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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)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This statement is made at the request of The Stock Exchange of Hong Kong Limited.

The board of directors (the "Board") of Lung Cheong International Holdings Limited ("the Company") has noted the recent increase in price and trading volume of the shares of the Company and wishes to state that, save as disclosed below, the Board is not aware of any reasons for such increase in price and trading volume of the shares.

The Board wishes to inform that the Company is in the course of negotiations for a series of transactions involving possible issue of new shares and convertible notes to a subscriber and placing of new shares and convertible notes to a number of independent third party(ies) (collectively, the "**Proposed Transactions**"). The Proposed Transactions are conditional upon, among other things, the granting of the whitewash waiver by the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to the Hong Kong Code on Takeovers and Mergers (the "**Whitewash Waiver**") and such condition is not waivable insofar as the subscription of new shares and convertible notes is concerned. Net proceeds from the Proposed Transactions are intended for the purposes of financing general working capital and/or any suitable investment projects. As at the date of this announcement, no formal agreement in relation to the above mentioned Proposed Transactions has been entered into yet. As regards, the Proposed Transactions may or may not proceed. Shareholders and investors are therefore advised to exercise caution when dealing in the securities of the Company.

* *For identification purposes only*

Save as disclosed above, the Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

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

Hong Kong, 31 January 2012

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.