
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Longhui International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information only and does not constitute an invitation or offer to shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

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;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(5) NOTICE OF EGM**

Financial Adviser and Placing Agent



DL Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the extraordinary general meeting of the Company to be held at Room 1108, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong on Tuesday, 28 June 2022 at 12:00 noon, at which the above proposal will be considered, is set out in this circular. Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at the EGM if they so wish, in such event, the form of proxy shall be deemed to be revoked.

Shareholders and potential investors should note that the Share Consolidation, the Increase in Authorised Share Capital and the Placing are conditional upon the fulfillment of their respective conditions as set out in the Letter from the Board. Accordingly, the Share Consolidation, the Increase in Authorised Share Capital and the Placing may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Placing Agreement contains provisions granting the Placing Agent the right to terminate the obligations of the Placing Agent thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Force Majeure" in the Letter from the Board. If the Placing Agreement is terminated or does not become unconditional, the Placing will not proceed.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements when at appropriate. Should there be any changes to the EGM arrangements, the Company will release further announcement(s) on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cre8ir.com/longhui/).

PRECAUTIONARY MEASURES FOR THE EGM

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. All attendees are required to wear surgical face masks at all times at the EGM venue. The Company reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

13 June 2022

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EXPECTED TIMETABLE

The expected timetable of the proposed Share Consolidation and Change in Board Lot Size is as follows:

Events	Time and date 2022
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Wednesday, 22 June
Closure of register of members for the entitlement to attend and vote at the EGM.	Thursday, 23 June to Tuesday, 28 June (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM	12:00 noon on Sunday, 26 June
Date and time of the EGM	12:00 noon on Tuesday, 28 June
Date of publication of the announcement of voting results of the EGM	Tuesday, 28 June
Effective date of the Share Consolidation	Thursday, 30 June
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences	Thursday, 30 June
Dealings in Consolidated Shares commence.	9:00 a.m. on Thursday, 30 June
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates in yellow colour) temporarily closes	9:00 a.m. on Thursday, 30 June
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates in yellow colour) opens	9:00 a.m. on Thursday, 30 June
Original counter for trading in the Consolidated Shares in new board lots of 4,000 Consolidated Shares (in the form of new share certificates in green colour) re-opens	9:00 a.m. on Friday, 15 July
Parallel trading in the Consolidated Shares (in form of new share certificates in green colour and existing share certificates in yellow colour) commences	9:00 a.m. on Friday, 15 July

EXPECTED TIMETABLE

Events	Time and date 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 15 July
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 4 August
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates in yellow colour) closes	4:10 p.m. on Thursday, 4 August
Parallel trading in the Consolidated Shares (in form of new share certificates in green colour) and existing share certificates in yellow colour) ends	4:10 p.m. on Thursday, 4 August
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 8 August

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Share Consolidation and Change in Board Lot Size will be announced as appropriate.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 May 2022 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the Placing
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 4,000 Consolidated Shares
“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 (Stock Code: 1007)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	a date falling on the fifth Business Day after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company upon the Share Consolidation becoming effective
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 12:00 noon on Tuesday, 28 June 2022 to approve, among other things, (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Placing and the transactions contemplated thereunder
“Existing Share(s)”	ordinary share(s) of HK0.0004 each in the share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company from HK\$380,000 (divided into 95,000,000 Consolidated Shares) to HK\$2,000,000 (divided into 500,000,000 Consolidated Shares) by the creation of an additional 405,000,000 new Consolidated Shares
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in The Codes on Takeovers and Mergers and Share Buy-backs) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and any of their respective associates
“Latest Practicable Date”	8 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 August 2022 or such later date as the parties to the Placing Agreement may agree
“Placee(s)”	any individual(s), corporate, institutional investor(s) or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares

DEFINITIONS

“Placing”	the placing of up to 28,000,000 Placing Shares on a best effort basis on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	DL Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Placing Agreement”	the conditional placing agreement dated 20 May 2022 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.65 per Placing Share
“Placing Share(s)”	a total of up to 28,000,000 new Consolidated Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares each into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme adopted by the Company on 2 June 2021
“Share Option(s)”	the option(s) to subscribe for new Shares granted under the Share Option Scheme
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate to allot and issue the Placing Shares to be sought from the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

DEFINITIONS

Throughout this circular, amounts in RMB have been translated, for illustration only, into HK\$ at the exchange rate of RMB1.0 = HK\$1.2. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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)

Executive Directors:

Mr. Hung Shui Chak (*Chairman*)
Mr. So Kam Chuen
Mr. Yuan Mingjie

Independent non-executive Directors:

Mr. Tam Bing Chung Benson
Mr. Cheung Ting Pong
Mr. Shum Kei Yiu Daniel

Registered office:

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of business:*

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Tsuen Wan, New Territories
Hong Kong

13 June 2022

To the Shareholders:

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(5) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the Placing.

