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EARNEST INVESTMENTS HOLDINGS LIMITED

安利時投資控股有限公司*

(Continued into Bermuda with limited liability)

(Stock Code: 339)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the “Board”) of directors (the “Directors”, and each, a “Director”) 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 2017 together with the comparative figures for the corresponding period in 2016.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		(Unaudited)	
		Six months ended 30 June	
	Note	2017 HK\$	2016 HK\$
Revenue	4	46,002	62,032
Net change in fair value of financial assets	5	1,021,125	(5,114,353)
Administrative and other operating expenses		<u>(4,640,322)</u>	<u>(2,814,150)</u>
Loss before tax		(3,573,195)	(7,866,471)
Income tax	6	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company	7	(3,573,195)	(7,866,471)
Other comprehensive income for the period, net of tax		<u>—</u>	<u>—</u>
Total comprehensive income for the period attributable to owners of the Company		<u>(3,573,195)</u>	<u>(7,866,471)</u>
Loss per share			
Basic	9	<u>(0.031)</u>	<u>(0.068)</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017**

		(Unaudited) 30 June 2017 HK\$	(Audited) 31 December 2016 HK\$
Non-current assets			
Property, plant and equipment		<u>360,657</u>	<u>393,749</u>
Current assets			
Financial assets at fair value through profit or loss		7,046,980	19,121,555
Prepayments, deposits and other receivables		318,487	397,840
Bank and cash balances		<u>22,067,950</u>	<u>14,171,225</u>
		<u>29,433,417</u>	<u>33,690,620</u>
Current liabilities			
Accruals and other payables		<u>119,500</u>	<u>836,600</u>
Net current assets		<u>29,313,917</u>	<u>32,854,020</u>
Total assets less current liabilities		<u>29,674,574</u>	<u>33,247,769</u>
NET ASSETS		<u><u>29,674,574</u></u>	<u><u>33,247,769</u></u>
Capital and reserves attributable to owners of the Company			
Share capital		2,320,000	2,320,000
Reserves		<u>27,354,574</u>	<u>30,927,769</u>
TOTAL EQUITY		<u><u>29,674,574</u></u>	<u><u>33,247,769</u></u>
Net asset value per share	10	<u><u>0.26</u></u>	<u><u>0.29</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. CORPORATE INFORMATION

Earnest Investments Holdings Limited (the “Company”) was continued into Bermuda as an exempted company with limited liability under the Bermuda Companies Act 1981. 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 Suites 04 & 05, 19/F., Harbour Centre, 25 Harbour 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 equity securities.

2. BASIS OF PREPARATION

The condensed interim financial statements have not been audited.

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 (the “HKICPA”) 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 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s 2016 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 2016.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

In the current period, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed interim financial statements.

(b) New and revised HKFRSs in issue but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company has not early adopted any new or amended standards that has been issued but is not yet effective.

The Company provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the financial statements. As the Company has not completed its assessment, further impacts may be identified in the due course.

4. REVENUE

	(Unaudited)	
	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Dividend income from listed investments	45,009	60,643
Bank and other interest income	993	1,389
	<hr/>	<hr/>
Revenue	46,002	62,032
	<hr/>	<hr/>
Proceeds from disposals of financial assets at fair value through profit or loss	13,095,700	1,699,242
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No segment information is presented as all of the revenue and 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.

5. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	(Unaudited)	
	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Net realised losses on disposals of financial assets at fair value through profit or loss	(851,850)	(52,783)
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	1,872,975	(5,061,570)
	<hr/>	<hr/>
	1,021,125	(5,114,353)
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6. INCOME TAX

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2016: Nil).

7. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited)	
	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Depreciation	51,892	28,618
Directors' remuneration		
— Fees	302,635	210,000
— Retirement benefits scheme contributions	4,839	4,500
	307,474	214,500
Investment management fee (<i>Note 8</i>)	360,000	343,871
Operating lease charges — land and buildings	1,428,000	667,867

8. CONTINUING CONNECTED TRANSACTIONS

On 12 May 2016, the Company entered into an investment management agreement with China Everbright Securities (Hong Kong) Limited ("CES"), for the provision of investment management services to the Company of a period of two years from 12 May 2016 with investment management fee of HK\$60,000 per month payable monthly in arrears. During the period, the investment management fee of HK\$360,000 was paid by the Company to CES.

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 provision of investment management services by CES to the Company under the above-mentioned investment management agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

9. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$3,573,195 (2016: HK\$7,866,471) and the weighted average number of ordinary shares of 116,000,000 (2016: 114,956,044) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2017 and 2016.

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 2017 of HK\$29,674,574 (31 December 2016: HK\$33,247,769) and the number of ordinary shares of 116,000,000 (31 December 2016: 116,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Company recorded a turnover of approximately HK\$13,142,000 for the six months ended 30 June 2017, a 630% increase from approximately HK\$1,800,000 for the corresponding period of the previous year. Of the total turnover, approximately HK\$13,096,000 or 99.6% was generated from disposal proceeds of financial assets at fair value through profit and loss and approximately HK\$46,000 or 0.4% was generated from dividend income from listed investments as well as bank and other interest income. Increase in turnover was mainly attributable to the increase in trading volume of listed securities.

The loss attributable to owners of the Company for the six months ended 30 June 2017 was approximately HK\$3,573,000, a 55% decrease in loss from approximately HK\$7,866,000 for the same period of the previous year.

The Company's administrative and other operating expenses amounted to approximately HK\$4,640,000 for the six months ended 30 June 2017 whereas approximately HK\$2,814,000 for the same period of the previous year.

The basic loss per share for the six months period ended 30 June 2017 was HK\$0.031 while the Company recorded the basic loss per share of HK\$0.068 for the same period in previous year. The decrease in net loss was mainly contributed by the unrealised gains on the Hong Kong listed securities on hand as a result of the recent upturn in financial market, while such effect was partially mitigated by the increase in administrative and other operating expenses.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: HK\$ Nil).

Business Review

Market sentiment in the stock market of Hong Kong has improved since January 2017 resulting the Hang Seng Index rebounded and recorded an increase of 21.49% in the first half year. Sectors in technology, China insurance and Macau gaming especially have made a stellar performance and it is expected to be growth in the second half year.

During the reporting period, the Company has seized the opportunity to dispose part of the listed securities in view of the recovery of stock market, the share portfolio of the Company has dropped 63% to approximately HK\$7,047,000 as at 30 June 2017 as compared to approximately HK\$19,122,000 as at 31 December 2016.

Having said that, the Company remains cautious on the Hong Kong, China and global market. The Mainland China authorities have imposed tightening measures aiming at preventing risks of financial and property bubbles, which could pose downside risks to the economy. Statistics show a signal of China's economy slowing down. Mr. LI Keqiang, the Premier of the State Council of the People's Republic of China, announced that China is targeting a growth of 6.5% in 2017, which is the lowest among past 26 years.

In addition, credit tightening in the US could speed up and strengthening US dollar is regard as a typically negative signal for emerging markets and could limit the upside potential of the Hong Kong and China stocks. Since the operating results of the Company are mostly driven by investments in trading securities, the prevailing global stock market directly impacts on the performance of the Company. The Company will stay alert in making new investments with the aim to grow its portfolio and create value for shareholders.

The Company's portfolio of Hong Kong listed securities as at 30 June 2017 consisted of Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited, CSOP FTSE China A50 ETF and ChinaAMC CSI 300 Index ETF.

As at 30 June 2017, approximately 24% (31 December 2016: 56%) of the Company's total investments consisted of a portfolio of Hong Kong listed securities, 1% (31 December 2016: 1%) in other assets, 1% (31 December 2016: 1%) in property, plant and equipment and 74% (31 December 2016: 42%) in cash which was deposited with banks and a financial institute in Hong Kong.

