

# Earnest

## Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code:339)



JAN	12.000	0.75
JAN	13.000	1.09
FEB	14.000	1.50
FEB	15.000	2.05
MAR	16.000	2.60
MAR	17.000	3.25
APR	18.000	3.85
APR	14.000	0.10
MAY	15.000	0.30
MAY	16.000	0.85
JUN	17.000	1.65
JUN	18.000	2.50
JUL	15.000	0.85
	16.000	1.45
	17.000	2.10
	18.000	2.85
	19.000	3.70
	20.000	0.30
	21.000	0.50
	22.000	0.85
	23.000	1.25
	24.000	1.85
	25.000	2.50
	26.000	3.20

2011  
Interim Report



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## Corporate Information

### BOARD OF DIRECTORS

#### *Executive Directors*

Mr. CHAN Chak Paul  
Mr. NGAI Wah Sang  
Mr. WANG Daming

#### *Independent Non-executive Directors*

Mr. CHAN Francis Ping Kuen  
Mr. TAN Yee Boon  
Mr. WANG Jia Hua

### COMPANY SECRETARY

Ms. CHUI Yee Man

### AUDITOR

Messrs. RSM Nelson Wheeler  
Certified Public Accountants

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Units 801-802  
8/F., Ginza Square  
565-567 Nathan Road  
Kowloon, Hong Kong

### STOCK CODE

339

### INVESTMENT MANAGER

Success Talent Investments Limited

### DIRECTORS OF THE INVESTMENT MANAGER

Mr. LEE Kwok Leung  
Mr. CHOI Wai Yin

### AUDIT COMMITTEE

Mr. CHAN Francis Ping Kuen  
Mr. TAN Yee Boon  
Mr. WANG Jia Hua

### PRINCIPAL REGISTRAR

Appleby Management  
(Bermuda) Limited  
Argyle House  
41A Cedar Avenue  
PO Box HM 1179  
Hamilton HM 12  
Bermuda

### BRANCH REGISTRAR

Tricor Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

### PRINCIPAL BANKER

Hang Seng Bank Limited

## Management Discussion and Analysis

The Board of Directors (the “Board”) of Earnest Investments Holdings Limited (the “Company”) is pleased to present the unaudited interim financial results for the six months ended 30 June 2011 together with comparative figures for the corresponding period in 2010.

### RESULTS

For the six months ended 30 June 2011, the Company’s unaudited profit attributable to owners was approximately HK\$6.9 million (2010: loss of HK\$5.3 million) and basic earnings per share was HK\$0.085 (2010: loss per share of HK\$0.065). The profit was mainly due to realised and unrealised holding gains on Hong Kong listed securities.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

### BUSINESS REVIEW

During the period under review, the Company had recorded a net realised gain on disposal of the Company’s investments in trading securities amounting to approximately HK\$1.9 million and net unrealised holding gains on trading securities amounting to approximately HK\$7.4 million. The carrying value of the Company’s share portfolio had increased to approximately HK\$53 million as at 30 June 2011. The Board will be cautious in our share trading activity considering recent global economic atmosphere and share market volatility.

The Company’s portfolio of Hong Kong listed securities as at 30 June 2011 consisted of Sinocop Resources (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited and APAC Resources Limited.

As at 30 June 2011, 84% (31 December 2010: 87%) of the Company’s total investments were in a portfolio of Hong Kong listed securities, 1% (31 December 2010: 1%) in the equity interests of an unlisted company, 1% (31 December 2010: 1%) in other assets, and 14% (31 December 2010: 11%) in cash which was deposited with a bank in Hong Kong.

## Management Discussion and Analysis

### 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 2011, the net asset value of the Company was HK\$60,414,468 (31 December 2010: HK\$53,523,989) with net asset value per share of HK\$0.75 (31 December 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' equity, was 0.042 as at 30 June 2011 (31 December 2010: 0.025).

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

### EMPLOYEES

During the 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 (2010: HK\$201,600). The Company's remuneration policies are in line with the prevailing market practice.

### CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 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.

### SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was approved by shareholders on 26 May 2006. The Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## Management Discussion and Analysis

During the period, no option was granted, exercised, cancelled, or lapsed under the Scheme and there was no outstanding option as at 30 June 2011.

### DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2011, no share option was granted to directors under the Scheme.

As at 30 June 2011, none of the directors of the Company or their associates had any interest and short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the shares and underlying shares of the Company:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Percentage of total in issue as at 30 June 2011</b>
Winsome Worldwide Limited ( <i>note 1</i> )	<b>22,275,000*</b>	<b>27.50%</b>
SIU Kwan ( <i>note 1</i> )	<b>22,275,000<sup>#</sup></b>	<b>27.50%</b>
YAU Mei Han	<b>14,051,250*</b>	<b>17.35%</b>
Supreme Zone Investments Limited ( <i>note 2</i> )	<b>11,812,500*</b>	<b>14.58%</b>
KEUNG Kwai Yung ( <i>note 2</i> )	<b>11,812,500<sup>#</sup></b>	<b>14.58%</b>

\* Beneficial owner

<sup>#</sup> Interest of controlled corporation

## Management Discussion and Analysis

Note 1: The 22,275,000 shares were held by Winsome Worldwide Limited which was wholly owned by Ms. SIU Kwan. By virtue of the SFO, Ms. SIU Kwan was deemed to be interested in the 22,275,000 shares.

Note 2: The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Ms. KEUNG Kwai Yung. By virtue of the SFO, Ms. KEUNG Kwai Yung was deemed to be interested in the 11,812,500 shares.

All the interests disclosed above represent long position in the ordinary shares of the Company.

Save as disclosed above, no other person had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

During the 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 (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 six months ended 30 June 2011.

### **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 the directors. All directors have confirmed in writing that they have complied with the required standards as set out in the Model Code throughout the period.

### **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 unaudited condensed interim financial statements for the six months ended 30 June 2011.

# Independent Review Report

## RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

### **TO THE BOARD OF DIRECTORS OF EARNEST INVESTMENTS HOLDINGS LIMITED**

*(Continued into Bermuda with limited liability)*

#### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 9 to 16 which comprises the condensed statement of financial position of the Company as at 30 June 2011 and the related condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **Independent Review Report**

### **SCOPE OF REVIEW**

We conducted our review 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 Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **RSM Nelson Wheeler**

Certified Public Accountants

Hong Kong  
26 August 2011

# Condensed Statement of Comprehensive Income

For the six months ended 30 June 2011

(Unaudited)

Six months ended 30 June

	Note	2011 HK\$	2010 HK\$
<b>Turnover</b>	4	<b>4,336,783</b>	656,063
<b>Revenue</b>	4	<b>50,783</b>	623
Realised gains/(losses) on disposals of financial assets at fair value through profit or loss		<b>1,854,857</b>	(48,500)
Realised losses on disposals of available-for-sale financial assets		–	(200,000)
Net unrealised holding gains/(losses) from financial assets at fair value through profit or loss		<b>7,407,710</b>	(4,010,054)
Administrative and other operating expenses		<b>(1,098,002)</b>	(1,026,558)
<b>Profit/(loss) before tax</b>		<b>8,215,348</b>	(5,284,489)
Income tax expense	5	<b>(1,324,869)</b>	–
<b>Profit/(loss) for the period attributable to owners of the Company</b>	6	<b>6,890,479</b>	(5,284,489)
<b>Other comprehensive income for the period, net of tax</b>		–	–
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>6,890,479</b>	(5,284,489)
<b>Earnings/(loss) per share</b>			
Basic	8	<b>0.085</b>	(0.065)

## Condensed Statement of Financial Position

As at 30 June 2011

		(Unaudited) 30 June 2011 HK\$	(Audited) 31 December 2010 HK\$
	<i>Note</i>		
<b>Non-current assets</b>			
Available-for-sale financial assets		650,000	650,000
<b>Current assets</b>			
Financial assets at fair value through profit or loss		52,813,650	47,837,083
Prepayments, deposits and other receivables		167,475	529,269
Bank and cash balances		9,293,474	5,859,899
		<b>62,274,599</b>	54,226,251
<b>Current liabilities</b>			
Accruals and other payables		43,000	210,000
<b>Net current assets</b>		<b>62,231,599</b>	54,016,251
<b>Total assets less current liabilities</b>		<b>62,881,599</b>	54,666,251
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,467,131	1,142,262
<b>NET ASSETS</b>		<b>60,414,468</b>	53,523,989
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	9	1,620,000	1,620,000
Reserves		58,794,468	51,903,989
<b>TOTAL EQUITY</b>		<b>60,414,468</b>	53,523,989
<b>Net asset value per share</b>	10	<b>0.75</b>	0.66

