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

If you have sold or transferred all your shares in Lung Cheong International Holdings Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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LUNG CHEONG INTERNATIONAL HOLDINGS LIMITED 龍昌國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 348)

PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

Resolutions will be proposed at the annual general meeting of the Company (the “Annual General Meeting”) to be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 September 2009 at 3:30 p.m. to approve the matters referred to in this circular.

The notice convening the Annual General Meeting together with the form of proxy for use at the Annual General Meeting are enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish.

19 August 2009

CONTENTS

	<i>Page</i>
Letter from the Board	
1. Introduction	1
2. Re-election of Directors	2
3. General Mandate to Issue Shares	5
4. General Mandate to Repurchase Shares	6
5. Refreshment of the 10% Limit on Grant of Options under the Share Option Scheme	6
6. Annual General Meeting	8
7. Voting at the Annual General Meeting	8
8. Responsibility Statement	8
9. Recommendation	9
Appendix — Explanatory Statement	10
Notice of Annual General Meeting	13

LETTER FROM THE BOARD



LUNG CHEONG INTERNATIONAL HOLDINGS LIMITED

龍昌國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

Directors:

Mr Leung Lun (*Chairman*)
Mr Leung Chung Ming (*Managing Director*)
Mr Zhong Bingquan
Ms Cheng Yun Tai
Mr Wong, Andy Tze On
Mr Ko Peter, Ping Wah*
Mr Wong Lam, O.B.E., J.P. **
Mr Ye Tian Liu**
Mr Lai Yun Hung**

* *Non-executive Director*

** *Independent Non-executive Directors*

Registered office:

Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Head office and principal

place of business in Hong Kong:

Lung Cheong Building
1 Lok Yip Road
Fanling
New Territories
Hong Kong

19 August 2009

To shareholders of the Company (the “Shareholders”)

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
REFRESHMENT OF THE 10% LIMIT ON GRANT OF
OPTIONS UNDER SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals for re-election of directors and the general mandates to issue and repurchase shares of the Company (“Proposals”). Your approval for the Proposals will be sought at the Annual General Meeting to be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 September 2009 at 3:30 p.m. .

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

In accordance with Article 116 of the Company's articles of association (the "Articles"), the directors of the Company (the "Directors") retiring by rotation at the Annual General Meeting are Mr Leung Chung Ming, Mr Ko Peter, Ping Wah and Mr Ye Tian Liu. All the retiring Directors, being eligible, offer themselves for re-election as Directors at the Annual General Meeting. The particulars of these three Directors which are required to be disclosed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") are set out below:—

Executive Director

- (1) **Mr Leung Chung Ming**, aged 49, is the managing director of the group (the "Group") comprising the Company and its subsidiaries. He is a member of the nomination committee and remuneration committee of the Company. He is the brother of Mr Leung Lun, the Chairman of the Company and the founder of the Group. He joined the Group in November 1979 and is responsible for strategic planning, ODM marketing and development functions of the Group. He is also in charge of the Group's OEM sales. He is currently a vice president of China Toy Association and The Toys Manufacturers' Association of Hong Kong and a director of China Children and Teenagers' Fund. He is also a member of the committee of the Chinese People's Political Consultative Conference of Guizhou Province and 2002 Young Industrialist of Hong Kong.

Mr Leung has entered into a service agreement with the Company as an executive director for an initial fixed term of three years commencing from 1 September 1997 and the service agreement shall continue thereafter unless and until terminated by either the Company or Mr Leung giving to the other party not less than six months' notice in writing to determine the same. Mr Leung is also subject to the general requirement of retirement by rotation of director at each annual general meeting of the Company under the Articles. Pursuant to the service agreement, Mr Leung is entitled to receive:—

- (i) a salary at the rate of HK\$1,649,000 per annum (including any sum receivable by him as director's fee from any company in the Group). Such salary shall be subject to an annual review and in case of an increment, at a rate to be determined by the board of Directors (the "Board") at its discretion, provided that such rate shall not exceed 15% of his then current salary;
- (ii) reimbursement of expenses shall be subject to an annual review and in case of an increment, at a rate of not more than 15% of his then annual reimbursement as determined by a majority in number of the members of the Board; and

LETTER FROM THE BOARD

- (iii) a management bonus to be determined by the Board at its absolute discretion having regard to the operating results of the Group provided that the aggregate amount of management bonuses payable to Mr Leung, Mr Leung Lun and Mr Wong, Andy Tze On in respect of any financial year shall not exceed 5% of the audited combined profit after taxation of the Group in respect of the same financial year. The amount payable to Mr Leung shall be decided by a majority number of the members of the Board.

