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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 2012**

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 2012 together with the comparative figures for the corresponding period in 2011.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

		(Unaudited)	
	<i>Note</i>	Six months ended 30 June	
		2012	2011
		HK\$	HK\$
<b>Turnover</b>	3	<u><b>698,523</b></u>	<u>4,336,783</u>
<b>Revenue</b>	3	<b>723</b>	50,783
Realised gains on disposals of financial assets at fair value through profit or loss		<b>17,200</b>	1,854,857
Net unrealised holding (losses)/gains from financial assets at fair value through profit or loss		<b>(3,920,640)</b>	7,407,710
Administrative and other operating expenses		<u><b>(1,161,434)</b></u>	<u>(1,098,002)</u>
<b>(Loss)/profit before tax</b>		<b>(5,064,151)</b>	8,215,348
Income tax credit/(expense)	4	<u><b>183,522</b></u>	<u>(1,324,869)</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>	5	<b>(4,880,629)</b>	6,890,479
<b>Other comprehensive income for the period, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><b>(4,880,629)</b></u>	<u>6,890,479</u>
<b>(Loss)/earnings per share</b>			
Basic	6	<u><b>(0.060)</b></u>	<u>0.085</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	<i>Note</i>	(Unaudited) <b>30 June 2012 HK\$</b>	(Audited) 31 December 2011 HK\$
<b>Non-current assets</b>			
Available-for-sale financial assets		<u>650,000</u>	<u>650,000</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		37,604,920	40,544,560
Prepayments, deposits and other receivables		167,150	1,014,436
Bank and cash balances		<u>5,691,772</u>	<u>7,055,897</u>
		<u>43,463,842</u>	<u>48,614,893</u>
<b>Current liabilities</b>			
Accruals and other payables		<u>100,600</u>	<u>187,500</u>
<b>Net current assets</b>		<u>43,363,242</u>	<u>48,427,393</u>
<b>Total assets less current liabilities</b>		<b>44,013,242</b>	49,077,393
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>-</u>	<u>183,522</u>
<b>NET ASSETS</b>		<u><b>44,013,242</b></u>	<u>48,893,871</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		1,620,000	1,620,000
Reserves		<u>42,393,242</u>	<u>47,273,871</u>
<b>TOTAL EQUITY</b>		<u><b>44,013,242</b></u>	<u>48,893,871</u>
<b>Net asset value per share</b>	8	<u><b>0.54</b></u>	<u>0.60</u>

Notes:

### 1. BASIS OF PREPARATION

These 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 of Hong Kong Limited (the “Listing Rules”).

These condensed interim financial statements should be read in conjunction with the Company’s 2011 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 2011.

### 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 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards 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.

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	
	2012	2011
	HK\$	HK\$
Dividend income from listed investments	-	49,950
Bank interest income	<u>723</u>	<u>833</u>
Revenue	723	50,783
Proceeds from disposals of financial assets at fair value through profit or loss	<u>697,800</u>	<u>4,286,000</u>
Turnover	<u><u>698,523</u></u>	<u><u>4,336,783</u></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.

4. **INCOME TAX (CREDIT)/EXPENSE**

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$</b>	<b>HK\$</b>
Deferred tax	<u><b>(183,522)</b></u>	<u>1,324,869</u>

No provision for Hong Kong Profits Tax is required because the Company has no assessable profit for the six months ended 30 June 2012. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2011 since the Company has sufficient tax losses brought forward to set off against that period's assessable profit.

5. **(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY**

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$</b>	<b>HK\$</b>
Investment management fee	<b>180,000</b>	180,000
Total staff costs	<u><b>172,800</b></u>	<u>172,800</u>

6. **(LOSS)/EARNINGS PER SHARE**

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$4,880,629 (2011: profit of HK\$6,890,479) and the number of ordinary shares of 81,000,000 (2011: 81,000,000) in issue during the period.

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2012 and 2011.

7. **CONNECTED PARTY TRANSACTIONS**

During the period, the Company paid management fee of HK\$180,000 (2011: 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 2009 to 25 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.

## 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 2012 of HK\$44,013,242 (31 December 2011: HK\$48,893,871) and the number of ordinary shares of 81,000,000 (31 December 2011: 81,000,000) in issue as at that date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the six months ended 30 June 2012, the Company's unaudited loss attributable to owners was approximately HK\$4.9 million (2011: profit of HK\$6.9 million) and basic loss per share was HK\$0.060 (2011: earnings per share of HK\$0.085). As compared to the last corresponding period, the loss was mainly the result of the decrease in the realized gains due to a drop in turnover and the increase in the unrealized holding loss in the Company's Hong Kong listed shares. Besides, the Company endeavored and managed to keep other 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 2012 (2011: Nil).