## Condensed Statement of Changes in Equity

For the six months ended 30 June 2011

(Unaudited)

	Share capital HK\$ <i>(note 9)</i>	Share premium account HK\$	Contributed surplus account HK\$	Retained profits HK\$	Total equity HK\$
At 1 January 2010	1,620,000	5,760,000	28,040,011	5,296,390	40,716,401
Total comprehensive income and changes in equity for the period	-	-	-	(5,284,489)	(5,284,489)
At 30 June 2010	1,620,000	5,760,000	28,040,011	11,901	35,431,912
At 1 January 2011	<b>1,620,000</b>	<b>5,760,000</b>	<b>28,040,011</b>	<b>18,103,978</b>	<b>53,523,989</b>
Total comprehensive income and changes in equity for the period	-	-	-	<b>6,890,479</b>	<b>6,890,479</b>
At 30 June 2011	<b>1,620,000</b>	<b>5,760,000</b>	<b>28,040,011</b>	<b>24,994,457</b>	<b>60,414,468</b>

## Condensed Statement of Cash Flows

For the six months ended 30 June 2011

(Unaudited)  
Six months ended 30 June

	2011 HK\$	2010 HK\$
<b>Net cash generated from/(used in) operating activities</b>	<b>3,433,575</b>	(627,431)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,433,575</b>	(627,431)
<b>Cash and cash equivalents at 1 January</b>	<b>5,859,899</b>	7,113,906
<b>Cash and cash equivalents at 30 June</b>	<b>9,293,474</b>	6,486,475
Representing bank and cash balances		

# Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2011

## 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. 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 financial statements should be read in conjunction with the 2010 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010.

## 3. 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 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, 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.

## Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2011

### 4. REVENUE AND TURNOVER

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$</b>	HK\$
Dividend income from listed investments	<b>49,950</b>	–
Bank interest income	<b>833</b>	623
<b>Revenue</b>	<b>50,783</b>	623
Proceeds from disposals of available-for-sale financial assets	–	500,000
Proceeds from disposals of financial assets at fair value through profit or loss	<b>4,286,000</b>	155,440
<b>Turnover</b>	<b>4,336,783</b>	656,063

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.

# Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2011

## 5. INCOME TAX EXPENSE

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$</b>	HK\$
Deferred tax	<b>1,324,869</b>	–

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 current period's assessable profit.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2010 was required since the Company had no assessable profit for that period.

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

The Company's profit/(loss) 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>2011</b>	2010
	<b>HK\$</b>	HK\$
Investment management fee	<b>180,000</b>	180,000
Total staff costs	<b>172,800</b>	201,600

## 7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

## Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2011

### 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of HK\$6,890,479 (2010: loss of HK\$5,284,489) and the number of ordinary shares of 81,000,000 (2010: 81,000,000) in issue during the period.

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2011 and 2010.

### 9. SHARE CAPITAL

	(Unaudited) 30 June 2011 HK\$	(Audited) 31 December 2010 HK\$
Authorised:		
1,000,000,000 ordinary shares of HK\$0.02 each	<b>20,000,000</b>	20,000,000
Issued and fully paid:		
81,000,000 ordinary shares of HK\$0.02 each	<b>1,620,000</b>	1,620,000

During the six months ended 30 June 2011 and 2010, no option was granted, exercised, cancelled or lapsed under the share option scheme of the Company. There was no outstanding share options as at 30 June 2011 and 31 December 2010.

### 10. 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 2011 of HK\$60,414,468 (31 December 2010: HK\$53,523,989) and the number of ordinary shares of 81,000,000 (31 December 2010: 81,000,000) in issue as at that date.

### 11. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 26 August 2011.