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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) PROPOSED SHARE CONSOLIDATION;
AND
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1)
RIGHTS SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE**

Financial adviser to the Company

MERDEKA 領智

Merdeka Corporate Finance Limited

Underwriter to the Rights Issue

MERDEKA 領智

Merdeka Securities Limited

(1) PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

(2) PROPOSED RIGHTS ISSUE

The Company proposes to raise a gross proceeds of up to (i) approximately HK\$45.25 million by way of a rights issue of 318,680,121 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$45.56 million by way of a rights issue of 320,833,749 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds), at the Subscription Price of HK\$0.142 per Rights Share on the basis of one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$43.25 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$43.56 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds).

The Company intends to apply the net proceeds from the Rights Issue 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 PRC, staff costs and settlement of the Group’s day-to-day operating expenses.

In the event that there is no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds, the additional net proceeds of approximately HK\$0.31 million will be applied towards to the general working capital of the Group.

The Underwriting Agreement

The Board is pleased to announce that on 27 October 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for any unsubscribed Rights Shares (other than the Rights Shares to be subscribed by Shui Chak Group Limited pursuant to the Irrevocable Undertaking) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertaking given by Shui Chak Group Limited, it is anticipated that at least 161,583,312 Rights Shares will be taken up.

In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Irrevocable Undertaking

As at the date of this announcement, Shui Chak Group Limited is interested in 3,231,666,250 Shares, representing approximately 50.70% of the total number of the existing issued Shares.

Pursuant to the Irrevocable Undertaking, (i) Shui Chak Group Limited has undertaken to the Company that it will subscribe for 161,583,312 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of 161,583,312 Consolidated Shares beneficially held by it (upon completion of the Share Consolidation); and (ii) it will not dispose of 161,583,312 Consolidated Shares comprising the shareholding in the Company owned by Shui Chak Group Limited and such Shares will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. As Shui Chak Group Limited is the controlling shareholder of the Company, Shui Chak Group Limited shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The register of members of the Company will be closed from Thursday, 26 November 2020 to Wednesday, 2 December 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other thing, the Share Consolidation and the Rights Issue.

A circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 17 November 2020.

The Prospectus Documents setting out details of the Rights Issue is expected to be despatched to the Qualifying Shareholders on Thursday, 17 December 2020. The Prospectus (without the PAL and the EAF) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.

The Shares will be dealt on an ex-rights basis from Monday, 7 December 2020. Dealings in the nil-paid rights are expected to take place from Monday, 21 December 2020 to Tuesday, 29 December 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

(1) PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$380,000 divided into 19,000,000,000 ordinary Shares of HK\$0.00002 each, of which 6,373,602,437 ordinary Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$380,000 divided into 950,000,000 ordinary Shares of HK\$0.0004 each, of which 318,680,121 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated (rounded down to the nearest whole number) and sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Adjustments in relation to other securities of the Company

The Company adopted a share option scheme on 10 October 2010 for a period of 10 years which has already expired. As at the date of this announcement, the Company had no outstanding share options for subscription of Existing Shares under the expired share option scheme. There are outstanding Convertible Bonds in the principal amount of HK\$4,414,937.7075. The conversion price of the outstanding Convertible Bonds will be adjusted according in accordance with the terms of the Convertible Bonds. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from Friday, 4 December 2020 to Thursday, 14 January 2021 (both days inclusive) submit existing share certificates in the colour of purple for the Existing Shares to the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for exchange for new share certificates in the colour of yellow for the Consolidated Shares at the expense of the Company.

Thereafter, existing share certificates of the Existing Shares will continue to be good evidence of legal title and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After Thursday, 14 January 2021, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Closure of register of members

The register of members of the Company will be closed from Thursday, 26 November 2020 to Wednesday, 2 December 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated (rounded down to the nearest whole number) and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

ODD LOTS TRADING ARRANGEMENT AND MATCHING SERVICES

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares for the period from Friday, 18 December 2020 to 4:10 p.m. on Tuesday, 2 February 2021 (both days inclusive). Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 (the “**Guideline**”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade.

It is expected that the Share Consolidation will increase the nominal value of the Existing Shares and would bring about a corresponding upward adjustment in the trading price per Consolidated Share. Immediately prior to the date of this announcement, the last trading price of the Company was HK\$0.01, with a board lot size of 20,000, the existing board lot value was only HK\$200, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.20, with a board lot size of 20,000, the new board lot value would be HK\$4,000. Thus, the Board considers that, despite the creation of odd lot shares as a result of the Share Consolidation, it would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to expand the shareholder base of the Company.

Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares.

Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is hoped that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

As at the date of this announcement, save for the proposed Rights Issue, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Share Consolidation is fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

(2) PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below:

Issue statistics

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| Basis of the Rights Issue: | One (1) Rights Share (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date |
| Subscription Price: | HK\$0.142 per Rights Share |
| Number of Shares in issue as at the date of this announcement: | 6,373,602,437 Shares |
| Number of Consolidated Shares in issue upon the Share Consolidation having become effective: | 318,680,121 Consolidated Shares |
| Number of Rights Shares: | not less than 318,680,121 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 320,833,749 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds) |
| Aggregate nominal value of the Rights Shares: | Not less than HK\$127,472.04 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than HK\$128,333.50 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds) |

| | |
|---|---|
| <p>Number of issued Consolidated Shares upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):</p> | <p>not less than 637,360,242 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 641,667,498 Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)</p> |
| <p>Maximum funds raised before expenses:</p> | <p>up to approximately HK\$45.25 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and all the Rights Shares will be taken up); or</p> <p>up to approximately HK\$45.56 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds and all the Rights Shares will be taken up)</p> |

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertaking given by Shui Chak Group Limited, it is anticipated that at least 161,583,312 Rights Shares will be taken up.

In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

As at the date of this announcement, there are outstanding Convertible Bonds in the principal amount of HK\$4,414,937.7075 convertible into 43,072,563 Existing Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 318,680,121 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100.00% of the issued share capital of the Company as at the date of this announcement; and (ii) 50.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date other than the full conversion of the Convertible Bonds (i.e. 2,153,628 Consolidated Shares) and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 320,833,749 Rights Shares proposed to be issued pursuant to the Rights Issue represents (i) approximately 100.68% of the issued share capital of the Company as at the date of this announcement; and (ii) 50.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

As the Rights Issue will proceed on a best effort basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or EAF(s) may unwittingly incur an obligation to make a general offer for the Shares and Convertible Bonds under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

Irrevocable Undertaking

As at the date of this announcement, Shui Chak Group Limited is interested in 3,231,666,250 Existing Shares or 161,583,312 Consolidated Shares upon completion of the Share Consolidation, representing approximately 50.70% of the total number of the existing issued Shares.

Pursuant to the Irrevocable Undertaking, (i) Shui Chak Group Limited has undertaken to the Company that it will subscribe for 161,583,312 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of 161,583,312 Consolidated Shares beneficially held by it (upon completion of the Share Consolidation); and (ii) it will not dispose of 161,583,312 Consolidated Shares owned by it and such Shares will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

Subscription price

The Subscription Price is HK\$0.142 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 29.00% to the theoretical closing price of HK\$0.200 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.0100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 29.00% to the theoretical average closing price of HK\$0.200 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0100 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 29.70% to the theoretical average closing price of HK\$0.202 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0101 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 16.96% to the theoretical ex-rights price of HK\$0.171 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.00855 per Existing Share based on the closing price of HK\$0.0100 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

- (e) a discount of approximately 16.96% to the theoretical ex-rights price of HK\$0.171 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.00855 per Existing Share based on the average closing price of HK\$0.0100 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 17.44% to the theoretical ex-rights price of HK\$0.172 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.00860 per Existing Share based on the average closing price of HK\$0.0101 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day; and
- (g) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 14.50% of the theoretical diluted price of HK\$0.171 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the benchmarked price of HK\$0.200 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.0100 per Existing Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.0100 per Existing Share).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.136 (assuming all the Rights Shares will be taken up) and approximately HK\$0.136 (assuming all the Convertible Bonds being converted and all the Rights Shares will be taken up).

The Subscription Price was determined by the Company with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; and (iii) the funding and capital needs of the Company as set out in the paragraph headed “Reasons for the Rights Issue” below.

After taking into consideration the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid, the record date of which is after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 8 December 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 4 December 2020 and the Shares will be dealt with on an ex-rights basis from Monday, 7 December 2020.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the Share Consolidation having become effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL(s) and the EAF(s)) to the Non-Qualifying Shareholders for their information only.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing and signing the PAL (in accordance with the instructions printed therein) and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Closure of register of members

The register of members of the Company will be closed from Wednesday, 9 December 2020 to Wednesday, 16 December 2020 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Consolidated Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Tuesday, 5 January 2021.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “Relevant Shareholders”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue.

For Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, for completion of the relevant registration not later than 4:30 p.m. on Tuesday, 8 December 2020.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders for their information only, but without the PAL and the EAF. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

As at the date of this announcement, there are four Overseas Shareholder with registered address located in the PRC and the United States of America, which is interested in an aggregate of 12,500 Existing Shares.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be distributed by the Company to the Non-Qualifying Shareholders in Hong Kong dollars, at their own risk, pro rata to their respective entitlements provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, will be available for excess application by the Qualifying Shareholders under the EAF(s).

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Fractions of the Rights Shares

On the basis of one (1) Rights Share for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 20,000 Shares in one board lot.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Tuesday, 12 January 2021 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around Tuesday, 12 January 2021.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE UNDERWRITING AGREEMENT

The Board is pleased to announce that on 27 October 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. Further details of the Underwriting Agreement are set out below:

Date : 27 October 2020 (after trading hours)

Underwriter : Merdeka Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO.

As at the date of this announcement, the Underwriter is independent of and not connected with the Company or its connected persons.

Number of Underwritten Shares : Subject to the terms and conditions of the Underwriting Agreement, the Underwriter agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for the Underwritten Shares not being taken up (other than the Rights Shares to be provisionally allotted to Shui Chak Group Limited subject to the Irrevocable Undertaking)

Commission : The higher of HK\$100,000 or 1.50% of the aggregate Subscription Price in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation and the Share Consolidation having become effective;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules of the necessary resolution(s) at the EGM to approve the Rights Issue;

- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (f) the compliance with and performance of all the undertakings and obligations of Shui Chak Group Limited or any of its nominee(s), under the Irrevocable Undertaking;
- (g) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (h) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement at or before the Latest Time for Termination.

The above conditions are incapable of being waived. As at the date of this announcement, none of the conditions has been satisfied. If the conditions are not fully satisfied by the Latest Time for Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall forthwith cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If at any time, prior to the Latest Time for Termination:

- (1) in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue, or
- (5) the Prospectus or circular or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter are material to the Group as a whole and are likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

then the Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Share Consolidation and the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares; (iv) immediately after completion of the Share Consolidation and the Rights Issue assuming none of the Qualifying Shareholders (except Shui Chak Group Limited pursuant to the Irrevocable Undertaking) have taken up any entitled Rights Shares; and (v) immediately after completion of the Share Consolidation and the Rights Issue assuming none of the Qualifying Shareholders (except Shui Chak Group Limited pursuant to the Irrevocable Undertaking) have taken up any entitled Rights Shares and all the Unsubscribed Rights Shares were subscribed for through the Underwriter:

- (a) assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

| | As at the date of this announcement | | Immediately after completion of the Share Consolidation | | Immediately after completion of the Share Consolidation and the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares) | | Immediately after completion of the Share Consolidation and the Rights Issue (assuming none of the Qualifying Shareholders except Shui Chak Group Limited pursuant to the Irrevocable Undertaking have taken up any entitled Rights Shares) and none of the Unsubscribed Rights Shares were subscribed for through the Underwriter | | Immediately after completion of the Share Consolidation and the Rights Issue assuming none of the Qualifying Shareholders (except Shui Chak Group Limited pursuant to the Irrevocable Undertaking) have taken up any entitled Rights Shares and all the Unsubscribed Rights Shares were subscribed for through the Underwriter | |
|---|-------------------------------------|---------------|---|---------------|---|---------------|--|---------------|--|---------------|
| | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % |
| Controlling Shareholder | | | | | | | | | | |
| Shui Chak Group Limited (Note) | 3,231,666,250 | 50.70 | 161,583,312 | 50.70 | 323,166,624 | 50.70 | 323,166,624 | 67.29 | 323,166,624 | 50.70 |
| Director | | | | | | | | | | |
| So Kam Chuen | 44,714,625 | 0.70 | 2,235,731 | 0.70 | 4,471,462 | 0.70 | 2,235,731 | 0.47 | 2,235,731 | 0.35 |
| Public Shareholder | | | | | | | | | | |
| Other Shareholders | 3,097,221,562 | 48.60 | 154,861,078 | 48.60 | 309,722,156 | 48.60 | 154,861,078 | 32.24 | 154,861,078 | 24.30 |
| Subscribers procured by the Underwriter | — | — | — | — | — | — | — | — | 157,096,809 | 24.65 |
| Total | 6,373,602,437 | 100.00 | 318,680,121 | 100.00 | 637,360,242 | 100.00 | 480,263,433 | 100.00 | 637,360,242 | 100.00 |

