

Earnest

Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code: 339)



2017
INTERIM
REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. WANG Daming

Non-executive Director

Mr. SUN Bo (*Chairman*)

Independent Non-executive Directors

Mr. CHEN Ming*

Mr. MOK Ho Ming

Mr. WONG Yan Wai George[#]

CHIEF EXECUTIVE OFFICER

Mr. ZHANG Yufei

COMPANY SECRETARY

Ms. CHEUNG Hoi Ue

AUDITOR

Messrs. RSM Hong Kong

Certified Public Accountants

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 04 & 05

19/F Harbour Centre

25 Harbour Road

Wanchai, Hong Kong

PRINCIPAL BANKER

The Bank of East Asia, Limited

INVESTMENT MANAGER

China Everbright Securities (Hong Kong)
Limited

AUDIT COMMITTEE

Mr. MOK Ho Ming (*Chairman*)

Mr. CHEN Ming*

Mr. WONG Yan Wai George[#]

REMUNERATION COMMITTEE

Mr. WONG Yan Wai George[#] (*Chairman*)

Mr. MOK Ho Ming

Mr. SUN Bo

NOMINATION COMMITTEE

Mr. SUN Bo (*Chairman*)

Mr. MOK Ho Ming

Mr. WONG Yan Wai George[#]

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

339

[#] Appointed on 11 April 2017

* Appointed on 31 May 2017

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”, and each, a “Director”) of Earnest Investments Holdings Limited (the “Company”) is pleased to present the unaudited interim financial results for the six months ended 30 June 2017.

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).

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the special general meeting held on 16 May 2016 (the "Adoption Date"). The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption Date and the purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants. Pursuant to the Share Option Scheme the Board may at its discretion, subject always to any limits and restrictions specified in the Listing Rules, offer to grant an option to any participant; impose terms and conditions; and determine such number of shares to be subscribed for at the option price.

The minimum option price for any option granted under the Share Option Scheme shall not be less than the higher of (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the shares in issue as at the Adoption Date unless refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and all outstanding options granted and yet to be exercised under any other scheme should not exceed 30% of the shares in issue from time to time.

During the reporting period, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding option as at 30 June 2017.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30 June 2017, so far as the Directors are aware, the interests and/or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) as recorded in the register required to be kept by the Company 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") contained in the Listing Rules, were as follows:

Name of Directors or chief executives	Capacity	Long/ Short position	Number of shares held	Approximate percentage of the issued share capital as at 30 June 2017
SUN Bo	Beneficial owner	Long position	22,275,000	19.20%

Saved as disclosed above, at no time during the period, the Directors or Chief Executives had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its other associated corporations required to be disclosed pursuant to the SFO.

Saved as disclosed above, at no time during the period was the Company a party to any arrangement to enable the Directors or Chief Executives of the Company to hold any interests or short positions in shares or underlying shares in, or debentures of, the Company or other associated corporation.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION", as at 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the directors and chief executives as disclosed above.

Name of shareholder	Capacity	Number of shares held	Approximate percentage of the issued share capital as at 30 June 2017
Supreme Zone Investments Limited ¹	Beneficial owner	11,812,500	10.18%
XIA Jun ¹	Interest of controlled corporation	11,812,500	10.18%
Salus Investments Limited ²	Beneficial owner	8,260,000	7.12%
ZHANG Xu Ming ²	Interest of controlled corporation	8,260,000	7.12%

Notes:

1. The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Mr. XIA Jun. By virtue of the SFO, Mr. XIA Jun was deemed to be interested in the 11,812,500 shares.
2. The 8,260,000 shares were held by Salus Investments Limited which was wholly owned by Mr. ZHANG Xu Ming. By virtue of the SFO, Mr. ZHANG Xu Ming was deemed to be interested in the 8,260,000 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.

Other Information

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed “DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION” and the “SHARE OPTION SCHEME” above in this report, at no time during the reporting period was the Company, a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 report, 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.

Other Information

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES AND CHANGE OF INFORMATION OF DIRECTORS

With effect from 11 April 2017, Mr. WONG Yan Wai George (“Mr. George WONG”) has been appointed as an independent non-executive director of the Company. Further details have been set out in an announcement of the Company dated 11 April 2017.

At the annual general meeting of the Company held on 26 May 2017 (“AGM”), Mr. CHAN Chak Paul (“Mr. Paul CHAN”) and Mr. CHAN Francis Ping Kuen (“Mr. Francis CHAN”), did not offer themselves for re-election due to their personal commitments on their other business and accordingly retired as an executive director and an independent non-executive director of the Company, respectively, upon the conclusion of the AGM. At the same time, Mr. Paul CHAN ceased to be the chairman of the Board and the chairman of nomination committee of the Company (the “Nomination Committee”) and one of the authorised representatives of the Company as required under Rule 3.05 of the Listing Rules (the “Authorised Representative”) and an authorised representative of the Company for accepting service of process and notices on the Company’s behalf in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Service Agent”). Mr. Francis CHAN ceased to be the chairman of the audit committee of the Company (the “Audit Committee”) and a member of each of the Nomination Committee and remuneration committee of the Company (the “Remuneration Committee”).