The purpose of this circular is to provide you with further details of the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the Placing and a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.0004 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value of HK\$0.004.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being fulfilled:

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

The Share Consolidation is expected to become effective on the second Business Day immediately following the fulfillment of the above conditions (i.e. 30 June 2022).

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$380,000 divided into 950,000,000 Shares of par value of HK\$0.0004 each, of which 701,096,242 Shares have 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 Shares will be allotted and issued or repurchased prior thereto, the authorised share capital of the Company will remain at HK\$380,000 but will be divided into 95,000,000 Consolidated Shares of par value of HK\$0.004 each, of which 70,109,624 Consolidated Shares will be in issue as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses, including professional fees and printing charges, 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 Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

LETTER FROM THE BOARD

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 and the Consolidated Shares which may be issued pursuant to the exercise of the options granted or which may be granted under the Share Option Scheme.

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.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated 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 Existing Shares regardless of the number of share certificates held by such holder.

Odd lot arrangements

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares arising from the Share Consolidation, the Company has appointed DL Securities (HK) Limited as an agent to provide matching services, 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 during the period from 9:00 a.m. on Friday, 15 July 2022 to 4:00 p.m. on Thursday, 4 August 2022. Shareholders who wish to take advantage of this facility should contact DL Securities (HK) Limited at 29/F, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong (telephone number: (852) 3890 2911) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

LETTER FROM THE BOARD

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. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Should the Share Consolidation become effective, Shareholders may, during the period from Thursday, 30 June 2022 to Monday, 8 August 2022 (both days inclusive), submit existing share certificates in yellow colour for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for exchange, at the expense of the Company, for new share certificates in green colour for the Consolidated Shares.

It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar and transfer office of the Company for exchange.

Thereafter, share certificates for Existing Shares will 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 allowed by the Stock Exchange) by the Shareholders for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever the number of share certificates involved is higher.

Subject to and upon the Share Consolidation becoming effective, after close of business on Thursday, 4 August 2022, trading will only be in new share certificates in green colour for the Consolidated Shares. Existing share certificates in yellow colour for the Existing Shares will cease to be good for delivery but will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time at the expense of the Shareholders.

ADJUSTMENTS IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Company has outstanding convertible bonds in the principal amount of HK\$4,414,937.71 entitling holders thereof to convert for a total of 2,522,821 Existing Shares at the conversion price of HK\$1.75 per Existing Share. Under the relevant terms and conditions thereof, the Share Consolidation may lead to adjustments to the exercise price and the number of shares falling to be issued upon exercise of the conversion rights attached to the outstanding convertible bonds pursuant to the terms thereof.

The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

LETTER FROM THE BOARD

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the Latest Practicable Date

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 4,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.084 per Existing Share (equivalent to the theoretical closing price of HK\$0.84 per Consolidated Share) as at the Latest Practicable Date, (i) the value of each existing board lot of Existing Shares is HK\$1,680; (ii) the value of each board lot of 20,000 Consolidated Shares would be HK\$16,800 on the assumption that the Share Consolidation becomes effective; and (iii) the value of each board lot of 4,000 Consolidated Shares would be HK\$3,360 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

According to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, 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 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.10 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 board lot value should be greater than HK\$2,000. As at the Latest Practicable Date, the closing price of each Existing Share was HK\$0.084, with a board lot size of 20,000, and the existing board lot value was only HK\$1,680, which was less than HK\$2,000. The Existing Shares have been trading below HK\$0.10 per Share since March 2022.

LETTER FROM THE BOARD

The Board considers that the proposed Share Consolidation and Change in Board Lot Size, resulting in a theoretical price HK\$0.84 per Consolidated Share and HK\$3,360 per board lot of 4,000 Consolidated Shares (based on the closing price of HK\$0.084 per Existing Share as at the Latest Practicable Date), would enable the Company to comply with the trading requirements under the Listing Rules. The proposed Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

In view of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the existing authorised share capital of the Company is HK\$380,000 divided into 950,000,000 Existing Shares of HK\$0.0004 each, of which 701,096,242 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change in the number of issued Shares from the Latest Practicable Date up to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$380,000 divided into 95,000,000 Consolidated Shares of HK\$0.004 each, of which 70,109,624 Consolidated Shares of HK\$0.004 each will be in issue.