- (b) assuming all the Convertible Bonds being converted on or before the Record Date and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

| | As at the date of this announcement and assuming all the Convertible Bonds being converted | | Immediately after completion of the Share Consolidation assuming all the Convertible Bonds being converted | | Immediately after completion of the Share Consolidation and the Rights Issue (assuming all the Convertible Bonds being converted and all Shareholders have taken up all the entitled Rights Shares) | | Immediately after completion of the Share Consolidation and the Rights Issue (assuming all the Convertible Bonds being converted and none of the Qualifying Shareholders except Shui Chak Group Limited pursuant to the Irrevocable Undertaking have taken up any entitled Rights Shares) and none of the Unsubscribed Rights Shares were subscribed for through the Underwriter | | Immediately after completion of the Share Consolidation and the Rights Issue assuming all the Convertible Bonds being converted and none of the Qualifying Shareholders (except Shui Chak Group Limited pursuant to the Irrevocable Undertaking) have taken up any entitled Rights Shares and all the Unsubscribed Rights Shares were subscribed for through the Underwriter | |
|--|--|---------------|--|---------------|---|---------------|--|---------------|--|---------------|
| | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % |
| Controlling Shareholder | | | | | | | | | | |
| Shui Chak Group Limited <i>(Note)</i> | 3,231,666,250 | 50.36 | 161,583,312 | 50.36 | 323,166,624 | 50.36 | 323,166,624 | 66.99 | 323,166,624 | 50.36 |
| Director | | | | | | | | | | |
| So Kam Chuen | 59,619,500 | 0.93 | 2,980,975 | 0.93 | 5,961,950 | 0.93 | 2,980,975 | 0.62 | 2,980,975 | 0.47 |
| Public Shareholder | | | | | | | | | | |
| Other Shareholders | 3,125,389,250 | 48.71 | 156,269,462 | 48.71 | 312,538,924 | 48.71 | 156,269,462 | 32.39 | 156,269,462 | 24.35 |
| Subscribers procured by the Underwriter | — | — | — | — | — | — | — | — | 159,250,437 | 24.82 |
| Total | 6,416,675,000 | 100 | 320,833,749 | 100 | 641,667,498 | 100 | 482,417,061 | 100 | 641,667,498 | 100 |

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.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company had not conducted any fund-raising activity involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION AND THE RIGHTS ISSUE

The expected timetable for the Share Consolidation and the Rights Issue is set out below and is subject to change. Any such change will be further announced by the Company as and when appropriate.

| Event | Date (Hong Kong time) |
|---|---|
| Publication of this announcement | Tuesday, 27 October 2020 |
| Despatch of Company's circular in relation to the Share Consolidation and the Rights Issue to the Shareholders together with notice of EGM and proxy form for EGM | Tuesday, 17 November 2020 |
| Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM | 4:30 p.m. on Wednesday, 25 November 2020 |
| Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive) | Thursday, 26 November to Wednesday, 2 December 2020 |
| Latest time for lodging proxy forms for the EGM | 11:00 a.m. on Monday, 30 November 2020 |
| Record date for attendance and voting at the EGM | Wednesday, 2 December 2020 |
| Expected date and time of the EGM to approve the proposed Share Consolidation and the Rights Issue | 11:00 a.m. on Wednesday, 2 December 2020 |
| Announcement of the poll result of the EGM | Wednesday, 2 December 2020 |
| Register of members re-open | Thursday, 3 December 2020 |
| Effective date of the Share Consolidation | Friday, 4 December 2020 |
| Commencement of dealings in the Consolidated Shares | 9:00 a.m. on Friday, 4 December 2020 |

| Event | Date (Hong Kong time) |
|---|---|
| Original counter for trading in Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes | 9:00 a.m. on Friday, 4 December 2020 |
| Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens | 9:00 a.m. on Friday, 4 December 2020 |
| First day of free exchange of existing share certificates for new share certificates for Consolidated Share | Friday, 4 December 2020 |
| Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue | Friday, 4 December 2020 |
| First day of dealings in Consolidated Shares on an ex-rights basis relating to the Rights Issue | Monday, 7 December 2020 |
| Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the Rights Issue | 4:30 p.m. on Tuesday, 8 December 2020 |
| Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive) | Wednesday, 9 December to Wednesday, 16 December 2020 |
| Record date for the Rights Issue | Wednesday, 16 December 2020 |
| Register of members re-opens | Thursday, 17 December 2020 |
| Despatch of the Prospectus Documents (including the PAL, the EAF and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only) | Thursday, 17 December 2020 |
| Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates) reopens | 9:00 a.m. on Friday, 18 December 2020 |