With effect from 26 May 2017, Mr. SUN Bo has been appointed as (i) the chairman of the Board; (ii) the chairman of the Nomination Committee; (iii) a member of the Remuneration Committee; (iv) the Authorised Representative; and (v) the Service Agent; Mr. MOK Ho Ming has been appointed as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee; and Mr. George WONG has been appointed as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

With effect from 31 May 2017, Mr. CHEN Ming has been appointed as an independent non-executive director of the Company and a member of Audit Committee. Further details have been set out in an announcement of the Company date 31 May 2017; Dato’ TAN Yee Boon has resigned as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee; and Mr. George WONG has been appointed as the chairman of the Remuneration Committee.

Save as disclosed above, there is no other change in the Directors’ and Chief Executive’s information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Other Information

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, 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.

For and on behalf of the Board

SUN Bo

Chairman

Hong Kong, 18 August 2017

Independent Review Report



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 15 to 26 which comprises the condensed statement of financial position of the Company as at 30 June 2017 and the related condensed statement of profit or loss and other 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 “HKICPA”). 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.

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 HKICPA. 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.

Independent Review Report

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 Hong Kong

Certified Public Accountants

Hong Kong
18 August 2017

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	5	46,002	62,032
Net change in fair value of financial assets	6	1,021,125	(5,114,353)
Administrative and other operating expenses		(4,640,322)	(2,814,150)
Loss before tax		(3,573,195)	(7,866,471)
Income tax	7	—	—
Loss for the period attributable to owners of the Company	8	(3,573,195)	(7,866,471)
Other comprehensive income for the period, net of tax		—	—
Total comprehensive income for the period attributable to owners of the Company		(3,573,195)	(7,866,471)
Loss per share			
Basic	11	(0.031)	(0.068)

Condensed Statement of Financial Position

AT 30 JUNE 2017

	Note	(Unaudited) 30 June 2017 HK\$	(Audited) 31 December 2016 HK\$
Non-current assets			
Property, plant and equipment	12	360,657	393,749
Current assets			
Financial assets at fair value through profit or loss	13	7,046,980	19,121,555
Prepayments, deposits and other receivables		318,487	397,840
Bank and cash balances		22,067,950	14,171,225
		29,433,417	33,690,620
Current liabilities			
Accruals and other payables		119,500	836,600
Net current assets		29,313,917	32,854,020
Total assets less current liabilities		29,674,574	33,247,769
NET ASSETS		29,674,574	33,247,769
Capital and reserves attributable to owners of the Company			
Share capital	14	2,320,000	2,320,000
Reserves		27,354,574	30,927,769
TOTAL EQUITY		29,674,574	33,247,769
Net asset value per share	15	0.26	0.29

Condensed Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	(Unaudited)				
	Share capital	Share premium account	Contributed surplus account	Accumulated losses	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2016	1,940,000	22,600,000	28,040,011	(19,254,014)	33,325,997
Issue of shares	380,000	12,586,461	—	—	12,966,461
Total comprehensive income for the period	—	—	—	(7,866,471)	(7,866,471)
Changes in equity for the period	380,000	12,586,461	—	(7,866,471)	5,099,990
At 30 June 2016	2,320,000	35,186,461	28,040,011	(27,120,485)	38,425,987
At 1 January 2017	2,320,000	35,186,461	28,040,011	(32,298,703)	33,247,769
Total comprehensive income and changes in equity for the period	—	—	—	(3,573,195)	(3,573,195)
At 30 June 2017	2,320,000	35,186,461	28,040,011	(35,871,898)	29,674,574

Condensed Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	(Unaudited)	
	Six months ended 30 June	
	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Net cash generated from/(used in) operating activities	7,915,525	(2,008,794)
Net cash used in investing activities	(18,800)	(465,370)
Net cash generated from financing activities	—	12,966,461
Net increase in cash and cash equivalents	7,896,725	10,492,297
Cash and cash equivalents at 1 January	14,171,225	8,449,793
Cash and cash equivalents at 30 June		
Representing bank and cash balances	22,067,950	18,942,090

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.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(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. FAIR VALUE MEASUREMENTS

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the condensed statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Company's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of the Company's financial assets at fair value through profit and loss are using the Level 1 of the fair value hierarchy.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

5. 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
Revenue	46,002	62,032
Proceeds from disposals of financial assets at fair value through profit or loss	13,095,700	1,699,242

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.

6. 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)
	1,021,125	(5,114,353)

7. INCOME TAX

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

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

8. 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
Investment management fee (Note 9)	307,474	214,500
Operating lease charges — land and buildings	360,000	343,871
	1,428,000	667,867

9. 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.

10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

11. 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.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Company acquired property, plant and equipment of HK\$18,800 (2016: HK\$465,370).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2017 HK\$	(Audited) 31 December 2016 HK\$
Equity securities listed in Hong Kong, at cost	6,170,086	14,465,754
Net fair value gains	876,894	4,655,801
Fair value as at period/year end	7,046,980	19,121,555

The carrying amounts of the above financial assets are held for trading.

