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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, AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION 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 Tuesday, 31 August 2010 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 as soon as possible and in any event 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.

30 July 2010

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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
Dr. 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

30 July 2010

To the shareholders of the Company (the “Shareholders”)

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF
ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following matters to be proposed at the Annual General Meeting: (i) the re-election of directors of the Company (the “**Directors**”); (ii) the grant to the Directors of

LETTER FROM THE BOARD

the general mandates to issue and repurchase shares of the Company; and (iii) the amendments to the memorandum of association (the “**Memorandum**”) and articles of association of the Company (the “**Articles**”) (the “**Proposals**”). Your approval for the Proposals will be sought at the annual general meeting of the Company to be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 31 August 2010 at 3:30 p.m. (the “**Annual General Meeting**”).

2. RE-ELECTION OF DIRECTORS

In accordance with Article 116 of the Articles, the Directors retiring by rotation at the Annual General Meeting are Mr. Leung Lun, Ms. Cheng Yun Tai and Mr. Wong Lam, O.B.E., J.P. Both Mr. Leung Lun and Mr. Wong Lam, O.B.E., J.P, being eligible, offer themselves for re-election as Directors at the Annual General Meeting. As Ms. Cheng Yun Tai would like to concentrate in her own businesses, she will not offer herself for re-election as a Director at the Annual General Meeting.

Apart from the above Directors who will retire at the Annual General Meeting pursuant to Article 116 of the Articles, Mr. Zhong Bingquan has notified the Company that due to the increased commitment in his own businesses, he will retire as a Director at the Annual General Meeting voluntarily. Dr. Ko Peter, Ping Wah has also notified the Company that in order to concentrate on his professional commitments, he will retire as a Director at the Annual General Meeting voluntarily.

All of Ms. Cheng, Mr. Zhong and Dr. Ko have confirmed that there is no disagreement with the Directors and there is no matter in relation to their retirement that needs to be brought to the attention of the Shareholders.

The particulars of the two Directors, who are proposed to be re-elected at the Annual General Meeting, 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 Lun**, aged 61, is the chairman of the Company and the founder of the Company and its subsidiaries (the “**Group**”). Mr. Leung is a member of the remuneration committee and the chairman of the nomination committee of the Company. He is the elder brother of Mr. Leung Chung Ming, the Group’s managing director. Mr. Leung is responsible for the overall corporate policy and development strategy as well as overseeing the Group’s overall management. He has 46 years of experience in the toys manufacturing industry. Mr. Leung is a director of the Chinese Overseas Friendship Association, a standing member of the committee of the Chinese People’s Political Consultative Conference of Jiang Xi Province and a standing member of the committee of the Chinese People’s Political Consultative Conference of Dongguan City. He is also an honourable president of Dongguan Toys Association of China, the president of Hong Kong Kowloon City Industry and Commerce Association and the vice president of Hong Kong Economic & Trade Association. He was named an honourable citizen of Dongguan City and Zhaoqing City by the local authority in 1996 and 2009 respectively for his contribution to the cities.

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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 directors 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 and allowance at the rate of HK\$2,292,000 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; and
- (ii) reimbursement of expenses which shall be subject to an annual review and in case of an increment, at a rate of no more than 15% of his then annual reimbursement as determined by a majority number of the members of the Board; and
- (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 Chung Ming 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 condition.

As at 27 July 2010 (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 a corporate interest in 1,499,082,240 ordinary shares in the Company 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 and 30% by

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Mr. Leung Chung Ming. Accordingly, Mr. Leung is taken to be interested in those ordinary shares in the Company 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 13 subsidiaries of the Company, namely Lung Cheong (BVI) Holdings Limited, Kid Galaxy Global Limited, Lung Cheong Overseas Corporation, Kid Galaxy Corporation, Lung Cheong Asia Holdings Limited, Future Empire Limited, P.T. Lung Cheong Brothers Industrial, Kid Galaxy Inc., Lung Cheong Resources Management Limited, Kid Galaxy Limited, Lung Cheong Toys Limited, L C Technology Limited and Standard Tooling and Products Co., Limited.

Save as disclosed above, Mr. Leung has no other directorship in any other Hong Kong or overseas public listed companies nor any major qualifications or appointments in the past three years, and except for his brother Mr. Leung Chung Ming, the managing director and his son, Mr. Leung Yuk Hung, Paul, the associate director, is not connected with any Directors, senior management, management Shareholders, or substantial or controlling shareholders of the Company.