Liquidity, Financial Resources and Funding

The Company mainly relies upon shareholders' funds, funds from placing of shares and cash generated from its business operations to finance its operation and expansion. The Company maintained a strong cash position, cash and cash equivalents amounting to HK\$22,067,950 as at 30 June 2017 (31 December 2016: HK\$14,171,225). As at 30 June 2017, the net asset value of the Company was HK\$29,674,574 (31 December 2016: HK\$33,247,769) with net asset value per share of HK\$0.26 (31 December 2016: HK\$0.29).

The Company has no significant liabilities. The Company's total borrowings comprising accruals and other payables, amounted to HK\$119,500 as at 30 June 2017 (31 December 2016: HK\$836,600). The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' equity, was 0.004 as at 30 June 2017 (31 December 2016: 0.025).

Capital Structure

As at 30 June 2017 and 31 December 2016, the issued share capital of the Company was HK\$2,320,000 divided into 116,000,000 shares of HK\$0.02 each. There was no change on the Company's overall share capital structure for the six months ended 30 June 2017.

Capital Expenditures

The Company's capital expenditures primarily consisted of expenditures on acquisition of computer equipment, furniture and fixtures and office equipment. During the six months ended 30 June 2017, the Company incurred capital expenditure in the amount of HK\$18,800 (2016: HK\$465,370).

Capital Commitments

As at 30 June 2017, the Company did not have any significant capital commitments (31 December 2016: Nil).

Foreign Exchange Exposure

The Company's assets and liabilities as well as all business transactions are majority denominated in Hong Kong dollars. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As at 30 June 2017, the Company has not used any derivative to hedge its exposure to the foreign currency risk.

Employees and Remuneration Policies

As at 30 June 2017, the Company has employed a total of 10 employees (2016: 13) including the directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to the prevailing market conditions, individual qualification and performance. They are under periodic review based on individual merit and other market factors. The total staff costs for the six months ended 30 June 2017 amounted to HK\$1,866,978 (2016: HK\$654,140).

Charges on the Company's Assets

As at 30 June 2017, no charges had been created on the Company's assets (31 December 2016: Nil).

Contingent Liabilities

The Company did not have any significant contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

Events After the Reporting Period

Save as disclosed here, there was no other significant events that might affect the Company since the end of the six months ended 30 June 2017.

Future Plans Relating to Material Investment or Capital Asset

The Company had not executed any agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to assess whether it is beneficial to the Company and the shareholders of the Company as a whole.

Prospects

Notwithstanding the positive signs of stock market recovery during the six months ended 30 June 2017, the Company expect the global economy will still be full of challenge in future. The management of the Company will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies. On the other hand, the Company will continue to seek and evaluate good investment opportunities to enrich the investment portfolios, aiming to maximize the return for the shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2017 and up to the date of this announcement, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly with the Company's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the reporting period.

CORPORATE GOVERNANCE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its Shareholders. The Company has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the six months ended 30 June 2017, the Company has complied with the code provisions under the CG Code.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. MOK Ho Ming (the chairman of the Audit Committee), Mr. CHEN Ming and Mr. WONG Yan Wai George. The Audit Committee has reviewed with the management of the Company the unaudited condensed financial statements of the Company for the six months ended 30 June 2017 including the accounting principles and practices adopted by the Company and has also discussed with management of the Company the financial reporting procedures, internal control and risk management systems.

REVIEW OF ACCOUNTS

The external auditor, RSM Hong Kong has reviewed the interim financial information for the six months ended 30 June 2017 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.

PUBLICATION OF 2017 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company’s website (www.earnest-inv.com) and the Stock Exchange’s website (www.hkexnews.hk). The Company’s 2017 interim report for the six months ended 30 June 2017 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
SUN Bo
Chairman

Hong Kong, 18 August 2017

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

* *For identification purpose only*