Mr Leung's emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

As at 12 August 2009 (being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular (the "Latest Practicable Date")), Mr Leung has corporate interest in 1,499,082,240 ordinary shares owned by Lung Cheong Investment Limited which is wholly owned by Rare Diamond Limited. Rare Diamond Limited is beneficially owned as to 70% by Mr Leung Lun and 30% by Mr Leung. Accordingly, Mr Leung is taken to be interested in those ordinary shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Mr Leung holds the position of director in 12 subsidiaries of the Company, namely Kid Galaxy Global Limited, Lung Cheong (BVI) Holdings Limited, Lung Cheong Overseas Corporation, Kid Galaxy Corporation, P.T. Lung Cheong Brothers Industrial, Kid Galaxy Inc., Lung Cheong Asia Holdings Limited, Lung Cheong Resources Management Limited, Kid Galaxy Limited, Lung Cheong Toys Limited, L C Technology Limited, Standard Tooling and Products Co., Limited.

Save as disclosed above, Mr Leung has no other directorship in other public listed companies nor any major qualifications or appointments in the past three years, and is not connected with any directors, senior management, management Shareholders, substantial or controlling Shareholders of the Company.

There is no other information which is disclosable pursuant to Rule 13.51(2) of the Listing Rules (in particular, paragraphs (h) to (v) of that Rule).

There are no other matters concerning Mr Leung that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Non-executive Director

- (2) **Mr Ko Peter, Ping Wah**, aged 60, has been appointed as our director since January 2003. He is now our non-executive director of the Company. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Mr Ko holds a Ph. D degree in business administration from Bulacan State University, Republic of the Philippines, a master of science degree in business administration from the University of Bath, England and bachelor's degree of law (Chinese Law) from the University of Beijing, China and higher diploma in mechanical engineering from Hong Kong Polytechnic University. He has been registered Lead Auditor & Tutor of ISO9000 for 10 years and Quality Management Consultant and Trainer for 14 years. He is appointed as part-time tutor of universities in Hong Kong and overseas for many years.

Save as disclosed above, Mr Ko has no other directorship in other public listed companies nor any major qualifications or appointments in the past three years, and is not connected with any directors, senior management, management Shareholders, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr Ko had no interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Ko. Mr Ko is not appointed for a specific term but is subject to the general requirement of retirement by rotation of director at each annual general meeting of the Company under the Articles. The director's fee for Mr. Ko has been fixed by the Board at HK\$60,000 per annum upon mutual agreement reached with reference to the range of prevailing range of director's fee for non-executive director of listed companies in Hong Kong.

There is no other information which is disclosable pursuant to Rule 13.51(2) of the Listing Rules (in particular, paragraphs (h) to (v) of the Rule).

There are no other matters concerning Mr Ko that need to be brought to the attention of the Shareholders.

Independent Non-executive Director

- (3) **Mr Ye Tian Liu**, aged 63, was appointed as an independent non-executive Director of the Company in November 1999. He is the chairman of the audit committee, a member of the nomination committee and remuneration committee of the Company. Mr Ye holds a master's degree in business administration. He was formally an executive director of a locally listed company for several years. He has extensive experience in China trade and investment.

LETTER FROM THE BOARD

Save as disclosed above, Mr Ye has no other directorship in other public listed companies nor any major qualifications or appointments in the past three years and is not connected with any directors, senior management, management Shareholders, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr Ye had no interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Ye. Mr Ye is not appointed for a specific term but is subject to the general requirement of retirement by rotation of director at each annual general meeting of the Company under the Articles. The director's fee for Mr Ye has been fixed by the Board at HK\$60,000 per annum upon mutual agreement reached with reference to the range of prevailing range of director's fee for independent non-executive director of listed companies in Hong Kong.