### Business Review

During the period under review, the Company recorded a net realized gain on disposal of the Company's investments in trading securities amounting to approximately HK\$17,000 which was offset by the net unrealized holding losses on trading securities amounting to approximately HK\$3.9 million. The carrying value of the Company's share portfolio had dropped by 7% to approximately HK\$38 million as at 30 June 2012. Given the global stock market fluctuation during the period under review, the Company was therefore very cautious in making any new investments and trading 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, it will continuously be affected by the prevailing uncertainty and adverse sentiment in global investments atmosphere.

The Company's portfolio of Hong Kong listed securities as at 30 June 2012 consisted of Sinocop Resources (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited, China National Building Material Company Limited, and Haitong Securities Company Limited.

The Company's only investment in unlisted company is Ocean Pharmaceutical (HK) Limited. Its principal activities are sourcing and trading of pharmaceutical products and was classified as available-for-sale financial assets. During the reporting period, it recorded a loss of approximately HK\$175,000. (30 June 2011: profit of approximately HK\$770,000). The Company has invested in this unlisted company since 2003, and the performance of which had been on an upward trend until the breakout of 2008 financial crisis, and as such the company had made a significant impairment in 2008. In recent years, the performance of this unlisted company had slowly improved and was able to pay out dividend in 2010. The company had experienced losses due to sales drop during the reporting period. However the Board is confident that its investment in this unlisted investment will have positive contribution to the Company should the global economy become more prosperous.

As at 30 June 2012, 85% (31 December 2011: 83%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 1% (31 December 2011: 1%) in the equity interests of an unlisted company, 1% (31 December 2011 : 2%) in other assets, and 13% (31 December 2011: 14%) 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 2012, the net asset value of the Company was HK\$44,013,242 (31 December 2011: HK\$48,893,871) with net asset value per share of HK\$0.54 (31 December 2011: HK\$0.60).

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 0.002 as at 30 June 2012 (31 December 2011: 0.008).

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\$172,800 (2011: 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 2012, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

### **Prospects**

European debt crisis as well as global economic downturn are still affecting global investment environment, and if it continues, this may have impact on the Company's performance. It is expected that current market situation may not change radically in the near future, and thus, the Company will continue to manage its existing investments in accordance with the Company's investment objectives, and supplemented by cautious and defensive investment measures. With a view to maintaining its overall investment portfolio value, the Company will also continue to identify and capture investment opportunities as and when they arise.

### **Continuing Connected Transactions**

The Company had continued the appointment of Success Talent Investments Limited (the “Success Talent”) as its investment manager in 2006 and 2009 for a term of three years each upon the expiration of the preceding investment management agreement with Success Talent in 2006.

Success Talent, being the investment manager of the Company, shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. The total management fee payable to Success Talent under the investment management agreements of both 2006 (the “2006 Investment Management Agreement”) and 2009 (the “2009 Investment Management Agreement”) was fixed at HK\$360,000 per annum. The transactions contemplated under each of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement constituted continuing connected transactions subject to reporting, announcement and the independent shareholders’ approval requirements as set out in Rule 14A of the Listing Rules. However, the Company failed to report, announce and obtain independent shareholders’ approval in relation to both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement in time, and thus in breach of the Listing Rules.

The Company is seeking independent shareholders’ approval to confirm and ratify both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement. A circular contains details of the above transactions will be dispatched to shareholders for their consideration.

The 2009 Investment Management Agreement was expired on 25 July 2012, and the Company had entered into a new investment management agreement with Success Talent on 30 July 2012 to renew the appointment of Success Talent as its investment manager pursuant to which Success Talent has agreed to provide investment management services to the Company for a period of three years from 26 July 2012 (the “2012 Investment Management Agreement”). The 2012 Investment Management Agreement is subject to, and the Company had complied with, the reporting and announcement requirements under the Listing Rules.

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

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

### **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ((effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012)) (together 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 2012.

### **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 2012.

The external auditor, RSM Nelson Wheeler has reviewed the interim financial information for the six months ended 30 June 2012 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 2012 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Company's website ([www.earnest-inv.com](http://www.earnest-inv.com)) and the Stock Exchange's website ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)). The Company's 2012 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, 30 August 2012

*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.*