In order to facilitate the Placing, as well as to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing new Shares in the future as and when necessary, subject to the Share Consolidation having become effective, the Board proposes to increase the authorised share capital of the Company from HK\$380,000 divided into 95,000,000 Consolidated Shares to HK\$2,000,000 divided into 500,000,000 Consolidated Shares by the creation of an additional 405,000,000 new Consolidated Shares. The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interests of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to (i) the approval of the Shareholders by way of an ordinary resolution at the EGM; and (ii) the Share Consolidation having become effective.

LETTER FROM THE BOARD

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 May 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties to subscribe for up to 28,000,000 Placing Shares at the Placing Price of HK\$0.65 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date : 20 May 2022

Parties : (i) the Company (as issuer); and
(ii) DL Securities (HK) Limited (as placing agent).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of HK\$200,000 or 1% of the aggregate Placing Price for the Placing Shares actually placed by the Placing Agent, whichever is higher. Based on the Placing Price and the maximum number of the Placing Shares, it is expected that the placing commission will be HK\$200,000. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six Placees who shall be professional, institutional or other investors independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. Pursuant to the Placing Agreement, the Placing Agent will use its reasonable endeavours to ensure that none of the Placees to be procured by the Placing Agent or any of their respective associates will, immediately upon Completion, become a substantial Shareholder (within the meaning of the Listing Rules) of the Company.

LETTER FROM THE BOARD

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing and the Share Consolidation becomes effective, the maximum of 28,000,000 Placing Shares represent (i) approximately 39.94% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.54% of the issued share capital of the Company as enlarged by the allotment and issue of 28,000,000 Placing Shares.

The aggregate nominal value of the maximum of 28,000,000 Placing Shares is HK\$112,000.

Placing Price

The Placing Price of HK\$0.65 per Placing Share represents:

- (i) a discount of approximately 8.45% to the theoretical closing price of HK\$0.71 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on 20 May 2022, being the date of the Placing Agreement;
- (ii) a discount of approximately 10.96% to the average theoretical closing price of approximately HK\$0.73 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement;
- (iii) a discount of approximately 9.72% to the average theoretical closing price of approximately HK\$0.72 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement;
- (iv) a discount of approximately 22.62% to the theoretical closing price of HK\$0.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a theoretical dilution effect of approximately 2.74% represented by the theoretical diluted price of approximately HK\$0.71 per Consolidated Share to the benchmarked price of HK\$0.73 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of HK\$0.71 per Consolidated Share on the date of the Placing Agreement and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Placing Agreement of HK\$0.73 per Existing Share and adjusted for the effect of the Share Consolidation); and

LETTER FROM THE BOARD

- (vi) a premium of approximately HK\$3.00 to the net liabilities of the Company of approximately HK\$2.35 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the audited net liabilities attributable to owners of the Company of approximately RMB137,044,000 (equivalent to approximately HK\$164,452,800) as at 31 December 2021 and 70,109,624 Consolidated Shares assuming the Share Consolidation has become effective.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. In determining the Placing Price, the Directors have considered, among other things as mentioned above, market price of the Existing Shares traded on the Stock Exchange in the respective past three months and six months up to and including the date of the Placing Agreement (the "**Three-Month Review Period**" and "**Six-Month Review Period**", respectively), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the Shares. During the Six-Month Review Period, the Shares were traded on the Stock Exchange with a theoretical closing price ranges between HK\$0.70 per Consolidated Share based on the lowest closing price of HK\$0.070 per Existing Share on 11 April, 19 April and 20 April 2022 and HK\$1.41 per Consolidated Share based on the highest closing price of HK\$0.141 per Existing Share on 28 January and 31 January 2022, with an average closing price during the Six-Month Review Period of approximately HK\$1.01 per Consolidated Share based on the average closing price of HK\$0.101 per Existing Share. However, the daily closing price per Existing Share has demonstrated a downward trend since 2022. During the Three-Month Review Period, the Shares were traded on the Stock Exchange with a theoretical closing price ranges between HK\$0.70 per Consolidated Share based on the lowest closing price of HK\$0.070 per Existing Share on 11 April, 19 April and 20 April 2022 and HK\$1.00 per Consolidated Share based on the highest closing price of HK\$0.100 per Existing Share on 22 March 2022, with an average closing price during the Three-Month Review Period of approximately HK\$0.75 per Consolidated Share based on the average closing price of HK\$0.075 per Existing Share. Despite the fact that the Placing Price represents a discount of approximately 35.64% to the average closing price of the Shares during the Six-Month Review Period, such discount decreased to approximately 13.33% to the average closing price of the Shares during the Three-Month Review Period which could better reflect the recent trading performance of the Shares. Furthermore, the Placing Price represents a slight theoretical dilution effect of approximately 2.74% based on the theoretical diluted price of approximately HK\$0.71 per Consolidated Share to the benchmarked price of HK\$0.73 per Consolidated Share. Having considered (i) recent trading performance of the Shares; (ii) the Group has been loss making in the past four years; (iii) the business development of the Group has been adversely affected by the COVID-19 pandemic in recent years; and (iv) the net liabilities of approximately HK\$2.35 per Consolidated Share, the Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions

