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ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

The financial highlights of Huge China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017 are summarised as follows:

- Revenue of the Group for the six months ended 30 June 2017 was HK\$5,209,000 as compared to HK\$4,254,000 in the same period last year.
- Loss attributable to owners of the Company for the six months ended 30 June 2017 was approximately HK\$129,293,000 as compared to the loss of approximately HK\$125,665,000 in the same period last year.
- Basic loss per share of the Group was HK\$1.50 for the six months ended 30 June 2017 as compared to the basic loss of HK\$3.22 per share in the same period last year.

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 with comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	<i>Note</i>	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Gross proceeds from disposals of trading securities		21,466	6,825
Revenue	2	5,209	4,254
Other revenue	2	1	5
Other gains and (losses), net	2	(126,039)	(122,545)
		(120,829)	(118,286)
Finance costs	3	(2,004)	(747)
Other operating expenses		(6,460)	(6,632)
Loss before tax	4	(129,293)	(125,665)
Income tax expense	5	–	–
Loss and total comprehensive income for the period attributable to owners of the Company		(129,293)	(125,665)
		HK\$	HK\$
Loss per share	7		
Basic		(1.50)	(3.22)
Diluted		(1.50)	(3.22)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Note</i>	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		37	47
Goodwill		–	38
		37	85
Current assets			
Other receivable, deposits and prepayments	8	7,994	8,381
Loans and receivables		6,289	3,102
Financial assets at fair value through profit or loss		289,194	398,172
Due from securities brokers		1,642	257
Bank balances and cash		11,849	5,660
		316,968	415,572
Current liabilities			
Due to a securities broker		15,939	10,547
Other payables and accruals	9	6,082	5,456
Convertible bonds		18,463	17,832
Promissory notes		5,833	–
		46,317	33,835
Net current assets		270,651	381,737
Total assets less current liabilities		270,688	381,822
Non-current liabilities			
Promissory notes		19,739	1,580
Net assets		250,949	380,242
Capital and reserves			
Share capital		85,929	85,929
Reserves		165,020	294,313
Total equity		250,949	380,242
Net asset value per share		HK\$2.92	HK\$4.43

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Group (“Interim Financial Statements”) are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). In addition, the Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements of the Group and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2016.

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. IFRSs comprise International Financial Reporting Standards, International Accounting Standards, and Interpretations.

The adoption of these new or revised IFRSs has no significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not yet applied the new and revised IFRSs that have been issued but not yet effective. The Group is in the process of assessing, where applicable, the potential impact of these new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact to the Group’s results of operation.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

2. REVENUE, OTHER REVENUE AND OTHER GAINS AND (LOSSES), NET

The Group principally invests in securities listed on recognised stock exchanges and unlisted investments, including equity securities and convertible bonds issued by corporate entities. Revenue, other revenue and other gains and losses recognised during the period are as follows:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue:		
Interest income from		
– bank deposits	–	2
– loans and receivables	187	–
– convertible bonds designated at fair value through profit or loss	5,022	4,252
Dividend income from		
– listed investments	–	–
	<u>5,209</u>	<u>4,254</u>
Other revenue:		
Sundry income	<u>1</u>	<u>5</u>
Other gains and (losses), net:		
Unrealised fair value losses on financial assets at fair value through profit or loss		
– listed securities	(80,741)	(122,582)
Net realised (losses) gain on disposals of financial assets at fair value through profit or loss		
– listed securities	<u>(45,298)</u>	<u>37</u>
	<u>(126,039)</u>	<u>(122,545)</u>
	<u><u>(120,829)</u></u>	<u><u>(118,286)</u></u>

Management considered the Group has only one operating segment, being investments in securities listed on the recognised stock exchanges and unlisted investments with a potential growth and capital appreciation. Accordingly, the Group's revenue, other revenue, other gains and (losses), net, loss for the period, and total assets are attributable to this segment.

3. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Imputed interest on convertible bonds	631	659
Interest on other borrowings	881	73
Imputed interest on promissory notes	492	15
	<u>2,004</u>	<u>747</u>

4. LOSS BEFORE TAX

Loss before tax has been arrived at after charging the following:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	618	667
Impairment of goodwill	38	–
Depreciation	10	89
	<u>1,490</u>	<u>1,759</u>
Management fees		
	<u>26</u>	<u>32</u>
Pension costs – contributions to defined contribution plan		
	<u>429</u>	<u>1,406</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit during the period (2016: nil).

6. DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2017 (2016: nil).

7. LOSS PER SHARE

The calculation of loss per share is as follows:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the purposes of basic and diluted loss per share	(129,293)	(125,665)
	Number of	Number of
	Shares	Shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	85,929	39,059
	HK\$	HK\$
Basic loss per share	(1.50)	(3.22)
Diluted loss per share	(1.50)	(3.22)

The calculation of basic loss per share is based on the Group's loss attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the period.

