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Huge China Holdings Limited
匯嘉中國控股有限公司

(formerly known as HARMONY ASSET LIMITED 亨亞有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2015**

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 30th June, 2015 are summarised as follows:

- Turnover of the Group for the six months ended 30th June, 2015 was HK\$1,770,846 as compared to HK\$2,128,429 in the same period last year.
- Profit attributable to owners of the Company for the six months ended 30th June, 2015 was HK\$156,356,801 as compared to the loss of HK\$26,824,646 in the same period last year.
- Basic earnings per share of the Group was HK\$4.00 for the six months ended 30th June, 2015 as compared to the loss of HK\$0.69 in the same period last year.

* for identification purpose only

The Board of Directors (the “Board”) of the Company presents the unaudited condensed consolidated interim results of the Group for the six months ended 30th June, 2015 with comparative figures for the corresponding period in 2014 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30th June, 2015

		Six months ended 30th June,	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$	HK\$
Turnover	2	1,770,846	2,128,429
Other revenue	2	17	5,242
Other gains and (losses)	2	160,997,696	(21,512,620)
		162,768,559	(19,378,949)
Employee benefits expenses		(1,879,124)	(1,603,013)
Depreciation of property, plant and equipment		(78,949)	(222,592)
Other operating expenses		(4,453,685)	(5,620,092)
Profit (loss) before income tax expense	3	156,356,801	(26,824,646)
Income tax expense	4	—	—
Profit (loss) for the period attributable to owners of the Company		156,356,801	(26,824,646)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Gains on fair value changes on available-for-sale financial assets		(2,500)	4,316,861
Items reclassified to profit or loss:			
Transfer of fair value gains to profit or loss upon disposal of available-for-sale financial assets		(2,191,985)	(2,248,073)
Other comprehensive income for the period		(2,194,485)	2,068,788
Total comprehensive income for the period attributable to owners of the Company		154,162,316	(24,755,858)
		HK \$	HK \$
Earnings (loss) per share	6		
Basic		4.00	(0.69)
Diluted		4.00	(0.69)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2015

		As at 30th June, 2015 (Unaudited) <i>HK\$</i>	As at 31st December 2014 (Audited) <i>HK\$</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		233,518	308,470
Available-for-sale financial assets		–	3,560,022
Loans and receivables		95,000,000	1,858,944
		<u>95,233,518</u>	<u>5,727,436</u>
Current assets			
Accounts receivable and prepayments	7	5,239,213	86,378,191
Financial assets at fair value through profit or loss		207,389,290	33,975,705
Bank balances and cash		24,449,831	54,143,413
		<u>237,078,334</u>	<u>174,497,309</u>
Current liabilities			
Accounts payable and accruals	8	5,300,842	7,376,051
Net current assets		<u>231,777,492</u>	<u>167,121,258</u>
Total assets less current liabilities/Net assets		<u>327,011,010</u>	<u>172,848,694</u>
Capital and reserves			
Share capital		39,058,615	39,058,615
Reserves		287,952,395	133,790,079
Total equity		<u>327,011,010</u>	<u>172,848,694</u>
Net asset value per share		<u>HK\$8.37</u>	<u>HK\$4.43</u>

Notes:

1. BASIS OF PREPARATION

The 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. 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 31st December, 2014. Except as described below, 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 31st December, 2014.

Adoption of new or revised International Financial Reporting Standards (“IFRSs”) – effective 1st January, 2015:

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of these new or revised IFRSs has no significant impact on the Group’s interim financial statements.

The Group has not early adopted any new or revised IFRSs that have been issued but are not yet effective.

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

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

	Six months ended 30th June,	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Turnover:		
Interest income from		
– bank deposits	19,208	26,826
– loans receivable & convertible bond	1,714,767	2,024,289
Dividend income from		
– listed investments	36,871	77,314
– unlisted investments	–	–
	1,770,846	2,128,429
Other revenue:		
Sundry income	17	5,242
Other gains and (losses):		
Exchange gain (loss), net	(191,344)	80,468
Fair value gains (losses) on financial assets		
at fair value through profit or loss		
– trading securities	146,589,467	(12,773,400)
– derivative financial instruments	–	(6,538,155)
Net realised gain on disposals of financial assets		
at fair value through profit or loss		
– trading securities	6,913,387	1,884,592
Gain on disposal of available-for-sale financial assets	3,912,840	2,248,073
Impairment losses on loans and receivables	–	(6,414,198)
Recovery of impairment loss on loans and receivables previously recognised	500,000	–
Gain on disposal of subsidiaries	3,273,346	–
	160,997,696	(21,512,620)
	162,768,559	(19,378,949)

Management considered the Group has only one operating segment i.e. investment holding. Accordingly, the Group's turnover, other revenue, other gains and losses, profit for the period, and total assets are attributable to the segment of investment holding.