There is no other information which is disclosable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules that needs to be brought to the attention of the Shareholders.

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

Independent Non-executive Director

- (2) **Mr. WONG Lam**, O.B.E., J.P., aged 91, is a former member of Hong Kong Legislative Council and former standing committee member of the Chinese People’s Political Consultative Conference of Dongguan City. Mr. Wong was appointed as an independent non-executive Director in November 1999. He is a member of the audit committee and nomination committee and the chairman of the remuneration committee of the Company. He was an independent non-executive director of YangtzeKiang Garment Limited and YGM Trading Limited, both companies’ shares are listed on the Stock Exchange but he has resigned from the above directorships since 6 May 2010.

Save as disclosed above, Mr. Wong has no other directorship in any other Hong Kong or overseas 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, or substantial or

LETTER FROM THE BOARD

controlling shareholders of the Company. Save as aforesaid, Mr. Wong 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. Wong. Mr. Wong is not appointed for a specific term but is subject to the general requirement of retirement by rotation of directors at each annual general meeting of the Company under the Articles. The director's fee for Mr. Wong 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 an independent non-executive director of listed companies in Hong Kong.

There is no other information which is disclosable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules that needs to be brought to the attention of the Shareholders.

There are no other matters concerning Mr. Wong 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 591,551,599 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 the ordinary resolution at the Annual General Meeting granting the said issue mandate, 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 591,551,599 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 defined hereinafter) (the “**Extension Mandate**”). Such authority will only continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company; (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) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a 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 295,775,799 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 earlier of (i) the conclusion of the next annual general meeting of the Company; (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) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

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

5. AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Under the existing Articles, the Company may at any time and from time to time by special resolution alter or amend its memorandum and articles of association in whole or in part. In order to bring the Memorandum and the Articles in line with the recent changes to the Listing Rules relating to, among other things, the use of website for communication with shareholders, notice days of general meetings and voting at general meetings, the Directors propose certain amendments to the Articles to give effect of the following:

- A. to allow the Company to use the Company’s website and other electronic means to send or make available notices or documents to the Shareholders, subject to the compliance with the Listing Rules and applicable laws by the Company;
- B. notice to the Shareholders shall be sent in the case of an annual general meeting and an extraordinary general meeting called for passing of a special resolution at least 21 days before the meeting and at least 14 days in the case of all other general meetings, or such longer period as may be required under the applicable laws and regulations, including without limitation to the Listing Rules;

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- C. all resolutions at general meetings of the Company shall be decided by poll; and
- D. to exclude the application of section 8 of the Electronic Transactions Law of the Cayman Islands so that the Company can take advantage of the delivery by electronic means as allowed under the Listing Rules to the fullest extent.

Details of the proposed amendments are set out in resolution no. 7 of the notice of the Annual General Meeting (which is set out on pages 16 to 25 of this circular).

6. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 13 to 26 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 amendments to the Memorandum and the Articles.

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 as soon as possible and in any event 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 in person 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) to 13.39(5) of the Listing Rules, any voting of shareholders of listed issuers at a general meeting must be taken by way of poll and the listed issuers must announce the poll results in the prescribed manner. Accordingly, the chairman of the Annual General Meeting will demand a poll on each and every resolution put to the vote at the Annual General Meeting.

After the conclusion of the Annual General Meeting, 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.

LETTER FROM THE BOARD

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement herein or this circular misleading.

9. RECOMMENDATION

The Directors consider that the re-election of Directors, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the amendments to the Memorandum and the Articles mentioned above are all in the best interests of the Company and its Shareholders as a whole and, accordingly, recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

10. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix hereto. The English text of this circular shall prevail over the Chinese text.

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 resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,957,757,997 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 295,775,799 ordinary shares of the Company.

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 that connection, including capital paid up on the ordinary shares of the Company 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 2010) 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 power to make purchases pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company 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 HK\$	Lowest HK\$
2009		
August	0.1950	0.1680
September	0.2350	0.1700
October	0.4500	0.1920
November	0.4200	0.3350
December	0.4050	0.3400
2010		
January	0.4400	0.3500
February	0.4250	0.3600
March	0.4900	0.3800
April	0.5200	0.3850
May	0.3850	0.2300
June	0.3500	0.2700
July (up to the Latest Practicable Date)	0.5500	0.3150

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 of the Company to the Company under the Repurchase Mandate if such is approved by the Shareholders at the Annual General Meeting.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell shares of the Company 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 a 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 50.68% of the issued ordinary shares of the Company were owned by Lung Cheong Investment Limited, which is the only substantial Shareholder 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 56.31% 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 Tuesday, 31 August 2010 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 2010;
2. Each as a separate resolution, to re-elect each retiring Director who is proposed to be re-elected 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;
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 defined hereinafter) 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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 on 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 earlier 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

NOTICE OF ANNUAL GENERAL MEETING

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).”

