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LONGHUI INTERNATIONAL HOLDINGS LIMITED

龍輝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1007)

(1) RESULTS OF THE RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;

AND

(2) ADJUSTMENTS TO THE CONVERTIBLE BONDS

Financial adviser to the Company



Merdeka Corporate Finance Limited

Underwriter to the Rights Issue



Merdeka Securities Limited

Reference is made to the prospectus of the Company dated 27 January 2021 (the “**Prospectus**”) in relation to the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date. Pursuant to the Underwriting Agreement, the Rights Issue was underwritten by the Underwriter on a best effort basis. Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that all the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement has not been terminated by the Underwriter on or before the Latest Time for Termination. Accordingly the Rights Issue became unconditional at 4:00 p.m. on Thursday, 11 February 2021.

As at 4:00 p.m. on Wednesday, 10 February 2021, being the latest time for acceptance of and payment for the Rights Shares and application of and payment for excess Rights Shares, a total of 26 valid acceptances and applications had been received for a total of 213,550,810 Rights Shares, which comprise:

- (i) a total of 17 valid acceptances for provisional allotments under the PALs in respect of a total of 190,724,470 Rights Shares, representing approximately 59.85% of the total number of Rights Shares available under the Rights Issue; and
- (ii) a total of 9 valid applications for excess Rights Shares under the EAFs in respect of a total of 22,826,340 Rights Shares, representing approximately 7.16% of the total number of Rights Shares available under the Rights Issue.

In aggregate, the valid applications and acceptances represented approximately 67.01% of the total number of 318,680,121 Rights Shares available for subscription under the Rights Issue. Shui Chak Group Limited subscribed for 161,583,312 Rights Shares in accordance with the Irrevocable Undertaking.

Based on the above acceptance and application results, the Rights Issue was under-subscribed by 105,129,311 Rights Shares, representing approximately 32.99% of the total number of 318,680,121 Rights Shares available for subscription under the Rights Issue.

Underwriting Agreement

As all the conditions precedent set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement was not terminated by the Underwriter on or before 4:00 p.m. on Thursday, 11 February 2021, the Underwriting Agreement became unconditional at 4:00 p.m. on Thursday, 11 February 2021.

As the Rights Issue was under-subscribed, the Underwriter had procured the subscription of 105,129,311 Unsubscribed Rights Shares, representing approximately 32.99% of the total number of Rights Shares available for subscription under the Rights Issue.

As confirmed by the Underwriter, each of the sub-underwriters and/or subscribers procured by the sub-underwriters of the Unsubscribed Rights Shares is a third party independent of and not connected with the Company and its associates and close associates, and none of them will become a substantial Shareholder of the Company immediately after the allotment and issue of the Rights Shares and each of the sub-underwriters and subscribers, together with parties acting in concert (within the meaning of the Takeovers Code) with it, will not hold 30% or more of the voting rights of the Company immediately after the allotment and issue of the Rights Shares.

Excess Rights Shares

Given the under-subscription of the Rights Shares, the Directors consider that it is fair and reasonable to accept all valid EAFs and allot the 22,826,340 excess Rights Shares to such applicants in full and therefore, no refund cheques for wholly or partially unsuccessful applications for excess Rights Shares will be posted.

Effect of the Rights Issue on the shareholding structure of the Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company immediately before and after completion of the Rights Issue is as follows:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Controlling Shareholder				
Shui Chak Group Limited (<i>Note</i>)	161,583,312	50.70	323,166,624	50.70
Director				
So Kam Chuen	2,235,731	0.70	2,235,731	0.35
Public Shareholder				
Other Shareholders	154,861,078	48.60	206,828,576	32.45
Subscribers procured by the Underwriter	—	—	<u>105,129,311</u>	<u>16.50</u>
Total	<u>318,680,121</u>	<u>100.00</u>	<u>637,360,242</u>	<u>100.00</u>

Note: Shui Chak Group Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Hung Shui Chak, the chairman of the Company and an executive Director.

Despatch of share certificates for the Rights Shares

Share certificates for all fully-paid Rights Shares are expected to be despatched on or about Monday, 22 February 2021 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Use of proceeds

The gross proceeds raised from the Rights Issue are approximately HK\$45.25 million before deducting professional fees and other expenses. The net proceeds of the Rights Issue will be applied in accordance with the proposed use of proceeds set out in the section headed "Letter from the Board — Reasons for the Rights Issue and Use of Proceeds" in the Prospectus as to (i) approximately HK\$25.88 million for the repayment of the existing indebtedness of the Group from Independent Third Parties; (ii) approximately HK\$3.75 million for the repayment of bank loan; and (iii)

approximately HK\$13.62 million for the general working capital of the Group, including the rental payment of the Group's restaurants located in the PRC, staff costs and settlement of the Group's day-to-day operating expenses.

Commencement of dealings in fully-paid Rights Shares

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange at 9:00 a.m. on Tuesday, 23 February 2021.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, Merdeka Securities Limited, has been appointed by the Company as designated broker to match the purchase and sale of odd lots of the Shares at the relevant market price per Share from Thursday, 28 January 2021 to 4:10 p.m. on Monday, 15 March 2021 (both dates inclusive). Merdeka Securities Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Chow Man Ho of Merdeka Securities Limited at Room 1108-1110, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong (telephone number: (852) 2868 1063 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

ADJUSTMENTS TO THE CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding Convertible Bonds in the principal amount of HK\$4,414,937.7075 entitling the bondholders thereof to convert into 2,153,628 Shares at the adjusted conversion price of HK\$2.05 per conversion Share.

Pursuant to the terms and conditions of the Convertible Bonds, the conversion price of the Convertible Bonds and the number of Shares falling to be allotted and issued upon conversion of the Convertible Bonds shall be adjusted (the “**Convertible Bonds Adjustments**”) in the following manner as a result of the Rights Issue with effect from Monday, 22 February 2021, being the date on which the fully-paid Rights Shares will be allotted and issued:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue		Increase in the number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds after the Convertible Bonds Adjustments
Convertible Bonds	Conversion price per Share	Number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	Adjusted conversion price per Share	Adjusted number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	
Convertible Bonds in the amount of HK\$4,414,937.7075	HK\$2.05	2,153,628	HK\$1.75	2,522,821	369,193

The independent financial adviser to the Company has reviewed and agreed with the above adjustments to the outstanding Convertible Bonds. Save for the above Convertible Bonds Adjustments, all other terms and conditions of the Convertible Bonds remain unchanged.

By order of the Board
Longhui International Holdings Limited
Hung Shui Chak
Chairman and executive Director

Hong Kong, 19 February 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Hung Shui Chak, Mr. So Kam Chuen and Mr. Yuan Mingjie; and three independent non-executive Directors, namely Mr. Tam Bing Chung Benson, Mr. Cheung Ting Pong and Mr. Johnson Wan.