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EARNEST INVESTMENTS HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 339)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 2013 together with the comparative figures for the corresponding year 2012 are as follows:

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	<u>2013</u> HK\$	<u>2012</u> HK\$
Turnover	4	<u>12,919,627</u>	<u>8,078,159</u>
Revenue	4	2,187	1,209
Realised gains on disposals of financial assets at fair value through profit or loss		120,140	130,930
Net unrealised holding losses from financial assets at fair value through profit or loss		(3,769,700)	(4,789,590)
Administrative and other operating expenses		<u>(2,762,426)</u>	<u>(2,786,718)</u>
Loss before tax		(6,409,799)	(7,444,169)
Income tax credit	5	<u>-</u>	<u>183,522</u>
Loss for the year attributable to owners of the Company	6	(6,409,799)	(7,260,647)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to owners of the Company		<u>(6,409,799)</u>	<u>(7,260,647)</u>
Loss per share			
Basic	7	<u>(0.079)</u>	<u>(0.090)</u>

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Note	<u>2013</u> HK\$	<u>2012</u> 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		33,122,350	35,579,550
Prepayments, deposits and other receivables		332,310	206,820
Bank and cash balances		<u>1,370,944</u>	<u>5,411,654</u>
		34,825,604	41,198,024
Current liabilities			
Accruals and other payables		<u>252,179</u>	<u>214,800</u>
Net current assets		<u>34,573,425</u>	<u>40,983,224</u>
Total assets less current liabilities		<u>35,223,425</u>	<u>41,633,224</u>
NET ASSETS		<u>35,223,425</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>33,603,425</u>	<u>40,013,224</u>
TOTAL EQUITY		<u>35,223,425</u>	<u>41,633,224</u>
Net asset value per share	8	<u>0.43</u>	<u>0.51</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 Room A, 5/F., Xiu Hua Commerical Building, No. 211-213 Jaffe Road, Wanchai, 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 that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. 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 significant changes to the Company’s accounting policies, presentation of the Company’s financial statements and amounts reported for the current year 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 income 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. 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 (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>2013</u> HK\$	<u>2012</u> HK\$
Dividend income from listed investments	1,398	-
Bank interest income	<u>789</u>	<u>1,209</u>
Revenue	2,187	1,209
Proceeds from disposals of financial assets at fair value through profit or loss	<u>12,917,440</u>	<u>8,076,950</u>
Turnover	<u>12,919,627</u>	<u>8,078,159</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>2013</u> HK\$	<u>2012</u> HK\$
Deferred tax	<u>-</u>	<u>183,522</u>

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has no assessable profit for the year (2012: Nil).

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

	<u>2013</u> HK\$	<u>2012</u> HK\$
Loss before tax	<u>(6,409,799)</u>	<u>(7,444,169)</u>
Tax at 16.5% (2012: 16.5%)	(1,057,617)	(1,228,288)
Tax effect of income that is not taxable	(361)	(199)
Tax effect of expenses that are not deductible	-	31
Tax effect of tax losses not recognised	436,356	439,041
Tax losses previously recognised and reversed	<u>621,622</u>	<u>605,893</u>
Income tax credit	<u>-</u>	<u>(183,522)</u>

6. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<u>2013</u> HK\$	<u>2012</u> HK\$
Auditor's remuneration	180,000	180,000
Total staff costs	349,920	345,600
Investment management fee (<i>Note below</i>)	360,000	360,000
Operating lease charges - Land and buildings	<u>156,000</u>	<u>61,966</u>

Note:

During the year, the Company paid management fee of HK\$360,000 (2012: HK\$360,000) 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 year attributable to owners of the Company of HK\$6,409,799 (2012: HK\$7,260,647) and the number of ordinary shares of 81,000,000 (2012: 81,000,000) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 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 31 December 2013 of HK\$35,223,425 (2012: HK\$41,633,224) and the number of ordinary shares of 81,000,000 (2012: 81,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

For the year ended 31 December 2013, the Company recorded a turnover of approximately HK\$12.9 million (2012: HK\$8.1 million), loss attributable to owners of approximately HK\$6.4 million (2012: HK\$7.3 million) and basic loss per share of HK\$0.079 (2012: HK\$0.090). The increase in turnover was mainly due to the increase in trading of listed securities. As compared to last year, loss for the year was mainly due to the unrealised holding losses from Hong Kong listed securities.

Business Review

For the year ended 31 December 2013, the Company recorded a net realised gain on disposal of the Company's investments in trading securities amounting to approximately HK\$120,000 (2012: HK\$131,000). The carrying value of the Company's share portfolio dropped 7% to approximately HK\$33 million as at 31 December 2013, which was due to volatile market fluctuations. Hence, the Company was very cautious in making new investments and trading listed securities, and aimed to maintain its portfolio value for the year. 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 global investments atmosphere.

The Company's portfolio of Hong Kong listed securities as at 31 December 2013 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 Hong Kong Exchanges and Clearing Limited.

The Company's only investment in unlisted company is Health Dynamic Limited ("Health Dynamic") which holds 100% equity interests in Ocean Pharmaceutical (HK) Limited ("Ocean"). Ocean's principal activities are sourcing and trading of dedicated pharmaceutical products specializing in vascular health. As at 31 December 2013, the unaudited consolidated net asset value of Health Dynamic attributable to the Company was approximately HK\$977,000 (2012: HK\$1,036,000). Although there is always a market demand for vascular health products, the Company will continue to monitor Health Dynamic's performance in the coming year.

As at 31 December 2013, approximately 94% (2012: 85%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 2% (2012: 2%) in the equity interests of unlisted companies, 1% (2012: 1%) in other assets and the remaining 3% (2012: 12%) 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 2013, the net asset value of the Company amounted to HK\$35,223,425 (2012: HK\$41,633,224) with net asset value per share of HK\$0.43 (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' funds, was 0.007 as at 31 December 2013 (2012: 0.005).

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at 31 December 2013. The directors believe that the Company had minimal exposure to foreign exchange risk.

Employees

During the year, the Company did not employ any employees other than the directors of the Company and total staff costs for the year amounted to HK\$349,920 (2012: 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 2013, there were no charges in the Company's assets and the Company did not have any significant contingent liabilities.

Prospects

Given that the current global political situation is highly unstable, the Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies in 2014.

Nevertheless, the Company 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 2013 (2012: 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

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 applied the principles in the Code and complied with the code provisions during the year ended 31 December 2013.

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.

The Company has made specific enquiry of all the Directors and all the 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 2013.

AUDIT COMMITTEE

The audit committee, 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. The committee has reviewed the Company's audited financial statements for the year ended 31 December 2013.

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 2013 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 2013. 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.hkexnews.hk as well as the Company's website at www.earnest-inv.com. The 2013 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, 14 March 2014

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.