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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



The Board is pleased to announce that on 1 December 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent as its placing agent to procure not less than six Placees who are Independent Third Parties to subscribe for up to 23,200,000 Placing Shares at a price of HK\$0.68 per Placing Share on a best effort basis, on or before the Long Stop Date, on the terms and subject to the conditions of the Placing Agreement.

The Placing Price represents (a) a discount of approximately 5.56% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; (b) a discount of approximately 5.56% to the average closing price of HK\$0.72 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Placing Agreement; and (c) a discount of approximately 5.56% to the average closing price of HK\$0.72 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Placing Agreement.

The maximum number of 23,200,000 Placing Shares represents 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the 23,200,000 Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

The Board considers that the Placing represents a good opportunity for the Company to raise additional funds as general working capital of the Company and, with additional funds, the Company will also be equipped to capture suitable investment opportunities in a timely manner and the terms of the Placing Agreement are on normal commercial terms. Accordingly, the Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all 23,200,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds and net proceeds arising from the Placing are estimated to be approximately HK\$15.8 million and approximately HK\$15.6 million, respectively. Of the net proceeds, the Company intends to use (i) approximately HK\$13.0 million for future investment and business development; and (ii) approximately HK\$2.6 million as general working capital of the Company.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

The Board is pleased to announce that on 1 December 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, major terms of which are as follows:

Date

1 December 2017 (after trading hours)

Parties

- (a) The Company, as issuer; and
- (b) South China Securities Limited, as placing agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

It is expected that (a) the Placing Shares will be placed to not less than six (6) Placees who and whose ultimate beneficial owner(s) (where applicable) are Independent Third Parties; and (b) none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing. The Placees are professional investors (as defined in the SFO and as extended by the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)). If the number of Placees shall be less than six (6) or any Placee will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing, the Company will issue a further announcement in accordance with and comply with the other applicable requirements under the Listing Rules.

Placing Shares

The Placing Agent has conditionally agreed to place, on a best effort basis, a maximum of 23,200,000 Placing Shares. The 23,200,000 Placing Shares represent (a) 20.00% of the existing issued share capital of the Company; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the 23,200,000 Placing Shares. The aggregate nominal value of the 23,200,000 Placing Shares is HK\$464,000.

Placing Price

The Placing Price of HK\$0.68 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- (a) a discount of approximately 5.56% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (b) a discount of approximately 5.56% to the average closing price of HK\$0.72 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Placing Agreement; and
- (c) a discount of approximately 5.56% to the average closing price of HK\$0.72 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Placing Agreement.

Assuming the 23,200,000 Placing Shares are placed in full and after deducting the costs and expenses incurred in connection with the Placing, it is estimated that the net proceeds from the Placing is approximately HK\$15.6 million, representing a net placing price of approximately HK\$0.67 per Placing Share.

Placing commission

The Placing Agent will receive a placing commission of 1% of the aggregate Placing Amount, based on multiplying the Placing Price by the actual number of the Placing Shares successfully subscribed for by the placees procured by the Placing Agent under the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of 1% is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Disposal and lock-up restrictions

The Placing Shares are not subject to any lock-up or other disposal restrictions under the Placing Agreement.

Ranking

The Placing Shares will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions precedent

Completion of the Placing is conditional upon:

- (a) the Stock Exchange having granted or agreeing to grant approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange and such approval not subsequently revoked prior to the Completion Date; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

If any of the above conditions are not fulfilled by 5:00 p.m. on the Long Stop Date, the Placing Agreement will terminate and all obligations of the parties thereunder in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against the other.

Completion

Completion of the Placing shall be five (5) Business Days after satisfaction of the conditions precedent as set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing).

Termination

If at any time between the date of the Placing Agreement and at any time prior to 11:00 a.m. (Hong Kong time) on the Completion Date, there occurs:

- (a) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Company taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (c) any change, or development (regardless of whether permanent or not) involving a prospective change, in or affecting, the business, management, general affairs, assets and/or liabilities, prospects, shareholders' equity, results of operations or position, financial or otherwise, of the Company, regardless of whether or not arising in the ordinary course of business; or
- (d) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more (other than in relation to the Placing);

the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement.