| Event | Date (Hong Kong time) |
|---|---|
| Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 1,000 Consolidated Shares and new share certificates in board lots of 20,000 Consolidated Shares) commences | 9:00 a.m. on Friday, 18 December 2020 |
| Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares | Friday, 18 December 2020 |
| First day of dealings in nil-paid Rights Share | Monday, 21 December 2020 |
| Latest time for splitting the PAL | 4:30 p.m. on Wednesday, 23 December 2020 |
| Last day of dealing in nil-paid Rights Shares | Tuesday, 29 December 2020 |
| Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares | 4:00 p.m. on Tuesday, 5 January 2021 |
| Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional | 4:00 p.m. on Wednesday, 6 January 2021 |
| Temporary counter for trading in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes | 4:10 p.m. on Monday, 11 January 2021 |
| Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends | 4:10 p.m. on Monday, 11 January 2021 |
| Announcement of results of the Rights Issue | Monday, 11 January 2021 |

| Event | Date (Hong Kong time) |
|--|--|
| Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) for wholly and partially unsuccessful excess applications to be posted | Tuesday, 12 January 2021 |
| Commencement of dealings in fully-paid Rights Shares. | 9:00 a.m. on Wednesday, 13 January 2021 |
| Latest time for free exchange of existing share certificates for new share certificates | Thursday, 14 January 2021 |
| Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares | 4:10 p.m. on Tuesday, 2 February 2021 |

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected Timetable for the Share Consolidation and the Rights Issue” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in the hotpot restaurant business in the PRC.

As disclosed in the interim report of the Company for the six months ended 30 June 2020, the Group suffered loss for the period attributable to owners of the Company of approximately RMB52.47 million which was mainly attributable to the outbreak of the COVID-19 pandemic since early 2020, which has materially and adversely impacted the revenue from the Group's restaurant operations. As at 30 June 2020, the Group had cash and bank balances amounting to approximately RMB1.72 million comparing to cash and bank balance of approximately RMB5.34 million as at 31 December 2019, and the net current liabilities of the Group increased from approximately RMB182.47 million as at 31 December 2019 to approximately RMB200.32 million as at 30 June 2020. The Board considered it necessary to conduct fund raising activities to strengthen the financial position of the Group as the outbreak of the COVID-19 pandemic had severely impacted the Group's business for the first half of 2020.

The Board has considered other alternative means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which is satisfactory to the banks and can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected finance costs are high and additional borrowings will deteriorate the gearing position of the Group.

In comparison, the Rights Issue is pre-emptive in nature, allowing the Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability) or through excess application; or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$43.25 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and approximately HK\$43.56 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds).

The Company intends to apply the net proceeds from the Rights Issue 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 PRC, staff costs and settlement of the Group's day-to-day operating expenses.

In the event that there is no change in the number of Consolidated Shares in issue on or before the Record Date other than the full conversion of the Convertible Bonds, the additional net proceeds of approximately HK\$0.31 million will be applied towards to the general working capital of the Group.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Unsubscribed Rights Shares (excluding those Rights Shares to be provisionally allotted to Shui Chak Group Limited for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed "Irrevocable Undertaking" in this announcement) will be subscribed by subscribers procured by the Underwriter, on a best effort basis, pursuant to the Underwriting Agreement. Any Unsubscribed Rights Shares not subscribed by the subscribers procured by the Underwriter will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

Assuming the Rights Issue is undersubscribed, except for those Rights Shares to be provisionally allotted to Shui Chak Group Limited, the amount of net proceeds will be approximately HK\$20.94 million and the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be fully applied by the Company as to the repayment of the existing indebtedness of the Group from Independent Third Parties.

In accordance to the level of subscription of the Rights Issue, the Company will utilize the net proceeds in the following prioritization:

- (1) fully settle the outstanding indebtedness of the Group from Independent Third Parties of approximately HK\$25.88 million;
- (2) repayment of the bank loans of approximately HK\$3.75 million; and
- (3) the remaining net proceeds will then be applied towards the general working capital of the Group, including the rental payment of the Group's restaurants located in PRC, staff costs and settlement of the Group's day-to-day operating expenses.

