

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**EARNEST INVESTMENTS HOLDINGS LIMITED**

*(Continued into Bermuda with limited liability)*

**(Stock Code: 339)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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 2009 together with the comparative figures for the corresponding year 2008 are as follows:

**STATEMENT OF COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2009*

	<i>Note</i>	<u>2009</u> <b>HK\$</b>	<u>2008</u> <b>HK\$</b>
<b>Turnover</b>	4	<u><b>3,922,747</b></u>	<u>813,482</u>
Revenue	4	<b>3,247</b>	142,482
Realised gains on disposals of financial assets at fair value through profit or loss		<b>1,349,250</b>	15,500
Realised losses on disposals of available-for-sale financial assets		<b>(800,000)</b>	-
Net unrealised holding gains/(losses) from financial assets at fair value through profit or loss		<b>17,170,140</b>	(108,599,365)
Impairment of available-for-sale financial assets		-	(7,650,000)
Administrative and other operating expenses		<u><b>(1,948,324)</b></u>	<u>(1,961,377)</u>
<b>Profit/(loss) before tax</b>		<b>15,774,313</b>	(118,052,760)
Income tax credit	5	<u>-</u>	<u>14,371,265</u>
<b>Profit/(loss) for the year attributable to owners of the Company</b>	6	<b>15,774,313</b>	(103,681,495)
<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>		<u><b>15,774,313</b></u>	<u>(103,681,495)</u>
<b>Earnings/(loss) per share</b>			
Basic	7	<u><b>0.195</b></u>	<u>(1.280)</u>

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	Note	<u>2009</u> HK\$	<u>2008</u> HK\$
<b>Non-current assets</b>			
Available-for-sale financial assets		<u>1,350,000</u>	<u>4,150,000</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		32,336,595	15,736,705
Prepayments, deposits and other receivables		93,900	238,540
Current tax assets		-	970,784
Bank and cash balances		<u>7,113,906</u>	<u>4,038,259</u>
		39,544,401	20,984,288
<b>Current liabilities</b>			
Accruals and other payables		<u>178,000</u>	<u>192,200</u>
<b>Net current assets</b>		<u>39,366,401</u>	<u>20,792,088</u>
<b>NET ASSETS</b>		<u>40,716,401</u>	<u>24,942,088</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		1,620,000	1,620,000
Reserves		<u>39,096,401</u>	<u>23,322,088</u>
<b>TOTAL EQUITY</b>		<u>40,716,401</u>	<u>24,942,088</u>
<b>Net asset value per share</b>	8	<u>0.50</u>	<u>0.31</u>

*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 Units 801 - 802, 8/F., Ginza Square, 565 - 567 Nathan Road, Kowloon, 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 companies.

## **2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Company's accounting policies and amounts reported for the current year and prior years except as stated below.

### **Presentation of Financial Statements**

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

### 4. REVENUE AND TURNOVER

	<u>2009</u> HK\$	<u>2008</u> HK\$
Dividend income from listed investments	2,220	93,640
Bank interest income	<u>1,027</u>	<u>48,842</u>
Revenue	3,247	142,482
Proceeds from disposals of available-for-sale financial assets	2,000,000	-
Proceeds from disposals of financial assets at fair value through profit or loss	<u>1,919,500</u>	<u>671,000</u>
Turnover	<u>3,922,747</u>	<u>813,482</u>

No segment information is presented as all of the turnover and revenue, 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 and the People’s Republic of China (the “PRC”).

### 5. INCOME TAX CREDIT

	<u>2009</u> HK\$	<u>2008</u> HK\$
Current tax - Hong Kong Profits Tax Provision for the year	-	-
Deferred tax	<u>-</u>	<u>(14,371,265)</u>
	<u>-</u>	<u>(14,371,265)</u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2009 as the Company has no assessable profit for the year (2008: Nil).