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 defined hereinafter) 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 earlier 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 amendments, the following resolution as a special resolution:

- (i) “**THAT** the memorandum of association of the Company be amended in the following manner:

- (a) By deleting the phrase “The Companies Law (1998 Revision)” and substituting therefor with the phrase “The Companies Law (2010 Revision)” for all references to the Companies Law in the memorandum of association;
- (b) By deleting the phrase “Section 7(4) of the Companies Law (1998 Revision)” in the existing paragraph 4 and substituting therefor with the phrase “Section 7(4) of the Companies Law (2010 Revision)”;
- (c) By deleting the following words from the beginning of the existing paragraph 6:

“The share capital of the Company is HK\$100,000,000.00 divided into 1,000,000,000 shares of a nominal or par value of HK\$0.10 each”

and substituting therefor with the following words:

“The share capital of the Company is HK\$1,000,000,000.00 divided into 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.10 each”;

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- (d) By deleting the phrase “Section 193 of the Companies Law (1998 Revision)” in the exiting paragraph 7 and substituting therefor with the phrase “Section 174 of the Companies Law (2010 Revision)”.
- (ii) “**THAT** the articles of association of the Company be amended in the following manner:
 - (a) By deleting the phrase “The Companies Law (1998 Revision)” and substituting therefor with the phrase “The Companies Law (2010 Revision) for all references to the Companies Law in the articles of association;
 - (b) By inserting the following new definitions in Article 2 in alphabetical order:

Corporate Communication “Corporate Communication” shall mean any document issued or to be issued by the Company for information or action of holders of any of its securities, including but not limited to: (a) the directors’ report, its annual accounts together with a copy of the auditor’s report, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form, within the meaning ascribed thereto under the Listing Rules;

Company’s website “Company’s website” shall mean the website of the Company, the address or domain name of which the corporate information (including Corporate Communication) of the Company is hoisted;

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electronic	“electronic” shall have the meaning ascribed thereto in the Electronic Transactions Law;
electronic means	“electronic means” includes sending or otherwise making available to the intended recipients of the communication in electronic format;
Electronic Signature	“Electronic Signature” shall mean an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;
Electronic Transactions Law	“Electronic Transactions Law” shall mean the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
Published on the Exchange’s website	“published on the Exchange’s website” shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules;
Section 8 of the Electronic Transactions Law	Section 8 of the Electronic Transactions Law shall not apply to the Company;

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- (c) By deleting the following words from the beginning of the existing Article 3:

“The authorised share capital of the Company at the date of adoption of this Article is HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.10 each”

and substituting therefor with the following words:

“The authorised share capital of the Company at the date of adoption of this Article is HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each”;

- (d) By deleting the words “, and that any holder of shares of the class present in person or by proxy may demand a poll” from the end of the existing Article 6(a);
- (e) By deleting the existing Article 15(c) in its entirety and substituting therefor with the following new Article 15(c):

“The register may, on the Company giving at least 14 days’ notice published on the Exchange’s website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of this Article with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed.”;

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- (f) By deleting the existing Article 28 in its entirety and substituting therefor with the following new Article 28:

“Notice of call may be served by electronic means or published in newspaper

28. In addition to the giving of notice in accordance with Article 26, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members affected by notice published on the Exchange’s website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers.”;

- (g) By deleting the existing Article 44 in its entirety and substituting therefor with the following new Article 44:

“The registration of transfers may, on the Company giving at least 14 days’ notice by advertisement published on the Exchange’s website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register may, subject to the requirements in Article 15(c), be closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).”;

- (h) By deleting the following words from the beginning of the existing Article 73(a):

“An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days’ notice in writing and any other extraordinary general

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meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given,"

and substituting therefor with the following words:

"An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing (or such longer period as may from time to time be required under the applicable laws and regulations, including without limitation to the Listing Rules) and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing (or such longer period as may from time to time be required under the applicable laws and regulations, including without limitation to the Listing Rules). Subject to the requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given,";

- (i) By deleting the words " , on a poll," immediately after the words "to appoint a proxy to attend and" in the existing Article 73(c);
- (j) By deleting the existing Article 80 in its entirety and substituting therefor with the following new Article 80:

