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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 2014**

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 2014 together with the comparative figures for the corresponding year 2013 are as follows:

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	<u>2014</u> HK\$	<u>2013</u> HK\$
Revenue	4	2,902	2,187
Loss on disposal of available-for-sale financial assets		(50,000)	-
Gains on disposals of financial assets at fair value through profit or loss		873,680	120,140
Net change in fair value gains/(losses) on financial assets at fair value through profit or loss		3,021,120	(3,769,700)
Administrative and other operating expenses		<u>(3,202,566)</u>	<u>(2,762,426)</u>
Profit/(loss) before tax		645,136	(6,409,799)
Income tax	5	<u>-</u>	<u>-</u>
Profit/(loss) for the year attributable to owners of the Company	6	645,136	(6,409,799)
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>645,136</u>	<u>(6,409,799)</u>
Earnings/(loss) per share			
Basic	7	<u>0.008</u>	<u>(0.079)</u>

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014**

	Note	<u>2014</u> HK\$	<u>2013</u> HK\$
Non-current assets			
Available-for-sale financial assets		<u>-</u>	<u>650,000</u>
Current assets			
Financial assets at fair value through profit or loss		36,116,390	33,122,350
Prepayments, deposits and other receivables		362,840	332,310
Bank and cash balances		16,764,868	1,370,944
		53,244,098	34,825,604
Current liabilities			
Accruals and other payables		<u>215,537</u>	<u>252,179</u>
Net current assets		<u>53,028,561</u>	<u>34,573,425</u>
Total assets less current liabilities		<u>53,028,561</u>	<u>35,223,425</u>
NET ASSETS		<u><u>53,028,561</u></u>	<u><u>35,223,425</u></u>
Capital and reserves attributable to owners of the Company			
Share capital		1,940,000	1,620,000
Reserves		<u>51,088,561</u>	<u>33,603,425</u>
TOTAL EQUITY		<u><u>53,028,561</u></u>	<u><u>35,223,425</u></u>
Net asset value per share	8	<u><u>0.55</u></u>	<u><u>0.43</u></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 AND REQUIREMENTS**

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 that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations.

(a) Application of new and revised HKFRSs

The following standard has been adopted by the Company for the first time for the financial year beginning 1 January 2014:

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard’s basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

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

The Company has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Company’s financial statements when they become effective. The Company has assessed, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue that are not yet effective and relevant to the Company’s operation

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable HKFRSs and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies.

4. REVENUE AND TURNOVER

	<u>2014</u> HK\$	<u>2013</u> HK\$
Dividend income from listed investments	2,379	1,398
Bank interest income	<u>523</u>	<u>789</u>
Revenue	2,902	2,187
Proceeds from disposal of available-for-sale financial assets	600,000	-
Proceeds from disposals of financial assets at fair value through profit or loss	<u>26,217,160</u>	<u>12,917,440</u>
Turnover	<u>26,820,062</u>	<u>12,919,627</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.

5. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has no assessable profit for the year (2013: Nil).

The reconciliation between the income tax and the product of profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2014</u> HK\$	<u>2013</u> HK\$
Profit/(loss) before tax	<u>645,136</u>	<u>(6,409,799)</u>
Tax at 16.5% (2013: 16.5%)	106,447	(1,057,617)
Tax effect of income that is not taxable	(478)	(361)
Tax effect of expenses that are not deductible	25,575	-
Tax effect of temporary differences not recognised	(131,544)	-
Tax effect of tax losses not recognised	-	436,356
Tax losses previously recognised and reversed	-	<u>621,622</u>
Income tax	<u>-</u>	<u>-</u>

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

The Company's profit/(loss) for the year attributable to owners of the Company is stated after charging the following:

	<u>2014</u> HK\$	<u>2013</u> HK\$
Auditor's remuneration	182,000	180,000
Investment management fee (Note below)	360,000	360,000
Operating lease charges - Land and buildings	161,000	156,000
Staff costs including directors' emoluments		
Salaries, bonus and allowances	448,000	345,600
Retirement benefits scheme contributions	11,000	4,320
	<u>459,000</u>	<u>349,920</u>

Note:

During the year, the Company paid management fee of HK\$360,000 (2013: HK\$360,000) pursuant to an investment management agreement entered between the Company and Success Talent Investments Limited as investment manager for a term of three years from 26 July 2012 with a management fee of HK\$30,000 per month payable monthly in arrears. The investment manager is deemed as a connected person of the Company under Rule 21.13 of the Listing Rules.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$645,136 (2013: loss of HK\$6,409,799) and the weighted average number of ordinary shares of 82,227,397 (2013: 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 the two years ended 31 December 2014 and 2013.

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 2014 of HK\$53,028,561 (2013: HK\$35,223,425) and the number of ordinary shares of 97,000,000 (2013: 81,000,000) in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

For the year ended 31 December 2014, the Company recorded a turnover of approximately HK\$26.8 million (2013: HK\$12.9 million), profit attributable to owners of approximately HK\$0.6 million (2013: loss of HK\$6.4 million) and basic earnings per share of HK\$0.008 (2013: loss per share of HK\$0.079). The increase in turnover was mainly due to the increase in trading of listed securities. As compared to last year, profit for the year was mainly due to gains on disposals of and change in fair value gains on Hong Kong listed securities.

Business Review

For the year ended 31 December 2014, the Company recorded the gains on disposals of the Company's investments in trading securities amounting to approximately HK\$874,000 (2013: HK\$120,000). The carrying value of the Company's share portfolio increased by 9% to approximately HK\$36 million as at 31 December 2014. The Company will continue to be cautious in making new investments and trading of listed securities under current economic fluctuation in Europe and the worldwide ongoing quantum ease atmosphere, and is aimed to maintain and grow its portfolio value in future. However, as the Company's operating results are mostly driven by the Company's investments in trading securities, its performance will continuously be affected by the prevailing global stock market.

The Company's portfolio of Hong Kong listed securities as at 31 December 2014 consisted of China Dynamic (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited, Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited and China Innovationpay Group Limited.

As at 31 December 2014, approximately 68% (2013: 94%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 1% (2013: 1%) in other assets and the remaining 31% (2013: 3%) in cash which was deposited with banks in Hong Kong.

Liquidity, Financial Resources and Funding

As at 31 December 2014, the net asset value of the Company amounted to HK\$53,028,561 (2013: HK\$35,223,425) with net asset value per share of HK\$0.55 (2013: HK\$0.43). 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 0.004 as at 31 December 2014 (2013: 0.007).

For the year under review, the Directors considered the opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base by shares placement. Hence, on 4 December 2014, the Company issued 16,000,000 new shares of HK\$0.02 each at a price of HK\$1.1 per share under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 9 May 2014. The net proceeds was approximately HK\$17 million, which was intended to be used for working capital of the Company and future investments yet to be identified. As at 31 December 2014, approximately HK\$5.7 million had been used in acquiring Hong Kong listed securities

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at 31 December 2014. The directors believe that the Company had minimal exposure to foreign exchange risk.

Employees

During the year, the Company has 7 staff including directors and the total staff costs for the year amounted to HK\$459,000 (2013: HK\$349,920). 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 2014, there were no charges in the Company's assets and the Company did not have any significant contingent liabilities.

Prospects

The Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies.

Nevertheless, 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 2014 (2013: 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 Corporate Governance Code (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 2014.

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 2014.

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 2014.

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 2014 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 2014. 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 Hong Kong Institute of Certified Public Accountant 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.hk as well as the Company’s website at www.earnest-inv.com. The 2014 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, 20 March 2015

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.