The Placing Agreement may also be terminated by the Placing Agent in the event that at any time before 11 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing may be, would be or might be adversely affected by any force majeure events:

- (a) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (b) any event, or series of events beyond the reasonable control of the Placing Agent, including but not limited to acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, storm, tempest, typhoon, accident, civil commotion, economic sanctions, epidemic, outbreak of infectious disease, pandemic, outbreak or escalation of hostilities (local, national, international or otherwise), acts of war, terrorism, and acts of God; or
- (c) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement save for any antecedent breach of any obligation thereunder and liabilities and rights of the parties under the Placing Agreement.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate, which has not been utilized since granted at the AGM. The number of new Shares that could be issued by the Company under the General Mandate is 23,200,000 Shares. Therefore, the issue of the Placing Shares is not subject to approval of Shareholders.

Application for listing

The Company will apply to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment company under Chapter 21 of the Listing Rules and is principally engaged in the investment and trading of listed and unlisted equity securities. The Board considers that the Placing represents a good opportunity for the Company to raise additional funds as general working capital of the Company and, with additional funds, the Company will also be equipped to capture suitable investment opportunities in a timely manner and the terms of the Placing Agreement are on normal commercial terms. Accordingly, the Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all 23,200,000 Placing Shares are subscribed for in full, upon completion of the Placing, the aggregate gross proceeds of the Placing will be approximately HK\$15.8 million and the aggregate net proceeds of the Placing, after deduction of expenses, are estimated to be approximately HK\$15.6 million, representing a net issue price of approximately HK\$0.67 per Placing Share. The net proceeds from the Placing are intended to be used for the general working capital of the Company and for future investments pursuant to the investment objectives of the Company. Of the net proceeds, the Company intends to use (i) approximately HK\$13.0 million for future investment and business development; and (ii) approximately HK\$2.6 million as general working capital of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

The Company has not carried out any fund raising exercises during the 12 months immediately preceding the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of this announcement up to completion of the Placing, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
SUN Bo (<i>Note 1</i>)	22,275,000	19.20	22,275,000	16.00
Salus Investments Limited (<i>Note 2</i>)	8,260,000	7.12	8,260,000	5.93
ZHANG Yufei (<i>Note 3</i>)	8,000,000	6.90	8,000,000	5.75
Public Shareholders				
Placees	–	–	23,200,000	16.67
Other public Shareholders	77,465,000	66.78	77,465,000	55.65
Total	<u>116,000,000</u>	<u>100.00</u>	<u>139,200,000</u>	<u>100.00</u>

Notes:

1. Mr. SUN Bo is a non-executive Director and the chairman of the Board.
2. The 8,260,000 shares were held by Salus Investments Limited which was wholly owned by Mr. ZHANG Xu Ming. By virtue of the SFO, Mr. ZHANG Xu Ming was deemed to be interested in the 8,260,000 shares.
3. Mr. ZHANG Yufei is a chief executive officer of the Company.

GENERAL

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the same meanings set out below unless the context otherwise requires:

“AGM” the annual general meeting of the Company held on 26 May 2017

“Board” the board of directors of the Company

“Business Day(s)”	any day (excluding Saturday) on which commercial banks generally are open for normal banking business in Hong Kong
“Company”	Earnest Investments Holdings Limited, a company continued into Bermuda with limited liability, with its Shares listed on the Stock Exchange
“Completion Date”	the date on which the completion shall take place and such day shall be five (5) Business Days after the satisfaction of the conditions precedent as set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue and deal with up to 23,200,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the connected persons of the Company and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	22 December 2017 (or such other date as the Company and the Placing Agent may agree in writing)
“Placee(s)”	individual, professional, institutional or other investors procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	South China Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO)

“Placing Agreement”	the placing agreement dated 1 December 2017 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.68 per Placing Share
“Placing Amount”	the total aggregate amount of money (total monetary value) derived from multiplying the Placing Price by the actual number of Placing Shares actually subscribed for by the Placees procured by the Placing Agent
“Placing Shares”	up to 23,200,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Earnest Investments Holdings Limited
SUN Bo
Chairman

Hong Kong, 1 December 2017

As at the date of this announcement, the executive Director is Mr. WANG Daming; the non-executive Director is Mr. SUN Bo (Chairman); and the independent non-executive Directors are Mr. CHEN Ming, Mr. MOK Ho Ming and Mr. WONG Yan Wai George.

* *For identification purpose only*