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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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Lung Cheong International Holdings Limited (the “**Company**”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 31 March 2010 as reflected in the interim results reported for period ended 30 September 2009 (the “**Interim Report**”).

Decline in consolidated turnover was primarily attributable to decrease in sale orders from customers due to global economic situation resulting in relative weak performance of radio control electronic toys and premium priced hobby product segments. Increased cost of materials, testing fees and high overhead cost also contributed to continued loss since the Interim Report.

Despite the anticipated loss for the year ended 31 March 2010, the Board considers that the Group’s financial position as healthy. The Board is working on alternatives and consulting professionals with the purpose of reengineering the Group into profitable structure going forward. Overall, the Board remains positive on the long term prospect of the Group.

As the Company is in the process of finalizing its annual results for the year ended 31 March 2010, the information in the announcement is based on a preliminary assessment of the Company’s management according to the unaudited accounts of the Group. Further details of the Group’s performance will be disclosed when the Group’s audited annual results for the year ended 31 March 2010 are announced. The information contained in this announcement is only based on the preliminary review on the management accounts of the Group, which will be audited and to be confirmed by the Company’s auditors. Audited consolidated final results of the Group for the year ended 31 March 2010 are expected to be announced by the Company on or before 31 July 2010.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 May 2010

As at the date of this announcement, the directors of the Company are Mr. Leung Lun, Mr. Leung Chung Ming, Mr. Zhong Bingquan, Ms. Cheng Yun Tai, Mr. Wong, Andy Tze On, Mr. Ye Tian Liu, Mr. Wong Lam, O.B.E., J.P., Dr. Ko Peter, Ping Wah and Mr. Lai Yun Hung.