There is no other information which is disclosable pursuant to Rule 13.51(2) of the Listing Rules (in particular, paragraphs (h) to (v) of that Rule).

There are no other matters concerning Mr Ye that need to be brought to the attention of the Shareholders.

3. GENERAL MANDATE TO ISSUE SHARES

Approval is being sought from the Shareholders to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with new ordinary shares in the capital of the Company of up to 498,159,999 ordinary shares, being 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of an ordinary resolution at the Annual General Meeting, on the basis that no further shares are issued or repurchased prior to the Annual General Meeting. In the event that it becomes desirable for the Company to issue any new ordinary shares, on that basis the Directors are given flexibility and discretion to allot, issue or otherwise deal with new ordinary shares of up to 498,159,999 ordinary shares, being 20% of the issued ordinary share capital of the Company as at the date of passing of the ordinary resolution (the "Issue Mandate") and, if separately approved by the Shareholders, by adding to such mandate the aggregate nominal amount of ordinary shares repurchased by the Company pursuant to the Repurchase Mandate (as hereinafter defined) (the "Extension Mandate"). Such authority will only continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company, or (ii) the end of the period within which the Company is required by the laws of the Cayman Islands or the Articles to hold its next annual general meeting or (iii) when revoked or varied by ordinary resolution of the Shareholders in general meeting.

LETTER FROM THE BOARD

4. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase ordinary shares representing up to 249,079,999 ordinary shares, being 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of the passing of the ordinary resolution (the “Repurchase Mandate”), on the basis that no further shares are issued or repurchased prior to the Annual General Meeting. Such authority will only continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company or (ii) the end of the period within which the Company is required by the laws of the Cayman Islands or the Articles to hold its next general meeting or (iii) when revoked or varied by ordinary resolution of the Shareholders in general meeting.

An explanatory statement as required under the Listing Rules to provide the requisite information for your consideration of the Repurchase Mandate is set out in the Appendix hereto.

5. REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME

On 8 September 1997, a share option scheme (the “Old Scheme”) was approved by the Shareholders and adopted by the Company. As a result of the amendment of Chapter 17 of the Listing Rules, the Old Scheme was terminated on 3 September 2002, and a new share option scheme (the “Share Option Scheme”) was adopted by the Company on the same day. As at the Latest Practicable Date, the Company has no other share option scheme in effect except the Share Option Scheme, and has no other options, warrants or securities convertible into shares of the Company.

Upon adoption of the Share Option Scheme, the maximum number of ordinary shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) (the “Scheme Mandate Limit”) is 41,440,000, being 10% of the total number of ordinary shares in issue as at the adoption date of the Share Option Scheme.

Pursuant to the ordinary resolution passed by the Shareholders on 27 August 2007, the Scheme Mandate Limit was refreshed so that the total number of shares of the Company which may fall to be issued upon exercise of options to be granted under the Share Option Scheme shall not exceed 82,159,999 ordinary shares, being 10% of the issued ordinary share capital of the Company as at 27 August 2007. As at the Latest Practicable Date, no option under the Old Scheme was outstanding.

LETTER FROM THE BOARD

Under the Share Option Scheme, options carrying right to subscribe for 28,940,000 ordinary shares of the Company had been granted and the total number were subsequently restated to 86,820,000 taking into effect the bonus issue in 2007 and of which no option was exercised and all options had lapsed under the Share Option Scheme. As at the Latest Practicable Date, no option under the Share Option Scheme was outstanding and of which no Share would fall to be issued.

Since the existing Scheme Mandate Limit has been utilised, the Company wishes to seek the Shareholders' approval to refresh the Scheme Mandate Limit at the Annual General Meeting, subject to the requirements under the Listing Rules.

Under the Listing Rules, the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of ordinary shares in issue as at the date of the Shareholders' approval of the refreshment of the Scheme Mandate Limit; and for the purpose of calculating the Scheme Mandate Limit as refreshed, options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including those exercised, outstanding, cancelled, or lapsed in accordance with the relevant scheme rules) shall not be counted.

