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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 2011**

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 2011 together with the comparative figures for the corresponding year 2010 are as follows:

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	<u>2011</u> HK\$	<u>2010</u> HK\$
<b>Turnover</b>	4	<u>5,197,228</u>	<u>1,829,030</u>
Revenue	4	51,628	492,090
Realised gains/(losses) on disposals of financial assets at fair value through profit or loss		1,924,600	(62,500)
Realised losses on disposals of available-for-sale financial assets		-	(200,000)
Net unrealised holding (losses)/gains from financial assets at fair value through profit or loss		(5,172,023)	15,910,428
Administrative and other operating expenses		<u>(2,393,063)</u>	<u>(2,190,168)</u>
<b>(Loss)/profit before tax</b>		<b>(5,588,858)</b>	13,949,850
Income tax credit/(expense)	5	<u>958,740</u>	<u>(1,142,262)</u>
<b>(Loss)/profit for the year attributable to owners of the Company</b>	6	<b>(4,630,118)</b>	12,807,588
<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>(4,630,118)</b></u>	<u>12,807,588</u>
<b>(Loss)/earnings per share</b>			
Basic	7	<u>(0.057)</u>	<u>0.158</u>

**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2011**

	Note	<u>2011</u> HK\$	<u>2010</u> 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		<b>40,544,560</b>	47,837,083
Prepayments, deposits and other receivables		<b>1,014,436</b>	529,269
Bank and cash balances		<u>7,055,897</u>	<u>5,859,899</u>
		<b>48,614,893</b>	54,226,251
<b>Current liabilities</b>			
Accruals and other payables		<u>187,500</u>	<u>210,000</u>
<b>Net current assets</b>		<u>48,427,393</u>	<u>54,016,251</u>
<b>Total assets less current liabilities</b>		<b>49,077,393</b>	54,666,251
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>183,522</u>	<u>1,142,262</u>
<b>NET ASSETS</b>		<u>48,893,871</u>	<u>53,523,989</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>1,620,000</b>	1,620,000
Reserves		<u>47,273,871</u>	<u>51,903,989</u>
<b>TOTAL EQUITY</b>		<u>48,893,871</u>	<u>53,523,989</u>
<b>Net asset value per share</b>	8	<u>0.60</u>	<u>0.66</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 2011. 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 and amounts reported for the current year and prior years.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Company.

## 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>2011</u> HK\$	<u>2010</u> HK\$
Dividend income from listed investments	49,950	90,820
Dividend income from unlisted investments	-	400,000
Bank interest income	<u>1,678</u>	<u>1,270</u>
Revenue	51,628	492,090
Proceeds from disposals of available-for-sale financial assets	-	500,000
Proceeds from disposals of financial assets at fair value through profit or loss	<u>5,145,600</u>	<u>836,940</u>
Turnover	<u>5,197,228</u>	<u>1,829,030</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.

## 5. INCOME TAX (CREDIT) /EXPENSE

	<u>2011</u> HK\$	<u>2010</u> HK\$
Current tax - Hong Kong Profits Tax Provision for the year	-	-
Deferred tax	<u>(958,740)</u>	<u>1,142,262</u>
	<u>(958,740)</u>	<u>1,142,262</u>

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has sufficient tax losses brought forward to set off against current year's assessable profit (2010: Nil).

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

	<u>2011</u> HK\$	<u>2010</u> HK\$
(Loss)/profit before tax	<u>(5,588,858)</u>	<u>13,949,850</u>
Tax at 16.5% (2010: 16.5%)	(922,162)	2,301,725
Tax effect of income that is not taxable	(8,518)	(81,195)
Tax effect of expenses that are not deductible	-	33,000
Utilisation of temporary differences not previously recognised	<u>(28,060)</u>	<u>(1,111,268)</u>
Income tax (credit)/expense	<u>(958,740)</u>	<u>1,142,262</u>

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

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

	<u>2011</u> HK\$	<u>2010</u> HK\$
Auditor's remuneration	170,000	170,000
Total staff costs	345,600	398,400
Investment management fee	<u>360,000</u>	<u>360,000</u>

## 7. (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 year attributable to owners of the Company of HK\$4,630,118 (2010: profit of HK\$12,807,588) and the number of ordinary shares of 81,000,000 (2010: 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 two years ended 31 December 2011 and 2010.

## **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 2011 of HK\$48,893,871 (2010: HK\$53,523,989) and the number of ordinary shares of 81,000,000 (2010: 81,000,000) in issue as at that date.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results and Appropriations**

For the year ended 31 December 2011, the Company recorded a turnover of approximately HK\$5.2 million (2010: HK\$1.8 million), net loss attributable to owners of approximately HK\$5 million (2010: net profit of HK\$13 million), and basic loss per share of HK\$0.057 (2010: basic earnings per share of HK\$0.158). The increase in turnover was mainly due to the increase in trading of listed securities. Net loss for the year was mainly arisen out of the unrealised holding losses in Hong Kong listed securities.

### **Business Review**

For the year ended 31 December 2011, the Company had not made any new investment other than Hong Kong listed securities. During the year, the Company had recorded net realised gains on disposals of the Company's investments in trading securities amounting to approximately HK\$1.9 million. The carrying value of the Company's share portfolio was approximately HK\$41 million as at 31 December 2011. The Board will be cautious in our share trading activity taken account of the prevailing global economic atmosphere and share market volatility.

The Company's portfolio of Hong Kong listed securities as at 31 December 2011 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, and China Petroleum and Chemical Corporation.

As at 31 December 2011, approximately 83% (2010: 87%) of the Company's investments were in a portfolio of Hong Kong listed securities, 1% (2010: 1%) in the equity interests of unlisted companies, 2% (2010: 1%) in other assets and the remaining 14% (2010: 11%) 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 2011, the net asset value of the Company amounted to HK\$48,893,871 (2010: HK\$53,523,989) with net asset value per share of HK\$0.60 (2010: HK\$0.66).

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 0.008 as at 31 December 2011 (2010 : 0.025).

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at the year ended 31 December 2011. 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\$345,600 (2010: HK\$398,400). 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 2011, 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 2011 (2010: 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 Code on Corporate Governance Practices 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 2011.

## **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 2011.

## **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 2011.

## **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 2011 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 2011. 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.com.hk](http://www.hkexnews.com.hk) as well as the Company's website at [www.earnest-inv.com](http://www.earnest-inv.com). The 2011 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, 28 March 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.*