The Placing is conditional upon the fulfilment of the following conditions:

- (i) the passing of necessary resolution(s) by the Shareholders who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate at the EGM;
- (ii) the Share Consolidation becoming effective;
- (iii) the Increase in Authorised Share Capital becoming effective;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Placing Shares;
- (v) the Shares remaining listed on the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Completion Date;
- (vi) the Placing Agreement not being terminated in accordance with the terms thereunder including the provisions regarding force majeure event; and
- (vii) all necessary consents and approvals to be obtained on the each of the Company and the Placing Agent in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained,

on or before the Long Stop Date.

The Company shall use its best endeavours to procure the satisfaction of the conditions set out in (i) to (vii) above and the Placing Agent shall use its best endeavours to procure the satisfaction of the condition set out in (vii) above. If the above conditions are not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, indemnity, reimbursements and undertakings by the Placing Agent).

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Completion

Completion shall take place on the Completion Date, being the fifth Business Day after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such other date as may be agreed between the parties to the Placing Agreement in writing).

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Specific Mandate to issue the Placing Shares

The Placing Shares will be issued under the Specific Mandate to be sought and approved by the Shareholders at the EGM.

Force Majeure

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Completion Date if:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any statement contained in the Announcement and this circular has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or

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- (vi) any event of force majeure (being an event beyond the control of the parties to the Placing Agreement and which is unforeseeable or unavoidable), including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties to the Placing Agreement.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company under the Placing Agreement, reimbursements of out-of-pocket expenses of the Placing Agent and liabilities arises from any breach of undertakings by the Placing Agent.

As at the Latest Practicable Date, the Directors are not aware of the occurrence of any of the above events.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing are as follows (assuming all the Placing Shares are fully placed and there being no other change in the share capital of the Company):

Shareholders	As at the Latest Practicable Date		Immediately upon the Share Consolidation becoming effective		Immediately upon completion of the Placing	
	Number of Existing Shares	Approximate Percentage	Number of Consolidated Shares	Approximate Percentage	Number of Consolidated Shares	Approximate Percentage
<i>Substantial Shareholder</i>						
Shui Chak Group Limited (<i>Note 1</i>)	452,564,624	64.55%	45,256,462	64.55%	45,256,462	46.13%
<i>Directors</i>						
Mr. So Kam Chuen	8,609,331	1.23%	860,933	1.23%	860,933	0.88%
Mr. Yuan Mingjie	6,913,600	0.99%	691,360	0.99%	691,360	0.70%
<i>Public Shareholders</i>						
The Placees	—	—	—	—	28,000,000	28.54%
Other Shareholders	<u>233,008,687</u>	<u>33.23%</u>	<u>23,300,869</u>	<u>33.23%</u>	<u>23,300,869</u>	<u>23.75%</u>
Total:	<u><u>701,096,242</u></u>	<u><u>100.00%</u></u>	<u><u>70,109,624</u></u>	<u><u>100.00%</u></u>	<u><u>98,109,624</u></u>	<u><u>100.00%</u></u>

Note:

- (1) Shui Chak Group Limited is wholly and beneficially owned by Mr. Hung Shui Chak, the chairman and an executive Director of the Company.

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FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange. The Group is principally engaged in the hotpot restaurant business in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2021, the Group's loss attributable to the Shareholders was approximately RMB33.95 million. As at 31 December 2021, the bank balances and cash of the Group amounted to approximately RMB2.20 million while the Group's other payables and accruals amounted to approximately RMB114.60 million and borrowings was approximately RMB4.80 million. The Board considers that the Group's existing cash together with the cash generated from the Group's operation may not be sufficient to meet the need for both repayment of liabilities and general operation. Taking into account of the financial position of the Group, The Board considered it necessary to conduct fund raising activities to strengthen the financial position of the Group, so as to accommodate the operating cash expenses of the Company and to guard against any unexpected increase in costs or able to respond to any unforeseen need in capital.

The gross proceeds from the Placing will be approximately HK\$18.2 million (assuming all the Placing Shares are fully placed). The net proceeds, after deduction of relevant expenses (including but not limited to placing commission, legal expenses and disbursements) of approximately HK\$0.56 million, are estimated to be approximately HK\$17.64 million, representing a net issue price of approximately HK\$0.63 per Placing Share.

The Company intends to apply the net proceeds from the Placing as to approximately HK\$15.00 million or 85.0% for the repayment of the existing indebtedness of the Group from Independent Third Parties and as to approximately HK\$2.64 million or 15.0% as general working capital of the Group, including rental payment of the Group's restaurants located in the PRC, staff costs and the Group's day-to-day operating expenses.

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Set out below are the information of the existing loans and borrowings of the Group from Independent Third Parties as of the date of the Announcement:

Lender	Date of loan	Amount (RMB)	Maturity Date	Interest Rate
Lender A (note 1)	2/8/2021	17,223,328	1/8/2022	0%
Lender B (note 2)	1/9/2021	<u>2,000,000</u>	31/8/2022	0%
	Total	<u><u>19,223,328</u></u>		
Industrial and Commercial Bank of China	20/10/2021	<u>1,800,000</u>	19/10/2022	4.05%
		<u><u>1,800,000</u></u>		

Notes:

- (1) Lender A is an individual and is an Independent Third Party.
- (2) Lender B is an individual and is an Independent Third Party.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to repay the outstanding loans of the Group and finance its working capital needs. The Placing also represents a good opportunity to broaden the Shareholders' base and the capital base of the Company.

The Company has no concrete plan to conduct any further equity fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises if and when suitable business development opportunities arise in order to enhance the financial performance of the Group and return to the Shareholders. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board has considered other fund-raising methods including debt financing and/or other equity financing options such as rights issue and open offer. However, the Board is of the view that debt financing, such as bank borrowings, will depend on the prevailing market condition, and may be subject to lengthy due diligence and loan application processes with banks. In addition, debt financing will impose additional interest burden on the Group which will, in turn, worsen the Group's financial performance and position. For other alternative equity fund-raising methods such as rights issue and open offer, having considered (i) the relatively higher costs for conducting rights issue or open offer due to additional costs for engagement of various professional parties such as underwriter(s), reporting accountants, financial advisers and/or brokerage agent(s), which the Company expects would result in an additional cost of around HK\$0.8 million to HK\$1 million to be incurred; (ii) a relatively longer time is usually required for rights issue or open offer which usually takes three months due to more stringent documentary and registration

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requirements such as preparation of a listing document, application forms, registration for the listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement; (iii) rights issue and open offer on average require a relatively deeper discount in determining the subscription price which would result in a greater dilution effect to those Shareholders who did not participate in the rights issue or open offer in terms of both trading price of shares on ex-entitlement basis and their respective shareholdings with reference to the rights issue and open offer transactions announced by other companies listed on the Stock Exchange for the six months period immediately prior to the date of the Announcement; and (iv) the difficulties to engage underwriter(s) for potential rights issue or open offer with more favourable terms than the Placing taking into account the continuous loss making and net liabilities position of the Company for the last four years and the level of the underwriting commission in the rights issue and open offer transactions announced by other companies listed on the Stock Exchange for the six months period immediately prior to the date of the Announcement, the Board does not consider rights issue and open offer to be desirable alternatives to the Placing.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to the Shareholders' approval at the EGM.

The Share Consolidation, the Increase in Authorised Share Capital and the Placing are conditional upon satisfaction of their respective conditions set out in this circular. Accordingly, the Share Consolidation, the Increase in Authorised Share Capital and the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital and the Placing. A notice convening the EGM to be held at Room 1108, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong on Tuesday, 28 June 2022 at 12:00 noon is enclosed with this circular.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholder has a material interest in the Share Consolidation, the Increase in Authorised Share Capital or the Placing and accordingly, no Shareholder is required to abstain from voting in respect of any resolution at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted

LETTER FROM THE BOARD

on by a show of hands. Therefore the chairman of the meeting will demand a poll on the resolutions regarding the Share Consolidation, the Increase in Authorised Share Capital and the Placing at the EGM. An announcement will be made by the Company on the poll results of the EGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 June 2022.

RECOMMENDATIONS

The Board considers that the proposed resolutions in relation to the Share Consolidation and the Increased in Authorised Share Capital to be put forward at the EGM is in the best interests of the Company and the Shareholders as a whole, and the Board considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolutions to be proposed at the EGM in relation to the Share Consolidation, the Increase in Authorised Share Capital and the Placing.

Yours faithfully
For and on behalf of the Board
Longhui International Holdings Limited
Hung Shui Chak
Chairman and Executive Director

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Longhui International Holdings Limited (the “**Company**”) will be held at Room 1108, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong at 12:00 noon on Tuesday, 28 June 2022 for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular (the “**Circular**”) of the Company dated 13 June 2022, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”):
 - (a) every ten (10) issued and unissued shares of HK\$0.0004 each in the share capital of the Company be consolidated into one (1) share of HK\$0.004 (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors (the “**Directors**”) of the Company may think fit; and
 - (c) any one of the directors (the “**Directors**”) of the Company be and is hereby authorised to do all such acts and things, as he may in his discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Share Consolidation and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the Share Consolidation and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in his opinion, appropriate and in the interests of the Company and its shareholders as a whole.”

NOTICE OF EGM

2. “**THAT** conditional upon the passing of the resolution in numbered 1 as set out above:
 - (a) the authorised share capital of the Company be and is hereby increased from HK\$380,000 divided into 95,000,000 Consolidated Shares to HK\$2,000,000 divided into 500,000,000 Consolidated Shares by the creation of an additional 405,000,000 new Consolidated Shares which will rank *pari passu* with all the Consolidated Shares in issue as at the date of the EGM (the “**Increase in Authorised Share Capital**”); and
 - (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

3. “**THAT** conditional upon the passing of the resolutions numbered 1 and 2 as set out above and subject to the conditions set out in the letter from the board under the heading “Conditions” in the Circular:
 - (a) the Placing Agreement (as defined in the Circular), a copy of the Placing Agreement has been produced to this meeting marked “A” and signed by the chairman hereof for the purpose of identification, and all the transactions contemplated thereunder, including but not limited to the allotment and issue of the Placing Shares (as defined in the Circular), be and are hereby approved, confirmed and ratified;
 - (b) subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares, the Directors be and are hereby granted a specific mandate for the allotment and issue of the Placing Shares in accordance with the terms of the Placing Agreement; and
 - (c) any Director be and is hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) which he considers necessary, desirable or expedient to implement or to give effect to any matters relating to the Placing Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 13 June 2022

NOTICE OF EGM

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:

Suite 301, 3/F
Hale Weal Industrial Building
22–28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
- (3) In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority.
- (4) Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
- (5) Save for any resolution(s) approving the procedural and administrative matters, any voting of the EGM should be taken by poll.
- (6) The register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 both days inclusive, during which period no transfer of shares of the Company can be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 June 2022.
- (7) Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the EGM:
 - compulsory body temperature checks
 - compulsory wearing of a surgical face mask for each attendee
 - submission of personal information form, which may be used for contact tracing, if required
 - no distribution of corporate gift nor provision of refreshment

NOTICE OF EGM

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. All attendees are required to wear surgical face masks at all times at the EGM venue. The Company reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

- (8) If tropical cyclone warning signal no. 8 or above is hoisted, “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force at 9:00 a.m. on Tuesday, 28 June 2022, the EGM will not be held on that day but will automatically be postponed and, by virtue of this notice, be held at the same time and place on Thursday, 30 June 2022. Shareholders of the Company may call the telephone hotline of the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at (852) 2862 8688 during business hours from 9:00 a.m. to 6:00 p.m. on Monday to Friday, excluding Hong Kong public holidays for details of alternative meeting arrangements.

In the event the EGM is postponed as mentioned above, all forms of proxy deposited with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, for the purpose of the EGM will remain valid for the adjourned EGM. The book closure period for ascertaining the rights of the shareholders of the Company who shall be entitled to attend and vote at the EGM remains unchanged.

The EGM will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. Shareholders of the Company should make their own decision as to whether they would attend the EGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this Notice, 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. Shum Kei Yiu Daniel.