

*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**

**安利時投資控股有限公司\***

*(Continued into Bermuda with limited liability)*

**(Stock Code: 339)**

### **VOLUNTARY ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS – NEW INVESTMENT MANAGEMENT AGREEMENT**

This is a voluntary announcement made by the Company.

To ensure continuity in the provision of investment management services currently provided by the Investment Manager to the Company under the Existing Investment Management Agreement which will expire on 11 May 2018, the Company has entered into the New Investment Management Agreement with the Investment Manager on the principal terms and conditions disclosed in this announcement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

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. Hence, the provision of investment management services by the Investment Manager to the Company under the New Investment Management Agreement constitutes continuing connected transactions for the Company.

The maximum annual aggregate amount of the management fee to be paid by the Company to Investment Manager pursuant to the New Investment Management Agreement for the period from 12 May 2018 to 11 May 2020 (both dates inclusive) shall not exceed HK\$720,000, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Investment Management Agreement is therefore exempt from the announcements, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS – NEW INVESTMENT MANAGEMENT AGREEMENT**

### **BACKGROUND**

Pursuant to the Existing Investment Management Agreement, the Company appointed CES as its investment manager to provide the Company with investment management services for the period from 12 May 2016 to 11 May 2018. 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 services provided by CES to the Company under the Existing Investment Management Agreement constitute continuing connected transactions of the Company.

As the Existing Investment Management Agreement will expire on 11 May 2018, the Company has entered into with CES the New Investment Management Agreement which will take effect immediately following the expiration of the term of the Existing Investment Management Agreement to ensure continuity in the provision of investment management services to the Company.

### **PRINCIPLE TERMS UNDER THE NEW INVESTMENT MANAGEMENT AGREEMENT**

The principal terms of the New Investment Management Agreement, among others, include

#### **Parties:**

- (1) The Company; and
- (2) The Investment Manager

#### **Date:**

11 May 2018

#### **Extended Term**

Extended term under the Existing Investment Management Agreement of a further period commencing on 12 May 2018 and ending on 11 May 2020 (both dates inclusive) unless terminated earlier by either party giving to the other party not less than one month's written notice of termination, among other termination rights of either party.

#### **Services to be provided**

The Investment Manager shall provide investment management services to the Company under the New Investment Management Agreement in relation to managing, supervising and directing the investment, disposition and re-investment of the assets of the Company with full and complete discretion.

## **Investment Management Fee**

Pursuant to the New Investment Management Agreement, the Company shall pay the Investment Manager a fixed investment management fee of HK\$60,000 per month payable on a monthly basis in arrears. The annual fees payable to the Investment Manager pursuant to the New Investment Management Agreement will be HK\$720,000. The investment management fee under the New Investment Management Agreement was reached after an arm's length negotiations between the Company and the Investment Manager and was determined with reference to the historical investment management, the prevailing market rates and the responsibilities and duties of the Investment Manager of the Company under the New Investment Management Agreement.

The Directors (including the Independent Non-executive Directors) consider that the New Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the New Investment Management Agreement (including the Annual Caps Amount) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Each Director has no interest in the New Investment Management Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW INVESTMENT MANAGEMENT AGREEMENT**

The Company is an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. The Board considers that CES has extensive investment experience in Hong Kong in relation to investment companies listed under Chapter 21 of the Listing Rules and in the Greater China Region and is capable to provide professional investment services to the Company. The Investment Manager has been appointed to act as the investment manager since 2016. The Board is of the view that continuity for provision of investment management services by the Investment Manager is important for the management of the Company. The transactions contemplated under the New Investment Management Agreement will continue to be conducted in the ordinary and usual course of business of the Company.

The Directors (including the Independent Non-executive Directors) consider that:

- (a) the investment experience of the Investment Manager and its responsible officers is relevant to the investment strategies of the Company and are of the view that the investment experience and expertise of the Investment Manager will be beneficial to the Company and its Shareholders as a whole;
- (b) the terms and conditions of the New Investment Management Agreement are negotiated on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (c) the Annual Caps are fair and reasonable; and
- (d) the transactions contemplated under the New Investment Management Agreement are in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE INVESTMENT MANAGER**

### **Information on the Company**

The Company is an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. The Company's principal investment objective is to achieve medium term capital appreciation through investments in listed and unlisted companies in Hong Kong and the PRC.