The computation of diluted loss per share does not assume the conversion of the Company's convertible bond since its exercise would result in a decrease in loss per share for the six months ended 30 June 2017 and 2016.

Diluted loss per share is the same as the basic loss per share as there is no potential dilutive share in issue during the six months period ended 30 June 2017 and 2016.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Other receivables (<i>note a</i>)	17	24
Deposits paid for investments (<i>note b</i>)	7,500	7,500
Other deposits	349	428
Prepayments	128	429
	<u>7,994</u>	<u>8,381</u>

Notes:

- (a) At the end of reporting period, the balance of other receivables was neither past due nor impaired. No ageing analysis to be disclosed in respect of other receivables. In the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the Group's business nature.
- (b) Deposits paid for investments represent earnest money amounted to HK\$2,000,000 ("Deposit 1") and HK\$5,500,000 ("Deposit 2") paid by the Group for the proposed subscription of convertible notes to be issued by two independent third parties.

Deposit 1

On 18 May 2016, the Company entered into a subscription agreement with an independent third party ("Issuer 1") pursuant to which the Company agreed to pay the Deposit 1 to the Issuer 1 as an earnest money for the proposed subscription of convertible notes in the principal amount of HK\$10,000,000 to be issued by the Issuer 1 (the "Proposed Subscription 1"). The completion of the Proposed Subscription 1 is subject to the fulfillment of conditions precedent of the subscription agreement including satisfaction of due diligence works on Issuer 1.

On 31 October 2016 and 22 December 2016, the Company entered into two extension agreements with the Issuer 1, to extend the completion date of the Proposed Subscription 1 to 31 December 2016 and 31 March 2017 respectively.

Since 31 March 2017 and up to the approval date on these Interim Financial Statements, the Proposed Subscription 1 is still under progress and not yet concluded.

Deposit 2

On 12 August 2016, the Company entered into a memorandum of understanding (“MoU”) with an independent third party (“Issuer 2”) pursuant to which the Company agreed to pay the Deposit 2 to the Issuer 2 as an earnest money for the proposed subscription of redeemable convertible notes in the principal amount not exceeding HK\$26,000,000 to be issued by the Issuer 2 (the “Proposed Subscription 2”). The completion of the Proposed Subscription 2 is subject to the fulfillment of conditions precedent of the MoU including satisfaction of due diligence works on Issuer 2.

On 4 October 2016, 30 December 2016, 31 March 2017 and 16 June 2017, the Company entered into a subscription agreement and three supplemental subscription agreements with the Issuer 2, to extend the completion date of the Proposed Subscription 2 to 31 December 2016, 31 March 2017, 30 June 2017 and 31 December 2017 respectively.

The amounts of Deposit 1 and Deposit 2 are unsecured, interest-free and repayable within 7 days to 10 days upon request in the event that the Proposed Subscriptions are not completed.

9. OTHER PAYABLES AND ACCRUALS

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Other payables and accruals	6,078	5,452
Unclaimed dividend payable	4	4
	6,082	5,456

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2017, the Group recorded a revenue of approximately HK\$5,209,000 as compared to approximately HK\$4,254,000 in the same period last year representing an increase of approximately 22.4%.

For the six months ended 30 June 2017, the Group recorded other losses of approximately HK\$126,039,000 as compared to approximately HK\$122,545,000 in the same period last year.

For the six months ended 30 June 2017, the loss before income tax expense was approximately HK\$129,293,000 as compared to the loss of approximately HK\$125,665,000 in the same period last year. The loss attributable to owners of the Company was approximately HK\$129,293,000 as compared to the loss of approximately HK\$125,665,000 in the same period last year. The loss for the six months ended 30 June 2017 was mainly due to fair value loss and loss of disposals on trading securities.

Prospects and future plan

The performance of the first half of 2017 of Hang Seng Index rebounded sharply, however the rebound only focused on few sectors. In June 2017, the Hong Kong stock market suffered tremendous fluctuation. As a result, the Group could not enjoy the uptrend of Hang Seng Index. In this non-comprehensive bounce, the performance of the trading securities of the Group were unfavourable. The Group continued to make loss on trading investments for the first half of 2017.

China's economy expanded at an annual rate of 6.9 per cent in the first and second quarter of 2017, slightly increment compared with that of last year. If the uptrend of economy of China continues, the year of 2017 would be the first year China's growth rate accelerated since the year of 2010. The National Bureau of Statistics of China announced that industrial output grew 7.6% year-on-year in June 2017, equaling the fastest rate of growth reported since December 2014. We can expect the China's economy in the second half of 2017 will continue in positive view as per such strong economic data performed in the first half of 2017.