The investment included above represent investments in listed equity securities that offer the Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the listed securities are based on quoted market prices.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Particulars of the Company's financial assets at fair value through profit or loss as at 30 June 2017 are as follows:

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Fair value			Dividend income received during the period HK\$	Dividend cover	Net assets attributable to the Company HK\$
				Cost HK\$	Market value HK\$	gains/(losses) HK\$			
(a) Hong Kong Exchanges and Clearing Limited ("HKEX")	Hong Kong	20,000	Less than 1%	4,188,771	4,036,000	(152,771)	40,800	2.33	565,964
(b) Tencent Holdings Limited ("Tencent")	Cayman Islands	6,900	Less than 1%	1,039,315	1,926,480	887,165	4,209	8.38	180,113
(c) CSOP FTSE CHINA A50 ETF ("CSOP A50 ETF")	Hong Kong	50,000	Less than 1%	555,000	653,000	98,000	–	N/A	544,008
(d) ChinaAMC CSI 300 Index ETF ("CAM CSI300")	Hong Kong	10,000	Less than 1%	387,000	431,500	44,500	–	N/A	342,625
				6,170,086	7,046,980	876,894	45,009		

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

- (a) HKEX owns and operates (i) the only stock exchange and a futures exchange in Hong Kong and their related clearing houses; (ii) a clearing house for clearing over-the-counter derivatives contracts in Hong Kong; and (iii) an exchange for trading of base metals forward and options contracts operating in the United Kingdom. The audited consolidated profit attributable to owners of HKEX for the year ended 31 December 2016 was approximately HK\$5,769,000,000 (2015: HK\$7,956,000,000). As at 31 December 2016, the audited consolidated net asset value attributable to owners of HKEX was approximately HK\$32,266,000,000 (2015: HK\$29,816,000,000). The unaudited consolidated profit attributable to owners of HKEX for the six months ended 30 June 2017 was approximately HK\$3,493,000,000 (2016: HK\$2,985,000,000). As at 30 June 2017, the unaudited consolidated net asset value attributable to owners of HKEX was approximately HK\$34,852,000,000 (2016: HK\$30,987,000,000).

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

- (b) Tencent is principally engaged in provision of Internet and mobile value-added services, online advertising services and e-Commerce transactions services to users in the People's Republic of China. The audited consolidated profit attributable to owners of Tencent for the year ended 31 December 2016 was approximately HK\$47,945,536,000 (2015: HK\$35,434,260,000). As at 31 December 2016, the audited consolidated net asset value attributable to owners of Tencent was approximately HK\$194,059,651,000 (2015: HK\$141,173,163,000). The unaudited consolidated profit attributable to owners of Tencent for the six months ended 30 June 2017 was approximately HK\$37,070,114,000 (2016: HK\$23,615,160,000). As at 30 June 2017, the unaudited consolidated net asset value attributable to owners of Tencent was approximately HK\$247,454,720,000 (2016: HK\$164,042,724,000).
- (c) CSOP A50 ETF is a physical exchange traded fund which invests directly in the FTSE China A50 Index securities through the Renminbi Qualified Foreign Institutional Investor investment quotas of CSOP Asset Management Limited and Shanghai-Hong Kong Stock Connect Program. The audited loss attributable to unitholders of CSOP A50 ETF for the year ended 31 December 2016 was approximately HK\$360,344,000 (2015: profit of HK\$1,766,174,000). As at 31 December 2016, the audited net asset value attributable to unitholders of CSOP A50 ETF was approximately HK\$19,105,575,000 (2015: HK\$21,558,672,000).
- (d) CAM CSI300 is a physical exchange traded fund which invests directly in underlying A-Shares of the CSI 300 Index through the Renminbi Qualified Foreign Institutional Investor investment quotas of China Asset Management (Hong Kong) Limited. The audited loss attributable to unitholders of CAM CSI300 for the year ended 31 December 2016 was approximately HK\$1,164,696,000 (2015: profit of HK\$1,629,587,000). As at 31 December 2016, the audited net asset value attributable to unitholders of CAM CSI300 was approximately HK\$10,530,591,000 (2015: HK\$12,035,896,000).

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2017

14. SHARE CAPITAL

	(Unaudited) 30 June 2017 HK\$	(Audited) 31 December 2016 HK\$
Authorised: 1,000,000,000 ordinary shares of HK\$0.02 each	20,000,000	20,000,000
Issued and fully paid: 116,000,000 ordinary shares of HK\$0.02 each	2,320,000	2,320,000

During the six months ended 30 June 2017, no option was granted, exercised, cancelled or lapsed under the share option scheme adopted by the Company on 16 May 2016. There were no outstanding share options as at 30 June 2017 and 31 December 2016.

15. 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.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The change included the presentation of net change in fair value of financial assets in the condensed statement of profit or loss and other comprehensive income.

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 18 August 2017.