### **Information on the Investment Manager**

CES was incorporated in Hong Kong in 1991 and is wholly owned by Everbright Securities Company Limited (a company dually listed in The Shanghai Stock Exchange with stock code #SH601788 and the Stock Exchange with stock code #6178 respectively). CES has over 15 years of experience in serving Hong Kong listed investment companies since 2003. CES is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, immediately prior to the appointment as investment manager of the Company, CES (except in the context of Rule 14A.08 of the Listing Rules), its beneficial owners and its directors are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

CES is the investment manager and investment advisor of a number of third parties investment funds investing principally in the Greater China Region. The Directors consider that the investment experience of CES is relevant to the investment strategies of the Company and are of the view that its expertise will be beneficial to the Company and the Shareholders as a whole. The Board selects CES as its investment manager based on the experience of CES, its directors and key investment personnel in the investment management.

The background and experience of the responsible officers (as defined by the SFO) of CES are as follows:

#### **CHAN CHEONG YEE**

Mr. CHAN Cheong Yee ("**Mr. CHAN**") is one of the licensed responsible officers of CES. Mr. CHAN is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO. Mr. CHAN is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules.

## **KONG SHEUNG WING**

Mr. KONG Sheung Wing (“**Mr. KONG**”) is a director of CES and one of the licensed responsible officers of CES. Mr. KONG is currently a licensed person to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under SFO. Mr. KONG has over 20 year experience in banking and securities industry. He has been working in dealing in securities, client relationship management, client investment portfolio management, external-asset-manager management and operations.

## **WANG YU**

Ms. WANG Yu (“**Ms. WANG**”) is one of the licensed responsible officers of CES. Ms. WANG is currently a licensed person to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Ms. WANG has over 15 year experience in securities trading and investment management. For the past 5 years, Ms. WANG has been working in the areas of dealing, structuring the investment products, marketing operations and has also been actively involved in the evaluation of investment targets and investment decision.

## **POTENTIAL CONFLICT OF INTEREST**

As confirmed by CES, as at the date of the New Investment Management Agreement, there is no cross shareholding and common directorship between each of CES, Mr. CHAN, Mr. KONG and Ms. WANG and the Company, the Company’s substantial shareholders, investee companies or other Chapter 21 companies. As such, the Company believes that there is no potential conflict of interest.

## **CONDITION**

The effectiveness of the New Investment Management Agreement is conditional upon all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong and Bermuda) having complied been with.

## **LISTING RULES IMPLICATIONS**

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. Hence, the provision of investment management services by the Investment Manager to the Company under the New Investment Management Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The maximum annual aggregate amount of the management fee to be paid by the Company to CES pursuant to the New Investment Management Agreement for the period from 12 May 2018 to 11 May 2020 (both dates inclusive) shall not exceed HK\$720,000, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Investment Management Agreement is therefore exempt from the announcements, circular and independent shareholders’ approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Annual Cap(s)”	the proposed maximum aggregate amount of the investment management fee to be charged by the Investment Manager to the Company for the provision of investment management services under the New Investment Management Agreement during the period from 12 May 2018 to 11 May 2020 (both dates inclusive)
“Board”	the board of directors of the Company
“CES” or “Investment Manager”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Earnest Investments Holdings Limited, a company continued into Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code 339)
“connected person(s)”	has the meaning as defined under the Listing Rules
“continuing connected transactions”	shall have the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Investment Management Agreement”	the investment management agreement dated 12 May 2016 entered into between the Company and CES
“Greater China Region”	People’s Republic of China, Hong Kong, Macau and Taiwan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Investment Management Agreement”	The Existing Management Agreement as amended by the supplemental investment management agreement dated 11 May 2018 entered into between the Company and the Investment Manager in relation to the provision of investment management services for the extended term commencing on 12 May 2018 and ending on 11 May 2020 (both dates inclusive)
“percentage ratios”	shall have the meaning ascribed to it in Rule 14.07 of the Listing Rules
“PRC”	People’s Republic of China
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 11 May 2018

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

\* *For identification purpose only.*