Looking ahead to second half of 2017, the Company will stay in focus to invest in trading securities, private equity funds and private enterprises with potential prospect. Our approach will keep timely and appropriate investment strategies in response to the volatile market, in order to enhance our investment portfolio and achieve net asset appreciation. The Board will pay close attention to the macro trends and keep seeking opportunities to invest in China, Hong Kong and overseas. The Company will continue to implement its risk management policy with an aim to achieve stable returns on investments for our shareholders.

Financial review

Liquidity and financial resources

The Group had available bank balances and cash of approximately HK\$11,849,000 (31 December 2016: HK\$5,660,000) which were mainly placed in banks as general working capital. Bank balances and cash held by the Group are mainly denominated in Hong Kong dollars.

The Group had shareholders' funds of approximately HK\$250,949,000 as at 30 June 2017 compared to approximately HK\$380,242,000 at 31 December 2016, representing a decrease of approximately 34%.

At present, the Group does not have any banking facilities (six months ended 30 June 2016: nil).

As at 30 June 2017, the Group had borrowings of approximately HK\$59,974,000 (31 December 2016: HK\$29,959,000). The gearing ratio of the Group was 23.9% (31 December 2016: 7.9%) which represents the ratio of the Group's borrowing to the net asset value of the Group.

The Group did not have any capital expenditure commitment as at 30 June 2017.

Capital Structure

There was no significant change in the Group's capital structure for the six months ended 30 June 2017.

Significant investments held and their performance

For the six months ended 30 June 2017, the Group recognised interest income in the aggregate amount of approximately HK\$5,209,000 as compared to approximately HK\$4,254,000 in the same period last year, representing an increase of approximately 22.4%. The interest income comprises HK\$480 earned from bank deposits, approximately HK\$187,000 earned from loans and receivables and approximately HK\$5,022,000 earned from convertible bonds. Dividend income generated from listed securities was nil (six months ended 30 June 2016: nil). Revenue was approximately HK\$5,209,000 as compared to approximately HK\$4,254,000 in the same period last year, representing an increase of approximately 22.4%.

For the six months ended 30 June 2017, the Group disposed of certain publicly traded securities and realised net loss of approximately HK\$45,298,000 as compared to net realised gain of approximately HK\$37,000 in the same period last year. With the fluctuated performance of Hong Kong stock market in the first half of 2017, the Group recorded a significant unrealised loss of approximately HK\$80,741,000 (six months ended 30 June 2016: unrealised loss of approximately HK\$122,582,000) on publicly trading securities.

As at 30 June 2017, the Group's unlisted investments (comprised of convertible bonds and loan notes) were approximately HK\$126,586,000 as compared to approximately HK\$118,378,000 as at 31 December 2016, representing an increase of approximately 6.93%. The increase in value of unlisted investments comprised the following activities: (1) subscription of loan note issued by a listed company of approximately HK\$3,000,000; (2) interest income from loans and receivables of approximately HK\$187,000; and (3) interest income from convertible bonds of approximately HK\$5,022,000.

As at 30 June 2017, other receivables, deposits and prepayments was approximately HK\$7,994,000 as compared to approximately HK\$8,381,000 as at 31 December 2016 representing a decrease of approximately 4.62%. The net decrease was the result of decrease in other receivables, deposits and prepayments of HK\$387,000.

As at 30 June 2017, the Group held trading securities of approximately HK\$168,897,000, as compared to approximately HK\$282,896,000 as at 31 December 2016, representing a decrease of approximately 40.30%. The decrease was primarily due to: (1) purchases of trading securities for an aggregate amount of HK\$33,506,000; (2) the disposals of certain trading securities which had an aggregate amount of HK\$21,466,000; (3) net realised loss on disposals of trading securities of HK\$45,298,000; and (4) fair value loss on trading securities of HK\$80,741,000.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company did not redeem any of its listed shares during the six months ended 30 June 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the period.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

CORPORATE GOVERNANCE

The Company adopted all code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code on corporate governance practices.

The Company has complied with the code provisions as set out in the Code during the six months ended 30 June 2017, except the following deviation:

Code provision A.2.1 of the Code provides that the roles and responsibilities of chairman and chief executive officer should be divided.

The chief executive officer of the Company has been vacant following the resignation of Dr. Chow Pok Yu Augustine on 26 May 2015. Until the appointment of new chief executive officer, the executive directors of the Company continue to oversee the day-to-day management of the business and operations of the Group.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Interim Financial Statements for the six months ended 30 June 2017 and this interim results with the directors.

By Order of the Board
Huge China Holdings Limited
Chau Wai Hing
Chairman

Hong Kong, 24 August, 2017

As at the date hereof, the Board of directors of the Company comprises two executive directors, namely Mr. Chau Wai Hing and Wu Ming Gai; two non-executive directors, namely Mr. William Keith Jacobsen and Mr. Mak Hing Keung Thomas; and three independent non-executive directors, namely Mr. Sio Chan In Devin, Mr. Law Siu Hung Paul, and Mr. Wong Ching Wan.