement benefits scheme contributions	4,500	3,000
	214,500	179,400
Operating lease charges - land and buildings	667,867	84,000

7. CONNECTED PARTY TRANSACTIONS

On 3 June 2015, the Company entered into an investment management agreement (the "Existing Management Agreement") with Success Talent Investments Limited ("Success Talent") for the provision of investment management services to the Company for a period of two years from 26 July 2015 with investment management fee of HK\$40,000 per month payable monthly in arrears. A written confirmation between the Company and Success Talent was made to terminate the Existing Management Agreement with effect from 12 May 2016. During the period, the investment management fee of HK\$245,161 (including the early termination payment) was paid by the Company to Success Talent.

On 12 May 2016, the Company entered into the new management agreement (the "New Management Agreement") with China Everbright Securities (Hong Kong) Limited ("CES"), for the provision of investment management services to the Company for a period of two years from 12 May 2016 with investment management fee of HK\$60,000 per month payable monthly in arrears. During the period, the investment management fee of HK\$98,710 was paid by the Company to CES.

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 managers to the Company under the above-mentioned investment management agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

8. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$7,866,471 (2015: HK\$5,056,069) and the weighted average number of ordinary shares of 114,956,044 (2015: 97,000,000) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Company acquired property, plant and equipment of HK\$465,370 (2015: Nil).

10. 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 30 June 2016 of HK\$38,425,987 (31 December 2015: HK\$33,325,997) and the number of ordinary shares of 116,000,000 (31 December 2015: 97,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 June 2016, the Company recorded a turnover of approximately HK\$1.8 million (2015: approximately HK\$18.3 million) and a loss attributable to owners of approximately HK\$7.9 million (2015: approximately HK\$5.1 million). The basic loss per share was HK\$0.068 (2015: HK\$0.052). As compared to the last corresponding period, the net loss incurred was mainly due to the loss on disposals of the Company's investment in Hong Kong listed securities and an increase in administration and other operating expenses.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: HK\$ Nil).

Business Review

For the interim period under review, the Company recorded the losses on disposal of financial assets at fair value through profit or loss of approximately HK\$23 million and net change in fair value gains of approximately HK\$18 million on its share portfolio. As at 30 June 2016, the carrying value of the Company's share portfolio was approximately of HK\$19.1 million. As the Company's operating results are mostly driven by trading of listed securities, its performance will be affected by the global investments atmosphere. Nevertheless, the Company will be cautious in securities trading with an aim to grow its share portfolio.

The Company's portfolio of Hong Kong listed securities as at 30 June 2016 consisted of China Dynamics (Holdings) Limited, Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited, CSOP FTSE China A50 ETF and ChinaAMC CSI 300 Index ETF.

As at 30 June 2016, 49% (31 December 2015: 74%) of the Company's total investments consisted of a portfolio of Hong Kong listed securities, 1% (31 December 2015: 1%) in other assets, 49% (31 December 2015: 25%) in cash which was deposited with banks in Hong Kong and 1% (31 December 2015: Nil) in property, plant and equipment.

Liquidity and Financial Resources

For the period under review, the Company generally financed its operations and investment activities by internal resources. As at 30 June 2016, the net asset value of the Company was HK\$38,425,987 (31 December 2015: HK\$33,325,997) with net asset value per share of HK\$0.33 (31 December 2015: HK\$0.34). As at 30 June 2016, the Company had cash and cash equivalents of HK\$18,942,090 (31 December 2015: HK\$8,449,793).

As disclosed in the announcement of the Company dated 24 December 2015, the Company entered into a placing agreement with a placing agent in respect of the placement of 19,000,000 ordinary shares of HK\$0.02 each at a price of HK\$0.7 per share (the Placing Shares”) to not fewer than six places who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons. The placement was completed on 11 January 2016 and the Placing Shares were allotted and issued by the Company to not fewer than six places, who are professional investors as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), at the placing price of HK\$0.7 per Placing Share. Details of the said placing were disclosed in the announcements of the Company dated 24 December 2015 and 11 January 2016 and the annual report of the Company for its financial year ended 31 December 2015. As at the date of this report, the net proceeds raising from the said placing of approximately HK\$13 million have not been utilised and the intended use would be for working capital of the Company and for future investments yet to be identified.

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’ equity, was 0.010 as at 30 June 2016 (31 December 2015: 0.007).

Foreign Exchange Exposure

The Board believes that the Company has minimal exposure to foreign exchange risk as all business transactions of the Company are denominated in Hong Kong dollars. As at 30 June 2016, the Company has not used any derivative to hedge its exposure to the foreign currency risk.

Employees and Remuneration Policies

During the reporting period, the Company has 13 (2015: 7) staff including Directors and the total staff costs for the period amounted to HK\$654,140 (2015: HK\$280,200). The Company’s remuneration policies are in line with the prevailing market practice.

Charges on the Company’s Assets

As at 30 June 2016, no charges had been created on the Company’s assets.

Contingent Liabilities

The Company did not have any significant contingent liabilities as at 30 June 2016.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company neither purchased, sold nor redeemed any of its 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 complied with the code provisions during the six months ended 30 June 2016 except for the following deviations:

The Code provision A2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the Chairman and the chief executive officer of the Company were held by Mr. CHAN Chak Paul, being Chairman and one of the executive Directors, since Mr. NGAI Wah Sang has resigned as the chief executive officer of the Company on 16 June 2016. The Company has commenced the search for suitable candidate as the new chief executive officer of the Company. Subsequent to the reporting report, Mr. ZHANG Yufei has been appointed as the chief executive officer of the Company with effect from 28 July 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all the Directors have complied with the required standards as set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the reporting period.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. CHAN Francis Ping Kuen (the chairman of the Audit Committee), Mr. TAN Yee Boon and Mr. WANG Jia Hua. The Audit Committee has reviewed with the management of the Company the unaudited condensed financial statements of the Company for the six months ended 30 June 2016 including the accounting principles and practices adopted by the Company and has also discussed with management of the Company the internal controls and financial reporting matters including the review of the interim report of the Company for the six months ended 30 June 2016.

REVIEW OF ACCOUNTS

The external auditor, RSM Hong Kong has reviewed the interim financial information for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF 2016 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company’s website (www.earnest-inv.com) and the Stock Exchange’s website (www.hkexnews.hk). The Company’s 2016 interim report for the six months ended 30 June 2016 will be made available on the websites of the Company and Stock Exchange and will be dispatched to Company’s shareholders in due course.

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

Hong Kong, 15 August 2016

As at the date of this announcement, the Board consists of two executive Directors, Mr. CHAN Chak Paul 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.

** For identification purpose only*