Further details of the use of proceeds which will be made by the Company in the announcement of results of the Rights Issue.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. As Shui Chak Group Limited is the controlling shareholder of the Company, Shui Chak Group Limited shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Rights Issue is subject to the satisfaction (or, if applicable, waiver) of a number of conditions as set out in this announcement and, accordingly, the Rights Issue may or may not proceed. The issue of this announcement does not in any way imply that the Rights Issue will be implemented or completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

GENERAL

The register of members of the Company will be closed from Thursday, 26 November 2020 to Wednesday, 2 December 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other thing, the Share Consolidation and the Rights Issue.

A circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 17 November 2020.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or about Thursday, 17 December 2020. The Prospectus (without the PAL and the EAF) and a letter to the Non-Qualifying Shareholders (if any)

explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.

The Shares will be dealt on an ex-rights basis from Monday, 7 December 2020. Dealings in the nil-paid rights are expected to take place from Monday, 21 December 2020 to Tuesday, 29 December 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

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| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Companies Law” | the Companies Law (Revised) of the Cayman Islands |
| “Company” | Longhui International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Consolidated Shares” | ordinary shares of the Company upon the Share Consolidation becoming effective |
| “Convertible Bonds” | The 5-years zero coupon convertible bonds in the aggregate principal amount of HK\$129,470,312.50 issued by the Company on 4 July 2018 |
| “COVID-19” | novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness |
| “Director(s)” | director(s) of the Company |
| “EAF(s)” | the excess application form(s) for application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |

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| “EGM” | the extraordinary general meeting of the Company to be convened and held to consider, among others, the Share Consolidation and the Rights Issue |
| “Existing Shares” | ordinary shares of HK\$0.00002 each in the share capital of the Company prior to the Share Consolidation becoming effective |
| “Group” | the Company and its subsidiaries |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent board committee of the Company comprising all the independent non-executive Directors to be established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue |
| “Independent Shareholder(s)” | any Shareholder(s) who are not required to abstain from voting in respect of the Rights Issue at the EGM under the Listing Rules |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company |
| “Irrevocable Undertaking” | the irrevocable undertaking by Shui Chak Group Limited to the Company as set out in the paragraph headed “Irrevocable Undertaking” in this announcement |
| “Last Trading Day” | 27 October 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement |
| “Latest Acceptance Date” | Tuesday, 5 January 2021, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine |
| “Latest Time for Acceptance” | 4:00 p.m. on the Latest Acceptance Date |
| “Latest Time for Termination” | 4:00 p.m. on Wednesday, 6 January 2021, the first Business Day following the Latest Acceptance Date, being the latest time for the termination of the Underwriting Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Shareholder(s)” | Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Prospectus” | the prospectus to be despatched to the Shareholders containing details of the Rights Issue |
| “Prospectus Documents” | the Prospectus, the PAL and the EAF |
| “Prospectus Posting Date” | Thursday, 17 December 2020 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents |
| “Qualifying Shareholders” | Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date |
| “Record Date” | the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on Wednesday, 16 December 2020 or such later date as announced by the Company |
| “Registrar” | the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East, Wanchai, Hong Kong |

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| “Rights Issue” | the proposed issue of not less than 318,680,121 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 320,833,749 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than full conversion of the Convertible Bonds) at the Subscription Price by way of rights on the basis of one (1) Rights Share for every one (1) Consolidated Share held on the Record Date payable in full on acceptance |
| “Rights Share(s)” | the new Consolidated Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue |
| “SFC” | Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) in issue and unissued share capital of the Company |
| “Share Consolidation” | proposed consolidation of the issued and unissued Existing Shares on the basis of twenty (20) Existing Shares into one (1) Consolidated Share |
| “Shareholder(s)” | the holder(s) of the issued Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.142 per Rights Share |
| “Takeovers Code” | The Code on Takeovers and Mergers of Hong Kong |
| “Underwriter” | Merdeka Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO |
| “Underwriting Agreement” | the underwriting agreement entered into between the Company and the Underwriter on 27 October 2020 in relation to the underwriting arrangement in respect of the Rights Issue |

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| “Underwritten Shares” | such number of Unsubscribed Rights Shares (excluding the Rights Shares to be provisionally allotted to Shui Chak Group Limited subject to the Irrevocable Undertaking and up to 159,250,437 Rights Shares) to be underwritten by the Underwriter on a best effort basis subject to the terms and conditions of the Underwriting Agreement |
| “Unsubscribed Rights Shares” | such number of Rights Shares for which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would have otherwise been entitled to under the Rights Issue |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

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

Hong Kong, 27 October 2020

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.