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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)

CONTINUING CONNECTED TRANSACTION CHANGE OF INVESTMENT MANAGER

On 12 May 2016, the Company entered into an investment management agreement (the “New Management Agreement”) with China Everbright Securities (Hong Kong) Limited (“CES”) pursuant to which CES agreed to provide investment management services to the Company for the period from 12 May 2016 to 11 May 2018 (both dates inclusive).

LISTING RULES IMPLICATION

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. Hence, the provision of investment management services by CES to the Company under the New Investment Management Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The maximum annual aggregate amount of the management fee to be paid by the Company to CES pursuant to the New Investment Management Agreement for the period from 12 May 2016 to 11 May 2018 (both dates inclusive) shall not exceed HK\$720,000, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Investment Management Agreement is therefore exempt from the announcements, circular and independent shareholders’ approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

CHANGE OF INVESTMENT MANAGER

TERMINATION OF EXISTING INVESTMENT AGREEMENT

On 3 June 2015, the Company entered into an investment management agreement (the “Existing Management Agreement”) with Success Talent Investments Limited (“Success Talent”) whereby Success Talent agreed to provide investment services to the Company for the period from 26 July 2015 to 25 July 2017 (both dates inclusive). On 12 May 2016, a written confirmation between the Company and Success Talent was made to terminate the Existing Investment Management Agreement with effect from 12 May 2016.

The board would like to take this opportunity to express its gratitude to Success Talent for its services and advice to the Company.

APPOINTMENT OF NEW INVESTMENT MANAGER

The Board announces that the Company had entered into the New Investment Management Agreement with CES on 11 May 2016, pursuant to which CES agreed to provide investment management services to the Company for a period of 2 years commencing on 12 May 2016.

CES has extensive investment management experience in Hong Kong in relation to investment companies listed under Chapter 21 of the Listing Rules and is the investment manager and investment advisor of a number of third parties investment funds investing principally in the Greater China Region. The investment experience of the Investment Manager and its responsible officers is relevant to the investment strategies of the Company and the Directors are of the view that the investment experience and expertise of the Investment Manager will be beneficial to the Company and its Shareholders as a whole.

PRINCIPAL TERMS UNDER THE NEW INVESTMENT MANAGEMENT AGREEMENT

The principal terms of the New Investment Management Agreement, among others, include

Parties:

- (1) The Company; and
- (2) CES

Date:

12 May 2016

Duration

From 12 May 2016 to 11 May 2018 (both dates inclusive) unless terminated earlier by either party giving to the other party not less than 3 months’ written notice of termination.

Services to be provided

CES shall provide investment management services to the Company under the New Investment Management Agreement in relation to managing, supervising and directing the investment, disposition and re-investment of assets of the Company with full and complete discretion.

Investment Management Fee

Pursuant to the New Investment Management Agreement, the Company shall pay the Investment Manager a fixed investment management fee of HK\$60,000 per month payable on a monthly basis in arrears. The annual fees payable to the Investment Manager pursuant to the New Investment Management Agreement will be HK\$720,000. The investment management fee under the New Investment Management Agreement was reached after an arm's length negotiations between the Company and the Investment Manager and was determined with reference to the historical investment management, the prevailing market rates and the responsibilities and duties of the Investment Manager of the Company under the New Investment Management Agreement.

The Directors (including the Independent Non-executive Directors) consider that the New Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the New Investment Management Agreement (including the Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Each Director has no interest in the New Investment Management Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW INVESTMENT MANAGEMENT AGREEMENT

The Company is an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. The Board considers that CES has extensive investment experience in Hong Kong in relation to investment companies listed under Chapter 21 of the Listing Rules and in the Greater China Region, and is capable to provide professional investment services to the Company.

The Company has no intention to change the investment objectives and policies of the Company after entering the New Investment Management Agreement.

The Directors (including the Independent Non-executive Directors) consider that:

- (a) the investment experience of the Investment Manager and its responsible officers is relevant to the investment strategies of the Company and they are of the view that the investment experience and expertise of the Investment Manager will be beneficial to the Company and its Shareholders as a whole;
- (b) the terms and conditions of the New Investment Management Agreement are negotiated on an arm's length basis and are on normal commercial terms that are fair and reasonable;

- (c) the Annual Caps are fair and reasonable; and
- (d) the transactions contemplated under the New Investment Management Agreement are in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE INVESTMENT MANAGER

Information on the Company

The Company is an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. The Company's principal investment objective is to achieve medium term capital appreciation through investments in listed and unlisted companies in Hong Kong and the PRC.