Furthermore, the maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of ordinary shares in issue from time to time. The Directors confirm that, as at the Latest Practicable Date, the total number of outstanding option is less than 30% of the total number of ordinary shares in issue. The Directors also undertake to ensure that the Company will comply with the aforesaid limit as regards the number of outstanding options.

If the refreshment of the Scheme Mandate Limit is approved by the Shareholders at the Annual General Meeting, based on the 2,490,799,997 ordinary shares of the Company in issue as at the Latest Practicable Date and assuming no further ordinary shares will be allotted and issued and no ordinary shares will be repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company may grant further options carrying rights to subscribe for up to a total of 249,079,999 ordinary shares under the Share Option Scheme (representing 10% of the issued ordinary share capital of the Company as at the date of the Annual General Meeting).

The Board considers that the Share Option Scheme will continue to be an important tool for providing incentives and rewards to participants for their contribution to the Group, and the refreshment of the Scheme Mandate Limit will enable the Company to maximise the use of the Share Option Scheme. Thus, the Board considers that refreshment of the Scheme Mandate Limit is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The refreshment of the Scheme Mandate Limit is conditional on:

- (a) the passing of the necessary resolution to approve the refreshment of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of ordinary shares representing 10% of the ordinary shares in issue as at the date of the Annual General Meeting, which may be issued pursuant to exercise of options to be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the ordinary shares to be issued pursuant to exercise of options to be granted under the refreshed Scheme Mandate Limit.

6. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 13 to 17 of this circular. At the Annual General Meeting, resolutions, where applicable, will be proposed to approve, inter alia, the re-election of Directors, the granting of the Issue Mandate, the Repurchase Mandate, the Extension Mandate and the refreshment of the Scheme Mandate Limit.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish.

7. VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll. Accordingly, the Chairman of the AGM will demand a poll on each and every resolution put to the vote at the AGM pursuant to Article 80 of the Articles.

After the conclusion of the AGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.e-lci.com.

8. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors consider that the re-election of Directors, the Issue Mandate, the Repurchase Mandate, Extension Mandate and the refreshment of the Scheme Mandate Limit mentioned above are all in the best interests of the Company and its Shareholders and accordingly recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
LEUNG LUN
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,490,799,997 ordinary shares of HK\$0.10 each.

Subject to the passing of resolution no. 5 set out in the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that no further ordinary shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 249,079,999 ordinary shares.

2. REASONS FOR REPURCHASES

Although the Directors have no present intention of repurchasing any existing ordinary shares of the Company, the Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose as well as in accordance with its memorandum and articles of association and the laws of the Cayman Islands. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the ordinary shares to be repurchased, profits otherwise available for distribution and sums standing to the share premium account of the Company.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2009) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the ordinary shares of the Company had been traded on the Stock Exchange during each of the previous twelve months immediately before, and in the current month up to, the Latest Practicable Date were as follows:—

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
August	0.2050	0.1280
September	0.1660	0.1000
October	0.1200	0.0370
November	0.0840	0.0600
December	0.0800	0.0600
2009		
January	0.0930	0.0610
February	0.0750	0.0600
March	0.0730	0.0600
April	0.1130	0.0630
May	0.2550	0.0900
June	0.1900	0.1500
July	0.2200	0.1500
August (up to the Latest Practicable Date)	0.1950	0.1700

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

7. HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, 1,499,082,240 ordinary shares representing approximately 60.18% of the issued ordinary shares of the Company were owned by Lung Cheong Investment Limited, which is the only substantial Shareholders holding more than 10% of the issued ordinary shares of the Company. Lung Cheong Investment Limited is wholly owned by Rare Diamond Limited, which in turn is beneficially owned as to 70% by Mr Leung Lun and 30% by Mr Leung Chung Ming. Mr Leung Lun and Mr Leung Chung Ming are Directors. In the event that the Directors exercise in full the power to repurchase shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Lung Cheong Investment Limited in the Company would be increased to approximately 66.87% of the issued ordinary shares of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as disclosed above, Mr Leung Lun and Mr Leung Chung Ming had no other interest in the shares of the Company.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