**"Voting at general
meetings**

80. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The result of a poll shall be deemed to be the resolution of a meeting and the Company shall announce the results of the poll in the manner prescribed under the Listing Rules.";

- (k) By deleting the existing Articles 81(a) and 81(b) in their entirety and substituting therefor the following new Article 81:

"Poll

81. A poll shall (subject as provided in Article 82) be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman directs.";

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- (l) By deleting the existing Article 82 in its entirety and substituting therefor with the following new Article 82:

“Any poll on the election of a Chairman of a meeting or question of adjournment shall be decided at the meeting and without adjournment.”;

- (m) By deleting the existing Article 83 in its entirety and substituting therefor with the following new Article 83:

“In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.”;

- (n) By deleting the existing Article 85 in its entirety and substituting therefor with the following new Article 85:

“Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in such member’s name in the register. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognized clearing house (or its nominee(s)), each proxy is under no obligation to cast all his votes in the same way.”;

- (o) By deleting the words “, whether on a show of hands or on a poll,” immediately after the words “managing his affairs may vote” in the existing Article 88;

- (p) By deleting the words “or demand for a poll” immediately after the words “, reject his vote” in the existing Article 90A;

- (q) By deleting the words “to demand or join in demanding a poll and” immediately after the words “confer authority” in the existing Article 94;

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- (r) By deleting the existing Article 124 in its entirety and substituting therefor with the following new Article 124:

“A Director may, and on request of a Director the Secretary shall, at any time summon a meeting of the Board which may be held in any part of the world provided that no such meeting shall be summoned to be held outside Hong Kong without the prior approval of the Board. Notice thereof shall be given to each Director either in writing or by telephone or by facsimile, telex or telegram or by electronic means at the address or telephone, facsimile or telex number, or electronic mail number or address, from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine.”;

- (s) By deleting the existing Article 167(a) in its entirety and substituting therefor with the following new Article 167(a):

“Except as otherwise provided in these Articles, any notice or document (including a share certificate) may be served by the Company or by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means, including but not limited to electronic mail number or address or website supplied by the member to the Company or by making it available for examination by the member using electronic means, including the posting of such notice or document on the Company’s website or web pages, provided that if any such notice or document is to be sent or made available to any member by using electronic means, the Company or the Board must first have received from the relevant member (a) an express positive confirmation in writing or (b) the member’s deemed consent in the manner prescribed under the Listing Rules that the member wants to receive or to have made available to him such notice or document by the electronic means that the Company or the Board have suggested or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given alone to that joint holder first named in the register and notice so given shall be sufficient notice to all the joint holders.”;

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- (t) By deleting the existing Article 168(a) in its entirety and substituting therefor with the following new Article 168(a):

“A member shall be entitled to have notice served on him at any address within Hong Kong. The Company shall give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice. Any member who has not given an express positive confirmation in writing to the Company or is not deemed to have given an express confirmation in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article 168 shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.”;

- (u) By inserting the following words “by advertisement published on the Exchange’s website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or” immediately after the words “if the Board sees fit,” in the existing Article 168(b);

- (v) By adding the following sentence at the end of the existing Article 169:

“Any notice or document sent or made available by using electronic means as provided herein shall be deemed to have been served or delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.”;

- (w) By inserting the words “or sent by electronic means” immediately after the words “or sent by post” in the existing Article 172;

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- (x) By deleting the existing Article 173 in its entirety and substituting therefor with the following new Article 173:

“The signature to any notice to be given by the Company may be written or printed by means of facsimile or, where relevant, by Electronic Signature.”.

- (iii) “**THAT** the amended and restated memorandum and articles of association of the Company consolidating all of the proposed amendments referred to in paragraphs (i) and (ii) above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings in the form produced to the meeting, a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification, be and are hereby approved and adopted as the amended and restated memorandum and articles of association of the Company in substitution for and to the exclusion of all the existing memorandum and articles of association of the Company with immediate effect.”

By Order of the Board

Lung Cheong International Holdings Limited

Wong, Andy Tze On

Executive Director

Hong Kong, 30 July 2010

Notes:

1. The register of members of the Company will be closed from 26 August 2010 to 31 August 2010 (both dates inclusive), during which period no transfer of shares of the Company will be effected.
2. In order to qualify for the attendance and voting at the general meeting, all transfers accompanied by the relevant shares certificates for registration 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 25 August 2010.
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.

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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, Dr. 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.