Information on the Investment Manager

CES was incorporated in Hong Kong in 1991 and is jointly owned by China Everbright Limited (a company listed in the Stock Exchange and stock code: 165) and Everbright Securities Company Limited (a company listed in The Shanghai Stock Exchange and stock code #SH601788). CES has over 13 years of experience in serving Hong Kong listed investment companies since 2003. CES is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, immediately prior to the appointment as investment manager of the Company, CES (except in the context of Rule 14A.08 of the Listing Rules), its beneficial owners and its directors are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

CES is the investment manager and investment advisor of a number of third parties investment funds investing principally in the Greater China Region. The Directors consider that the investment experience of CES is relevant to the investment strategies of the Company and are of the view that its expertise will be beneficial to the Company and the Shareholders as a whole.

The Board selects CES as its investment manager based on the experience of CES, its directors and key investment personnel in the investment management.

The background and experience of the responsible officers (as defined by the SFO) of CES are as follows:

CHEUNG PANG TO

Mr. Cheung Pang To ("Mr. CHEUNG") is the managing director and one of the licensed responsible officers of CES. Mr. CHEUNG is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. CHEUNG has over

twenty-five years of the experience in the finance and investment industry. For the past twenty years, he has been working in dealing, marketing and portfolio management and operations and has also been actively involved in investment management industry for the last fourteen years.

SO HIN PONG

Mr. So Hin Pong (“Mr. SO”) is a director and one of the licensed responsible officers of CES. Mr. SO is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO. Mr. SO has over twenty-five years of experience in the finance and investment industry. For the past twenty years, he has been working in the areas of dealing, marketing operations and portfolio management and has also been actively involved in investment management industry for the last fourteen years.

CHAN CHEONG YEE

Mr. Chan Cheong Yee (“Mr. CHAN”) is one of the licensed responsible officers of CES. Mr. CHAN is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO. Mr. CHAN is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules.

POTENTIAL CONFLICT OF INTEREST

As confirmed by CES, as at the date of the New Investment Management Agreement, there is no cross shareholding and common directorship between each of CES, Mr. CHEUNG, Mr. SO and Mr. CHAN and the Company, the Company’s substantial shareholders, investee companies or other Chapter 21 companies. As such, the Company believes that there is no potential conflict of interest.

CONDITION

The effectiveness of the New Investment Management Agreement is conditional upon all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong and Bermuda) having been complied with.

LISTING RULES IMPLICATION

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. Hence, the provision of investment management services by CES to the Company under the New Investment Management Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The maximum annual aggregate amount of the management fee to be paid by the Company to CES pursuant to the New Investment Management Agreement for the period from 11 May 2016 to 10 May 2018 shall not exceed HK\$720,000, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Investment Management Agreement is therefore exempt from the announcements, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Annual Cap(s)”	the proposed maximum aggregate amount of the investment management fee to be charged by the Investment Manager to the Company for the provision of investment management services under the New Investment Management Agreement during the period from 12 May 2016 to 11 May 2018 (both dates inclusive)
“Board”	the board of directors of the Company
“CES” or “Investment Manager”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Earnest Investments Holdings Limited, a company continued into Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code 339)
“connected person(s)”	has the meaning as defined under the Listing Rules
“continuing connected transactions”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company

“Existing Investment Management Agreement”	the investment management agreement dated 3 June 2015 entered into between the Company and Success Talent in relation to the appointment of Success Talent as investment manager of the Company for the period from 26 July 2015 to 25 July 2017 (both dates inclusive)
“Greater China Region”	PRC, Hong Kong, Macau and Taiwan
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Investment Management Agreement”	the investment management agreement dated 12 May 2016 entered into between the Company and the Investment Manager in relation to the provision of investment management services for the period from 12 May 2016 to 10 May 2018 (both dates inclusive)
“percentage ratios”	Has the meaning ascribed to it in Rule 14.07 of the Listing Rules
“PRC”	People’s Republic of China
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Talent”	Success Talents Investments Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO to engage in type 9 regulated activities within the meaning of the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Earnest Investments Holdings Limited
CHAN Chak Paul
Chairman

Hong Kong, 12 May 2016

As at the date of this announcement, the Executive Directors are Mr. CHAN Chak Paul, Mr. NGAI Wah Sang and Mr. WANG Daming; the Non-executive Director is Mr. SUN Bo; and the Independent Non-executive Directors are Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua.

* for identification purposes only