3. PROFIT (LOSS) BEFORE INCOME TAX EXPENSE

Profit (loss) before income tax expense has been arrived at after charging the following:

	Six months ended 30th June,	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Management fees	1,657,495	1,745,329
Pension costs – contributions to defined contribution plan	57,600	55,692
Operating lease in respect of land and buildings	<u>977,400</u>	<u>977,400</u>

4. 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.

5. DIVIDEND

The board does not declare any interim dividend for the six months ended 30th June, 2015 (six months ended 30th June, 2014: nil).

6. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is as follows:

	Six months ended 30th June,	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit (loss) attributable to owners of the Company	<u>156,356,801</u>	<u>(26,824,646)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share and diluted earnings (loss) per share	<u>39,058,614</u>	<u>39,058,614</u>
	HK\$	HK\$
Basic earnings (loss) per share	<u>4.00</u>	<u>(0.69)</u>
Diluted earnings (loss) per share	<u>4.00</u>	<u>(0.69)</u>

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

Diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there is no potential dilutive share in issue during the period.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	As at 30th June, 2015 (Unaudited) HK\$	As at 31st December, 2014 (Audited) HK\$
Accounts receivable	2,862,916	85,649,223
Interest receivable	1,649,589	3,562
Other receivables	21,480	206,856
	<u>4,533,985</u>	<u>85,859,641</u>
Receivables after allowance for impairment losses	4,533,985	85,859,641
Deposits	365,044	365,044
Prepayments	340,184	153,506
	<u>5,239,213</u>	<u>86,378,191</u>

The ageing analysis of the receivables (after allowance for impairment losses) based on due date is as follows:

	As at 30th June, 2015 (Unaudited) HK\$	As at 31st December, 2014 (Audited) HK\$
Balances neither past due nor impaired	<u>4,553,985</u>	<u>85,859,641</u>

8. ACCOUNTS PAYABLE AND ACCRUALS

	As at 30th June, 2015 (Unaudited) HK\$	As at 31st December, 2014 (Audited) HK\$
Accruals and other payables	5,141,886	7,217,095
Unclaimed dividend payable	158,956	158,956
	<u>5,300,842</u>	<u>7,376,051</u>

The ageing analysis of the accounts payable and accruals is as follows:

	As at 30th June, 2015 (Unaudited) HK\$	As at 31st December, 2014 (Audited) HK\$
Current	5,141,886	7,217,095
Over 1 year	158,956	158,956
	<u>5,300,842</u>	<u>7,376,051</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30th June, 2015, the Group recorded a turnover of HK\$1,770,846 as compared to HK\$2,128,429 in the same period last year representing a 17% decrease.

For the six months ended 30th June, 2015, the Group recorded other gains and losses in a net gain of HK\$160,997,696 as compared to a net loss of HK\$21,512,620 in the same period last year.

For the six months ended 30th June, 2015, the profit before income tax expense was HK\$156,356,801 as compared to the loss of HK\$26,824,646 in the same period last year. The profit attributable to owners of the Company was HK\$156,356,801 as compared to the loss of HK\$26,824,646 in the same period last year. The profit for the six months ended 30th June, 2015 was mainly due to fair value gain on trading securities.

Prospects and future plan

The last six months were full of challenges and opportunities for local and global economy: the great economic uncertainty and fear about the Greece's debt default, the benchmark Shanghai Composite Index jumped and fell drastically while the Hong Kong Hang Seng Index was in the same trend during the first half of 2015. During the first quarter of 2015, the European Central Bank ("ECB") announced the Euro-zone version Quantitative Easing to be launched starting from 1st March, 2015 and the ECB purchases €60 billion debt in Euro-zone's each month until the end of September 2016. These actions will be expected to help the Euro-zone member countries relieving the financial pressure and lower the deflation risk, also it is expected more liquidity to boom up the Euro equity markets. Notwithstanding a slowdown of China's economic growth in the first half of this year, the China's GDP barely met the target 7% growth in second quarter of 2015, these factors made an impact to the stock market of Hong Kong as well as stock market of China.

Moving forward, the Company will focus to invest in listed securities, private equity funds, real property projects 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 seek 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 HK\$24,449,831 (31st December, 2014: HK\$54,143,413) which were mainly placed with banks as time deposits. Bank balances and cash held by the Group are mainly denominated in Hong Kong dollars.

The Group had shareholders' funds of HK\$327,011,010 as at 30th June, 2015 compared to HK\$172,848,694 at 31st December, 2014, representing a 89% increase.

