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Huge China Holdings Limited

匯嘉中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

VOLUNTARY ANNOUNCEMENT SUBSCRIPTION OF CONVERTIBLE NOTE IN POSITIVE HILL INTERNATIONAL LIMITED

This is a voluntary announcement made by Huge China Holdings Limited (the “**Company**”).

Reference is made to the announcements issued by the Company dated 21 April 2016, 3 May 2016 and 11 May 2016 and the circular issued by the Company on 17 May 2016 (the “**Circular**”) in relation to the Rights Issue. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Board would like to provide Shareholders with the following additional information with respect to the intention of the Company regarding the application of the net proceeds from the Rights Issue.

As disclosed in the Circular, the estimated net proceeds of the Rights Issue, after deducting all relevant expenses, are estimated to be approximately HK\$75 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$36.0 million for investment in listed securities in various industries including but not limited to energy, real estate property, electronic products, media and manufacturing; (ii) approximately HK\$35.0 million for investment in unlisted securities in various industries including but not limited to financial, beauty and electronic payment service providers; and (iii) the remaining balance for general working capital of the Group for the coming year.

The Board would like to inform Shareholders that subsequent to the issue of the Circular, on 18 May 2016, the Company entered into a subscription agreement (the “**Positive Hill Subscription Agreement**”) with Positive Hill International Limited (“**Positive Hill**”) and Mr. Chan Yee Lak, Samuel (“**Mr. Chan**”) as a guarantor of Positive Hill pursuant to which the Company has agreed to subscribe (the “**Positive Hill Subscription**”) for convertible note in the principal amount of HK\$10 million to be issued by Positive Hill (the “**Positive Hill Convertible Note**”). Mr. Chan is the beneficial owner holding 100% equity interest of Positive Hill. Both Mr. Chan and Positive Hill are Independent Third Parties. Positive Hill, together with its subsidiaries (the “**Positive Hill Group**”), are principally engaged in computer software and hardware design and development, and computer and payment network security development and consultancy services. Upon execution of the Positive Hill Subscription Agreement, the Company has paid a deposit of HK\$1,000,000 to Positive Hill and if completion does not take place on or before 30 June 2016, the Company shall pay a further deposit of HK\$1,000,000 to Positive Hill. The Positive Hill Subscription is an unlisted equity investment and is conditional upon (i) the completion of reorganisation of the Positive Hill Group and (ii) the issue of a PRC legal opinion in respect of the Positive Hill Group in form and substance satisfactory to the Company. If the condition is not fulfilled on or before 31 October 2016 (or such other date as agreed between the parties in writing), the Positive Hill Subscription Agreement will be terminated and the deposits which have been paid by the Company to Positive Hill will be refunded to the Company with interest. The Positive Hill Convertible Note will bear interest at the rate of 8% per annum and will mature on the second anniversary of the issue date of the Positive Hill Convertible Note which may be extended at the option of the Company to a date not later than the date falling on the fourth anniversary of the issue date of the Positive Hill Convertible Note. During the period commencing from the issue date and ending on the maturity date or the extended maturity date, the Company may convert the Positive Hill Convertible Note into shares of Positive Hill (the “**Positive Hill Shares**”) at a conversion price of HK\$4,000 per Positive Hill Share. Upon full conversion of the Positive Hill Convertible Note, the Company will hold a total of 2,500 Positive Hill Shares, representing 20% of the diluted issued share capital of Positive Hill (assuming there is no change in the issued share capital of Positive Hill except for the issue of the Positive Hill Shares as aforesaid). If the Positive Hill Subscription proceeds, the Company may utilise part of the proceeds from the Rights Issue allocated for investments in unlisted securities for the payment of the remaining subscription moneys for the Positive Hill Convertible Note in the sum of HK\$8 million. The percentage ratios (as defined under the Listing Rules) in respect of the Positive Hill Subscription do not exceed 25% and therefore the Positive Hill Subscription does not constitute a notifiable transaction for the Company under the Listing Rules. In respect of the Positive Hill Subscription, (i) the Company will not either on its own or in conjunction with any connected person, take legal, or effective, management control of Positive Hill or controls more than 30% of the voting rights in Positive Hill; and (ii) no more than 20% of the Company’s net asset value as at the date of completion of the Positive Hill Subscription would be invested in Positive Hill.

Save for the HF Subscription Agreement and the Positive Hill Subscription Agreement, as at the date of this announcement, the Group has not entered into any definitive investment agreement in relation to any specific investment.

Yours faithfully,
By Order of the Board
Huge China Holdings Limited
Chau Wai Hing
Executive Director

Hong Kong, 19 May 2016

As at the date of this announcement, the Board of directors of the Company comprises three executive directors, namely Mr. Chau Wai Hing, Mr. Chu To Jonathan and Mr. 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.