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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 2012**

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 2012 together with the comparative figures for the corresponding year 2011 are as follows:

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	<u>2012</u> HK\$	<u>2011</u> HK\$
Turnover	4	<u>8,078,159</u>	<u>5,197,228</u>
Revenue	4	1,209	51,628
Realised gains on disposals of financial assets at fair value through profit or loss		130,930	1,924,600
Net unrealised holding losses from financial assets at fair value through profit or loss		(4,789,590)	(5,172,023)
Administrative and other operating expenses		<u>(2,786,718)</u>	<u>(2,393,063)</u>
Loss before tax		(7,444,169)	(5,588,858)
Income tax credit	5	<u>183,522</u>	<u>958,740</u>
Loss for the year attributable to owners of the Company	6	(7,260,647)	(4,630,118)
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>(7,260,647)</u>	<u>(4,630,118)</u>
Loss per share			
Basic	7	<u>(0.090)</u>	<u>(0.057)</u>

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Note	<u>2012</u> HK\$	<u>2011</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		35,579,550	40,544,560
Prepayments, deposits and other receivables		206,820	1,014,436
Bank and cash balances		<u>5,411,654</u>	<u>7,055,897</u>
		41,198,024	48,614,893
Current liabilities			
Accruals and other payables		<u>214,800</u>	<u>187,500</u>
Net current assets		<u>40,983,224</u>	<u>48,427,393</u>
Total assets less current liabilities		41,633,224	49,077,393
Non-current liabilities			
Deferred tax liabilities		<u>-</u>	<u>183,522</u>
NET ASSETS		<u>41,633,224</u>	<u>48,893,871</u>
Capital and reserves attributable to owners of the Company			
Share capital		1,620,000	1,620,000
Reserves		<u>40,013,224</u>	<u>47,273,871</u>
TOTAL EQUITY		<u>41,633,224</u>	<u>48,893,871</u>
Net asset value per share	8	<u>0.51</u>	<u>0.60</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 (“HKIPCA”) that are relevant to its operations and effective for its accounting year 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 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 (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>2012</u> HK\$	<u>2011</u> HK\$
Dividend income from listed investments	-	49,950
Bank interest income	<u>1,209</u>	<u>1,678</u>
Revenue	1,209	51,628
Proceeds from disposals of financial assets at fair value through profit or loss	<u>8,076,950</u>	<u>5,145,600</u>
Turnover	<u>8,078,159</u>	<u>5,197,228</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

	<u>2012</u> HK\$	<u>2011</u> HK\$
Current tax - Hong Kong Profits Tax Provision for the year	-	-
Deferred tax	<u>183,522</u>	<u>958,740</u>
	<u>183,522</u>	<u>958,740</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 (2011: 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>2012</u> HK\$	<u>2011</u> HK\$
Loss before tax	<u>(7,444,169)</u>	<u>(5,588,858)</u>
Tax at 16.5% (2011: 16.5%)	(1,228,288)	(922,162)
Tax effect of income that is not taxable	(199)	(8,518)
Tax effect of expenses that are not deductible	31	-
Tax effect of utilisation of temporary differences not recognised previously	-	(28,060)
Tax effect of tax losses not recognised	439,041	-
Tax losses previously recognised and reversed	<u>605,893</u>	<u>-</u>
Income tax credit	<u>(183,522)</u>	<u>(958,740)</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>2012</u> HK\$	<u>2011</u> HK\$
Auditor's remuneration	180,000	170,000
Total staff costs	345,600	345,600
Investment management fee (<i>Note</i>)	360,000	360,000
Operating lease charges - Land and buildings	<u>61,966</u>	<u>-</u>

Note:

During the year, the Company paid management fee of HK\$360,000 (2011: HK\$360,000) to Success Talent Investments Limited (“Success Talent”) pursuant to the 2009 Investment Management Agreement and the 2012 Investment Management Agreement for acting as the investment manager of the Company. The 2012 Investment Management Agreement was entered into between the Company and Success Talent for a term of three years and renewable upon the expiration. The investment management fee is fixed at HK\$30,000 per month payable on a monthly basis 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\$7,260,647 (2011: HK\$4,630,118) and the number of ordinary shares of 81,000,000 (2011: 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 2012 and 2011.

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 2012 of HK\$41,633,224 (2011: HK\$48,893,871) and the number of ordinary shares of 81,000,000 (2011: 81,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

For the year ended 31 December 2012, the Company recorded a turnover of approximately HK\$8.1 million (2011: HK\$5.2 million), loss attributable to owners of approximately HK\$7.3 million (2011: HK\$5 million) and basic loss per share of HK\$0.090 (2011: HK\$0.057). 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 decrease in realised gains from Hong Kong listed securities.

Business Review

For the year ended 31 December 2012, the Company recorded a net realised gain on disposal of the Company’s investments in trading securities amounting to approximately HK\$131,000. The carrying value of the Company’s share portfolio had dropped by 12% to approximately HK\$36 million as at 31 December 2012. Given the global stock market fluctuation during the year 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 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 uncertainty and adverse sentiment in global investments atmosphere.

The Company's portfolio of Hong Kong listed securities as at 31 December 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, and China National Building Material Company Limited.

The Company's only investment in unlisted company is Ocean Pharmaceutical (HK) Limited ("Ocean"). Its principal activities are sourcing and trading of dedicated pharmaceutical products specialising in vascular health. 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 audited net asset value attributable to owner of Ocean for the year ended 31 March 2012 was approximately HK\$2.6 million (2011: HK\$3.3 million). The unaudited loss attributable to owner of Ocean for the nine months ended 31 December 2012, was approximately HK\$0.4 million (2011: HK\$0.8 million). Although Ocean incurred a loss, the Board is optimistic as to future prospect of Ocean in its line of business.

As at 31 December 2012, approximately 85% (2011: 83%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 2% (2011: 1%) in the equity interests of unlisted companies, 1% (2011: 2%) in other assets and the remaining 12% (2011: 14%) 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 2012, the net asset value of the Company amounted to HK\$41,633,224 (2011: HK\$48,893,871) with net asset value per share of HK\$0.51 (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' funds, was 0.005 as at 31 December 2012 (2011: 0.008).

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at 31 December 2012. 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 (2011: 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 2012, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

Prospects

Given the difficult investment environment due to the global economic downturn and European debt crisis, the Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objective and policies.

In 2013, 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 2012 (2011: 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 (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 applied the principles in the Code and complied with the code provisions during the year ended 31 December 2012.

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 2012.

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 2012.

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 2012 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 2012. 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 as well as the Company's website at www.earnest-inv.com. The 2012 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, 25 March 2013

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.