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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)

**UPDATE ON VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF ENTIRE INTEREST OF LUNG CHEONG (BVI)
HOLDINGS LIMITED AND THE LOANS**

Reference is made to the (i) announcements of the Company dated 28 January 2011, 22 February 2011, 11 March 2011, 24 March 2011 and 9 May 2011 (the “Announcements”) in relation to the Disposal, delay in despatch of the circular in relation to the Disposal, further delay in despatch of the circular, the supplemental agreement to the Disposal and completion of the Disposal respectively; and (ii) circular of the Company dated 25 March 2011 (the “Circular”) in relation to the Disposal. Unless otherwise stated, capitalised terms used herein shall have the same meaning as defined in the Announcements and the Circular.

As stated in the Circular, “The Directors estimate that there would be no gain and loss arising from the Disposal as at 30 November 2010, which is determined by (i) the Consideration of HK\$11 million as at 30 November 2010; (ii) the adjusted net liabilities of the Disposal Group of approximately HK\$9 million based on the difference between the Loans as at 30 November 2010 of approximately HK\$262 million to be assigned to the Purchaser and the sum of the net liabilities of the Disposal Group as at 30 November 2010 of approximately HK\$271 million; and (iii) the difference of approximately HK\$20 million between the Loans as at 30 November 2010 of approximately HK\$262 million and HK\$282 million would be payable by the Group to the Disposal Group.”

When finalising the Completion Accounts as at 12 April 2011 (i.e. the “Completion Date”), the Company noted that the net liabilities of the Disposal Group as at the Completion Date increased when compared to the net liabilities of the Disposal Group as at 30 November 2010 due to continuing losses of the Disposal Group for the period from 1 December 2010 to 12 April 2011. According to the Agreements, the Adjusted NAV was approximately net liabilities of HK\$25 million and the Consideration was zero accordingly. Therefore, the Group recorded a gain on the Disposal of HK\$25 million.

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

Hong Kong, 29 November 2011

As at the date of this announcement, the executive directors of the Company are Mr. Leung Lun and Mr. Wong, Andy Tze On, and the independent non-executive directors of the Company are Mr. Ye Tian Liu, Mr. Wong Lam, O.B.E., J.P. and Mr. Lai Yun Hung.