At present, the Group does not has any banking facilities (six months ended 30th June, 2014: the Group had unutilised banking facilities of HK\$10,000,000).

As at 30th June, 2015, the Group had no borrowing.

The Group did not have any capital expenditure commitment as at 30th June, 2015.

Capital Structure

There was no significant change in the Group's capital structure for the six months ended 30th June, 2015.

During the period, no share options were outstanding, granted, exercised, lapsed or cancelled under the share option scheme adopted by the Company at the annual general meeting held on 28th June, 2005 which expired after 10 years on 27th June, 2015.

Significant investments held and their performance

For the six months ended 30th June, 2015, the Group received interest income in the aggregate amount of HK\$1,733,975 as compared to HK\$2,051,115 in the same period last year, representing a 15% decrease. The interest income comprises HK\$19,208 earned from bank deposits and HK\$1,714,767 earned from convertible bonds. Dividend income generated from listed securities was only HK\$36,871 (six months ended 30th June, 2014: HK\$77,314). Turnover was HK\$1,770,846 as compared to HK\$2,128,429 in the same period last year, representing a 17% decrease.

For the six months ended 30th June, 2015, the Group disposed of certain of its publicly traded securities and realised net gain of HK\$6,913,387 as compared to HK\$1,884,592 in the same period last year, representing a 267% increase. With the outstanding performance of certain listed trading securities in the second quarter of 2015, the Group recorded a significant unrealised gain of HK\$146,589,467 (six months ended 30th June, 2014: unrealised loss of HK\$19,311,555) on its publicly trading securities and the derivative financial instruments.

Gain on disposals of available-for-sale financial assets (“AFS”) was HK\$3,912,840 (six months ended 30th June, 2014: HK\$2,248,073). Recovery of impairment loss on loans and receivables was HK\$500,000 (six months ended 30th June, 2014: nil). Net exchange loss was HK\$191,344 (six months ended 30th June, 2014: net gain of HK\$80,468). No provision of impairment losses were made on loans and receivables (six months ended 30th June, 2014: HK\$6,414,198). Gain on disposal of subsidiary of HK\$3,273,346 was received from sale proceeds of that subsidiary (six months ended 30th June, 2014: nil).

As at 30th June, 2015, the Group’s unlisted investments (comprised of AFS and loans and receivables) were HK\$95,000,000 as compared to HK\$5,418,966 as at 31st December, 2014, representing a 1653% increase. Such increase was mainly due to: (1) decrease in value of AFS and loans receivables by disposal including two club membership in an aggregate amount of HK\$5,418,966; and (2) increase in loans and receivables by subscriptions for four convertible bonds in an aggregate amount of HK\$95,000,000.

As at 30th June, 2015, accounts receivable and prepayments was HK\$5,239,213 as compared to HK\$86,378,191 as at 31st December, 2014, representing a 93.9% decrease. Such decrease was primarily the result of (1) collection of accounts receivable of HK\$82,785,005 and (2) net increase of interest receivable of HK\$1,646,027.

As at 30th June, 2015, the Group held trading securities and convertible bonds designated as at fair value through profit or loss in an aggregate amount of HK\$207,389,290, as compared to HK\$33,975,705 as at 31st December, 2014, representing a 510.4% increase. The increase was primarily due to: (1) purchases of securities during the six months ended 30th June, 2015 for an aggregate amount of HK\$97,688,555; (2) the disposals of certain securities which had a cost of HK\$70,864,437; and (3) net increase in market value in the amount of HK\$146,589,467 of the listed securities.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the six months ended 30th June, 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the period.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30th June, 2015 (six months ended 30th June, 2014: 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 corporate governance practices.

The Company has complied with the code provisions as set in the Code during the six months ended 30th June, 2015, 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.

Following the retirement of Mr. Lee Fong Lit, the ex-Chairman of the Board at the annual general meeting held on 26th June, 2015, the chairman of the Board had not been filled until the position has been filled by Mr. Chau Wai Hing (“Mr. Chau”) on 1st July, 2015. Mr. Chau takes the responsibilities of the chairman as specified in the Code on overall strategic planning and development of the Group and effective functioning of the Board.

The chief executive officer of the Company has been vacant following the resignation of Dr. Chow Pok Yu Augustine on 26th 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 30th June, 2015 with the directors.

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

Hong Kong, 26th August, 2015

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Cheng Ming Shun and Mr. Chu, To Jonathan; four non-executive directors, namely Mr. William Keith Jacobsen; Mr. Mak Hing Keung Thomas, Mr. Wu Ming Gai Terence and Mr. Chau Wai Hing; and three independent non-executive directors, namely Mr. Sio Chan In Devin, Mr. Law Siu Hung Paul and Mr. Wong Ching Wan.