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EARNEST INVESTMENTS HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 339)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

The board of directors (the “Board”) 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 2013 together with the comparative figures for the corresponding period in 2012.

**CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

		(Unaudited)	
		Six months ended 30 June	
	Note	2013	2012
		HK\$	HK\$
Turnover	3	<u>4,595,137</u>	<u>698,523</u>
Revenue	3	1,897	723
Realised gains on disposals of financial assets at fair value through profit or loss		6,440	17,200
Net unrealised holding losses from financial assets at fair value through profit or loss		(11,089,325)	(3,920,640)
Administrative and other operating expenses		<u>(1,203,612)</u>	<u>(1,161,434)</u>
Loss before tax		(12,284,600)	(5,064,151)
Income tax credit	4	<u>-</u>	<u>183,522</u>
Loss for the period attributable to owners of the Company	5	(12,284,600)	(4,880,629)
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>(12,284,600)</u>	<u>(4,880,629)</u>
Loss per share			
Basic	7	<u>(0.152)</u>	<u>(0.060)</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	(Unaudited) 30 June 2013 HK\$	(Audited) 31 December 2012 HK\$
Non-current assets		
Available-for-sale financial assets	<u>650,000</u>	<u>650,000</u>
Current assets		
Financial assets at fair value through profit or loss	24,490,225	35,579,550
Prepayments, deposits and other receivables	253,007	206,820
Bank and cash balances	<u>4,069,489</u>	<u>5,411,654</u>
	<u>28,812,721</u>	<u>41,198,024</u>
Current liabilities		
Accruals and other payables	<u>114,097</u>	<u>214,800</u>
Net current assets	<u>28,698,624</u>	<u>40,983,224</u>
Total assets less current liabilities	<u>29,348,624</u>	<u>41,633,224</u>
NET ASSETS	<u>29,348,624</u>	<u>41,633,224</u>
Capital and reserves attributable to owners of the Company		
Share capital	1,620,000	1,620,000
Reserves	<u>27,728,624</u>	<u>40,013,224</u>
TOTAL EQUITY	<u>29,348,624</u>	<u>41,633,224</u>
Net asset value per share	8 <u>0.36</u>	<u>0.51</u>

Notes:

1. 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 and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These condensed interim financial statements should be read in conjunction with the Company’s 2012 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 2012 except as stated below.

2. 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”) that are relevant to its operations and effective for its accounting period beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”) and Interpretations. The adoption 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 period and prior years except as stated below.

a. Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 13 “Fair Value Measurement”

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the financial statements. HKFRS 13 has been applied prospectively.

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. REVENUE AND TURNOVER

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	HK\$	HK\$
Dividend income from listed investments	1,398	-
Bank interest income	499	723
	<hr/>	<hr/>
Revenue	1,897	723
Proceeds from disposals of financial assets at fair value through profit or loss	4,593,240	697,800
	<hr/>	<hr/>
Turnover	4,595,137	698,523
	<hr/> <hr/>	<hr/> <hr/>

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.

4. INCOME TAX CREDIT

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	HK\$	HK\$
Deferred tax	-	(183,522)
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No provision for Hong Kong Profits Tax is required because the Company has no assessable profit for the six months ended 30 June 2013 and 2012.

5. **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	
	2013	2012
	HK\$	HK\$
Investment management fee (Note 6)	180,000	180,000
Directors' remuneration	173,760	172,800
Operating lease charges – land and buildings	78,000	-

6. **CONNECTED PARTY TRANSACTIONS**

During the period, the Company paid management fee of HK\$180,000 (2012: HK\$180,000) pursuant to an investment management agreement entered between the Company and Success Talent Investments Limited as investment manager for a term of three years from 26 July 2012 with a management fee of HK\$30,000 per month payable monthly in arrears. The investment manager is deemed as a connected person of the Company under Rule 21.13 of the Listing Rules.

7. **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\$12,284,600 (2012: HK\$4,880,629) and the number of ordinary shares of 81,000,000 (2012: 81,000,000) in issue during the period.

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2013 and 2012.

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 30 June 2013 of HK\$29,348,624 (31 December 2012: HK\$41,633,224) and the number of ordinary shares of 81,000,000 (31 December 2012: 81,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 June 2013, the Company's unaudited loss attributable to owners was approximately HK\$12.3 million (2012:HK\$4.9 million) and basic loss per share was HK\$0.152 (2012:HK\$0.060). As compared to the last corresponding period, the loss was mainly due to the increase in unrealised holding losses of the Company's investment in Hong Kong listed securities. Nevertheless, the Company endeavored and managed to keep administrative and operating expenses in approximately the same level.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: HK\$ Nil).

Business Review

During the period under review, the Company recorded net unrealised holding losses on trading securities amounting to approximately HK\$11 million. The carrying value of the Company's share portfolio had dropped by 31% to approximately HK\$24.5 million as at 30 June 2013. Given the global stock market fluctuation during the period under review, the Company has been extremely cautious in making new investments and trading of listed securities, and aimed to maintain its portfolio value for the period. 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 uncertainty in the global stock market.

The Company's portfolio of Hong Kong listed securities as at 30 June 2013 consists of Sinocop Resources (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited and China National Building Material Company Limited.

The Company's only investment in unlisted company is Ocean Pharmaceutical (HK) Limited ("Ocean"). Its principal activities are sourcing and trading of pharmaceutical products specializing in vascular health. The unaudited consolidated loss attributable to owners for the six months ended 30 June 2013 was approximately HK\$151,000 (30 June 2012: HK\$175,000). Given that there is a strong demand in vascular health products in the market, the Board considers that Ocean will have positive contribution to the Company in the future.

As at 30 June 2013, 83% (31 December 2012: 85%) of the Company's total investments consists of a portfolio of Hong Kong listed securities, 2% (31 December 2012: 2%) in the equity interests of an unlisted company, 1% (31 December 2012: 1%) in other assets, and 14% (31 December 2012: 12%) in cash which was deposited with a bank in Hong Kong.

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 2013, the net asset value of the Company was HK\$29,348,624 (31 December 2012:HK\$41,633,224) with net asset value per share of HK\$0.36 (31 December 2012:HK\$0.51).

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 0.004 as at 30 June 2013 (31 December 2012: 0.005).

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

Employees

During the reporting period, the Company did not employ any employees other than the directors of the Company. Total staff costs for the period was HK\$173,760 (2012: HK\$172,800). The Company's remuneration policies are in line with the prevailing market practice.

Charges on the Company's Assets and Contingent Liabilities

As at 30 June 2013, no charges had been created on the Company's assets and the Company did not have any significant contingent liabilities.

Prospects

Given the difficult investment environment due to the global economic fluctuation, the Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies. However, 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 2013.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions by its directors. All the directors of the Company have confirmed in writing that they have complied with the required standards as set out in the Model Code throughout the reporting period.

AUDIT COMMITTEE

The Audit Committee of the Company, 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.

REVIEW OF ACCOUNTS

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Company and in the course has discussed with the management the internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended 30 June 2013.

The external auditor, RSM Nelson Wheeler has reviewed the interim financial information for the six months ended 30 June 2013 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 Accounts.

PUBLICATION OF 2013 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.com.hk). The Company’s 2013 interim report 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, 23 August 2013

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 and three independent non-executive directors, Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua.