

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in 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)**

## **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

**Placing Agent**



### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 8 April 2024 (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 Placées who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties to subscribe for up to 63,223,721 Placing Shares at the Placing Price of HK\$0.48 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the maximum of 63,223,721 Placing Shares represent (i) approximately 60.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 37.50% of the issued share capital of the Company as enlarged by the allotment and issue of 63,223,721 Placing Shares.

The gross proceeds from the Placing will be HK\$30.3 million (equivalent to approximately RMB27.3 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\$1.5 million (equivalent to approximately RMB1.4 million), are estimated to be approximately HK\$28.8 million (equivalent to approximately RMB25.9 million), representing a net issue price of approximately HK\$0.46 per Placing Share.

Assuming all the Placing Shares are fully placed, the Company intends to apply the net proceeds from the Placing as to HK\$25.9 million (equivalent to approximately RMB23.4 million) for repayment of the Group indebtedness and interest expenses and as to HK\$2.9 million (equivalent to approximately RMB2.6 million) as general working capital of the Group.

## **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.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**The Placing is conditional upon satisfaction of the conditions set out in this announcement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 8 April 2024, 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) will be Independent Third Parties to subscribe for up to 63,223,721 Placing Shares at the Placing Price of HK\$0.48 per Placing Share. Details of the Placing Agreement are set out below:

### **The Placing Agreement**

Date: 8 April 2024 (after trading hours of the Stock Exchange)

Parties: (i) the Company (as issuer); and  
(ii) Leeds Securities Investment 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 5% of the aggregate Placing Price for the Placing Shares actually placed by the Placing Agent. 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 will be individuals, corporation(s) and/or institutional or professional investor(s) who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder (within the meaning of the Listing Rules). Pursuant to the Placing Agreement, the Placing Agent will use its best endeavour to ensure that none of the Placees to be procured by the Placing Agent will, immediately upon Completion, become a substantial Shareholder (within the meaning of the Listing Rules).

### **Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum of 63,223,721 Placing Shares represent (i) approximately 60.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 37.50% of the issued share capital of the Company as enlarged by the allotment and issue of 63,223,721 Placing Shares.

The aggregate nominal value of the maximum of 63,223,721 Placing Shares is HK\$252,894.884.

### **Placing Price**

The Placing Price of HK\$0.48 per Placing Share represents:

- (i) a discount of approximately 37.7% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 29.4% to the average closing price per Share of approximately HK\$0.68 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 14.1%, represented by the theoretical diluted price of approximately HK\$0.66 per Share to the benchmarked price of approximately HK\$0.77 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Placing Agreement of HK\$0.77 per Share and the

average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Placing Agreement of HK\$0.68 per Share).

The Placing Price was determined with reference to the prevailing market price and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Ranking of the Placing Shares**

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

### **Conditions of the Placing**

Completion of the Placing is conditional upon the fulfilment of all of the following:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares;
- (ii) the passing of necessary resolution(s) by the shareholders of the Company who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve the Placing Agreement and the transactions contemplated hereunder, including the grant of the Specific Mandate at the EGM; and
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained.

If any of the conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses.

### **Completion**

The Completion shall take place on a date falling within five (5) Business Days after the fulfilment of the conditions set out above are satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

### **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

## **Specific Mandate**

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

## **Commission**

The Placing Agent will be entitled to a commission of 5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent.

## **Termination**

If at any time between the execution of the Placing Agreement and at 8:00 a.m. on the Completion Date, there occurs:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of this Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) 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.

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date.

## CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of issued Shares</i>	<i>Approximate Percentage</i>	<i>Number of issued Shares</i>	<i>Approximate Percentage</i>
<i>Directors</i>				
Mr. Hung Shui Chak ( <i>Note 1</i> )	52,842,462	50.15%	52,842,462	31.34%
Mr. So Kam Chuen	948,233	0.90%	948,233	0.56%
Mr. Yuan Mingjie	751,360	0.71%	751,360	0.45%
<i>Public Shareholders</i>				
The Placees ( <i>Note 2</i> )	—	—	63,223,721	37.50%
Other Shareholders	<u>50,830,812</u>	<u>48.24%</u>	<u>50,830,812</u>	<u>30.15%</u>
<b>Total</b>	<u>105,372,867</u>	<u>100.00%</u>	<u>168,596,588</u>	<u>100%</u>

*Notes:*

- The 52,842,462 shares were held by Shui Chak Group Limited. Shui Chak Group Limited was wholly-owned by Mr. Hung Shui Chak. Thus, Mr. Hung Shui Chak was deemed to be interested in the 52,842,462 shares held by Shui Chak Group Limited pursuant to the SFO.

2. Pursuant to the Placing Agreement, the Placing Agent will use its best endeavour to ensure that none of the Placees to be procured by the Placing Agent will, immediately upon Completion, become a substantial Shareholder (within the meaning of the Listing Rules) and the Placees will become public shareholders of the Company upon Completion.

## **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 past 12 months immediately preceding the date of this announcement.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group are primarily engaged in the operation of a hotpot restaurant chain.

As disclosed in the annual results announcement of the Company for the financial year ended 31 December 2023, the Group's audited loss attributable to the Shareholders was approximately RMB14.4 million. As 31 December 2023, the audited bank balances and cash of the Group amounted to approximately RMB2.9 million while the Group's audited other payables and accruals amounted to approximately RMB135.0 million and the Group's unaudited borrowings was approximately RMB3.0 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.

The gross proceeds from the Placing will be HK\$30.3 million (equivalent to approximately RMB27.3 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\$1.5 million (equivalent to approximately RMB1.4 million), are estimated to be HK\$28.8 million (equivalent to approximately RMB25.9 million), representing a net issue price of approximately HK\$0.46 per Placing Share.

Assuming all the Placing Shares are fully placed, the Company intends to apply the net proceeds from the Placing as to HK\$25.9 million (equivalent to approximately RMB23.4 million) for repayment of the Group indebtedness and interest expenses and as to HK\$2.9 million (equivalent to approximately RMB2.6 million) as general working capital of the Group.

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 indebtedness and interest expenses 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 Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under Specific Mandate.

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.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**The Placing is conditional upon satisfaction of the conditions set out in this announcement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	Longhui International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the 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 within five (5) Business Days 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)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to approve, among other things, the Placing and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2024, or such later date as may be agreed by the parties to the Placing Agreement in writing
“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
“Placing”	the placing of up to 63,223,721 Placing Shares on a best effort basis on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Leeds Securities Investment Limited, a licensed corporation to carry Type 1 (dealing in securities) regulated activity under the SFO

“Placing Agreement”	the conditional placing agreement dated 8 April 2024 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.48 per Placing Share
“Placing Share(s)”	a total of up to 63,223,721 new Shares to be placed pursuant to the Placing Agreement
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571)
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“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
“%”	per cent

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

Hong Kong, 8 April 2024

*In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1.00 = HK\$1.10. The conversion rate is for illustration purposes only and should not be taken as a representation that RMB could actually be converted in HK\$ at such rate or at all.*

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