The Directors wish to state that they have no intention to exercise the power to repurchase shares pursuant to the Repurchase Mandate to the extent that would render the aggregate amount of the issued ordinary share capital of the Company in public hands to less than 25%.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its ordinary shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



LUNG CHEONG INTERNATIONAL HOLDINGS LIMITED

龍昌國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

NOTICE IS HEREBY GIVEN that an annual general meeting of Lung Cheong International Holdings Limited (the “Company”) will be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 September 2009 at 3:30 p.m. for the following purposes:—

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “Directors”) and the auditors of the Company for the year ended 31 March 2009;
2. Each as a separate resolution, to re-elect each retiring Director and to authorise the Directors to fix their remuneration;
3. To re-appoint the auditors of the Company and to authorise the Directors to fix their remuneration. A notice has been received from a member of the Company of the intention to propose the following resolution as an ordinary resolution:—

“That Messrs. BDO Limited who were appointed as auditors by the Directors on 19 May 2009 to fill the casual vacancy caused by the resignation of Messrs. Shu Lun Pan Hong Kong CPA Limited (formerly known as Shu Lun Pan Horwath Hong Kong CPA Limited), be re-appointed auditors of the Company, to hold office until the conclusion of the next annual general meeting at a remuneration to be fixed by the Directors”.

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:—

“THAT

- (1) subject to paragraph (3) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional ordinary shares in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for ordinary shares in the capital of the Company, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (2) the approval in paragraph (1) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (3) the aggregate nominal amount of ordinary share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) issued or dealt with by the Directors pursuant to the approval in paragraph (1) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of ordinary shares in lieu of the whole or part of a dividend on ordinary shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of ordinary shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into ordinary shares, shall not exceed 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (4) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:—

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Company’s articles of association to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“Rights Issue” means an offer of ordinary shares, or offer or issue of warrants, options or other securities giving rights to subscribe for ordinary shares open for a period fixed by the Directors to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:—

“THAT

- (1) subject to paragraph (2) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the ordinary shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (2) the aggregate nominal amount of ordinary shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (1) above shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (3) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:—
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Company’s articles of association to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:—

“**THAT** subject to the passing of resolutions no. 4 and no. 5 set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue or otherwise deal with additional ordinary shares pursuant to resolution no. 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of ordinary shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 set out in the notice convening this meeting, provided that such amount of ordinary shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of passing the said resolution.”

7. To consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in such number of ordinary shares in the capital of the Company representing 10% of the ordinary shares in issue as at the date of passing this resolution, which may be issued pursuant to exercise of options to be granted under the Refreshment Scheme Mandate Limit (as defined below), the existing scheme mandate limit under the share option scheme adopted on 3 September 2002 (“Share Option Scheme”) be refreshed so that the number of ordinary shares to be allotted and issued pursuant to the exercise of the options under the Share Option Scheme and other share option scheme(s) of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised) shall not exceed 10% of the ordinary shares in issue as at the date of the passing of this resolution (the “Refreshed Scheme Mandate Limit”) and that any Director of the Company be and are hereby authorized to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

By Order of the board of Directors
Lung Cheong International Holdings Limited
Wong, Andy Tze On
Executive Director

Hong Kong, 19 August 2009

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from 22 September 2009 to 25 September 2009 (both dates inclusive), during which period no transfer of shares will be effected.
2. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant shares certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 September 2009.
3. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy need not be a member of the Company.
4. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Concerning resolutions no. 4 and 6 above, approval is being sought from members as a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to allot, issue or otherwise deal with ordinary shares of the Company up to 20 per cent of the issued ordinary share capital of the Company as at the date of passing of the relevant resolutions.
6. In relation to resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company.
7. The existing board of Directors comprises five executive Directors, namely, Mr Leung Lun, Mr Leung Chung Ming, Mr Zhong Bingquan, Ms Cheng Yun Tai and Mr Wong, Andy Tze On, a non-executive Director, namely, Mr Ko Peter, Ping Wah and three independent non-executive Directors, namely, Mr Wong Lam, O.B.E., J.P., Mr Ye Tian Liu and Mr Lai Yun Hung.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.