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

	<u>2009</u> HK\$	<u>2008</u> HK\$
Profit/(loss) before tax	<u>15,774,313</u>	<u>(118,052,760)</u>
Tax at 16.5% (2008: 16.5%)	2,602,761	(19,478,705)
Tax effect of income that is not taxable	(535)	(23,510)
Tax effect of expenses that are not deductible	132,000	1,262,250
Utilisation of other temporary differences not previously recognised	(2,830,882)	-
Tax effect of other temporary differences not recognised	-	3,868,700
Tax effect of tax losses not recognised	<u>96,656</u>	<u>-</u>
Income tax credit	<u>-</u>	<u>(14,371,265)</u>

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

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

	<u>2009</u> HK\$	<u>2008</u> HK\$
Auditor's remuneration	170,000	180,000
Total staff costs	355,200	345,600
Investment management fee	<u>360,000</u>	<u>360,000</u>

## 7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$15,774,313 (2008: loss of HK\$103,681,495) and the number of ordinary shares of 81,000,000 (2008: 81,000,000) in issue during the year.

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary shares during two years ended 31 December 2009.

## 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 2009 of HK\$40,716,401 (2008: HK\$24,942,088) and the number of ordinary shares of 81,000,000 (2008: 81,000,000) in issue as at that date.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results and Appropriations**

For the year ended 31 December 2009, the Company had recorded a turnover of approximately HK\$3.9 million (2008: HK\$0.8 million), net profit attributable to owners of the Company of approximately HK\$16 million (2008: net loss of HK\$104 million), and basic earnings per share of HK\$0.195 (2008 : loss per share of HK\$1.280). The increase in turnover was mainly due to the increase in trading of listed securities and also the disposal of available-for-sale financial assets. The net profit for the year was mainly due to the increase in realised gain on trading securities and unrealised holding gains from Hong Kong listed securities.

### **Business Review**

For the year ended 31 December 2009, the Company had not made any new investment other than Hong Kong listed securities. During the year, the Company had recorded a net unrealised holding gain of approximately HK\$17 million on its share portfolio. As a result, the carrying value of the Company's share portfolio had increased to approximately HK\$32 million as at 31 December 2009. The Board will be cautious in our share trading activity in anticipation of increased volatility in the share market and the prospect of rising interest rates in the United States.

The Company had sold an unlisted investment engaged in provision of investment and business management consulting services in the PRC for HK\$2 million. The Board will monitor and take appropriate measures on the remaining investments in unlisted companies.

As at 31 December 2009, approximately 79% (2008: 63%) of the Company's investments were in a portfolio of Hong Kong listed securities, 3% (2008: 17%) in the equity interests of unlisted companies, 1% (2008: 4%) in other assets and the remaining 17% (2008: 16%) in cash which was deposited with banks in Hong Kong.

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

For the year under review, the Company generally financed its operations and investment activities by internal resources. As at 31 December 2009, the net asset value of the Company amounted to HK\$40,716,401 (2008: HK\$24,942,088) with net asset value per share of HK\$0.50 (2008: HK\$0.31).

The Company had no significant liabilities. The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' equity, was 0.004 as at 31 December 2009 (2008 : 0.007).

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at the end of the reporting period. The directors believe that the Company has minimal exposure to foreign exchange risk.

## **Employees**

During the year, the Company did not employ any employees other than the directors of the Company, total staff costs for the year amounted to HK\$355,200 (2008: HK\$345,600). 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 2009, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

## **Prospects**

The Board will manage its existing investments in accordance with the Company's investment objectives, and 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 2009 (2008: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **CORPORATE GOVERNANCE**

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year.

## **CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its Code of Conduct regarding securities transactions by the directors.

All directors have confirmed in writing that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2009.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the Company's audited financial statements for the year, including the accounting principles and practices adopted by the Company.

## **SCOPE OF WORK OF RSM NELSON WHEELER**

The figures in respect of this announcement of the Company's results for the year ended 31 December 2009 have been agreed by the Company's auditor, RSM Nelson Wheeler, to the amounts set out in the Company's audited financial statements for the year ended 31 December 2009. The work performed by RSM Nelson Wheeler 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 HKICPA and consequently no assurance has been expressed by RSM Nelson Wheeler 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.hkex.com.hk](http://www.hkex.com.hk) as well as the Company's website at [www.earnest-inv.com](http://www.earnest-inv.com). The 2009 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, 31 March 2010

*As at the date of this announcement, the Board of the Company consists of three executive directors, Mr. Chan Chak Paul, Mr. Ngai Wah Sang and Mr. Wang Daming and four independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Benny Lui, Mr. Tan Yee Boon and Mr. Wang Jia Hua.*