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

PLACING OF NEW SHARES WITH WARRANTS ATTACHED UNDER THE SPECIFIC MANDATE

Placing Agent



睿智金融國際有限公司
VISION FINANCE INTERNATIONAL COMPANY LIMITED

A notice convening the EGM to be held at the Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Thursday, 31 May 2012 at 9:30 a.m. is set out on pages 15 to 16 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying 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, 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 the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

16 May 2012

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions bear the following meanings:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business
“Company”	Lung Cheong International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of the Placing Shares, the Warrants and the Subscription Shares under the Specific Mandate
“Exercise Period”	a period of four years commencing from the date of the issue of the Warrants
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company

DEFINITIONS

“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Warrants upon Completion
“Issue Price”	HK\$0.01 per unit of Warrant to be issued pursuant to the Placing Agreement
“Last Trading Date”	23 April 2012, being the last day on which the Shares were traded on the Stock Exchange prior to the date of the Placing Agreement
“Latest Practicable Date”	14 May 2012, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OBM”	Original Brand Manufacturing
“Placee(s)”	any person or entity whom the Placing Agent has procured to subscribe for the Placing Shares (with Warrants attached)
“Placing”	the placing of the Placing Shares (with Warrants attached) to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Vision Finance International Company Limited, a company licensed to conduct Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 24 April 2012 entered into between the Company and the Placing Agent in relation to the Placing

DEFINITIONS

“Placing Price”	the price of HK\$0.15 per Placing Share
“Placing Shares”	up to a maximum of 500,000,000 new Shares to be allotted and issued pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issue share capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Specific Mandate”	the specific mandate for the issue of the Placing Shares and the Subscription Shares to be granted to the Directors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per Subscription Share at which holders of the Warrants may subscribe for the Subscription Shares
“Subscription Shares”	new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants
“Warrants”	up to an aggregate of 500,000,000 unlisted transferable warrants to be issued by the Company, on the basis of one Warrant for each Placing Share issued, at the Issue Price per Warrant, in registered form, each with subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) at any time during the Exercise Period, subject to the terms and conditions set out in the Instrument
“%”	per cent.

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. Wong, Andy Tze On
Mr. Wong Lam, *O.B.E., JP**
Mr. Ye Tian Liu*
Mr. Lai Yun Hung*

* *Independent Non-executive Director*

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 SAR

16 May 2012

To Shareholders of the Company,

Dear Sir or Madam,

PLACING OF NEW SHARES WITH WARRANTS ATTACHED UNDER THE SPECIFIC MANDATE

INTRODUCTION

On 24 April 2012, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its sole and exclusive placing agent, on a best-effort basis, to procure not fewer than six Placees (who are Independent Third Parties) to subscribe for up to 500,000,000 Placing Shares at the Placing Price. In addition, the Company will issue unlisted Warrants, on the basis of one Warrant for each Placing Share issued, at the Issue Price of HK\$0.01 per Warrant. Holders of the Warrants may exercise the subscription rights attached to the Warrants, in whole or in part, at any time during the Exercise Period to subscribe for the Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share (subject to adjustment). Each Warrant carries the right to subscribe for one Subscription Share.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is provide you further details of (i) the Placing Agreement and the transactions contemplated thereunder; (ii) the issue and allotment of the Placing Shares and the Subscription Shares under the Specific Mandate; and (iii) a notice convening the EGM at which resolution will be proposed to consider, and if thought fit, approve, among other things, (a) the Placing Agreement and the transactions contemplated thereunder; and (b) the issue and allotment of the Placing Shares, the Warrants and the Subscription Shares under the Specific Mandate.

PLACING OF 500,000,000 NEW SHARES WITH WARRANTS ATTACHED

The Placing Agreement

Date: 24 April 2012

Parties: (i) Issuer: the Company

(ii) Placing Agent: Vision Finance International Company Limited

Placing Shares: A maximum of 500,000,000 new Shares to be allotted and issued by the Company, equivalent to approximately 16.91% of the existing issued share capital of the Company and representing approximately 14.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, but not the Subscription Shares. The Placing Agent has conditionally agreed to place a maximum of 500,000,000 Placing Shares on a best effort basis.

Placing Price: The price of HK\$0.15 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and was with reference to net asset value of the Company as at 30 September 2011. The price of HK\$0.15 per Placing Share represents:

- (i) a discount of approximately 29.25% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on 23 April 2012, being the Last Trading Date;

LETTER FROM THE BOARD

- (ii) a discount of approximately 29.04% to the average closing price of approximately HK\$0.2114 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Placing Agreement;
- (iii) a premium of approximately 28.41 times over the unaudited net asset value per Share of approximately HK\$0.0051 as at 30 September 2011; and
- (iv) a discount of approximately 39.52% to the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net price of each Placing Share will be approximately HK\$0.144.

Placees: The Placing Shares are expected to be placed by the Placing Agent to not fewer than six institutional and/or professional investors who should be Independent Third Parties.

Given that the Placing Price represents a significant premium to the unaudited net asset value per Share as at 30 September 2011, the Directors are of the view that the Placing Price is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will in aggregate receive an underwriting commission of 2.5% of the amount raised from the Placing, representing an amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent and the relevant aggregate issue price of the Warrants attached.

As at the Latest Practicable Date, the Company has not identified any investors who have expressed their interests to take up the Placing Shares.

LETTER FROM THE BOARD

Details of the Warrants:

Warrants: 500,000,000 unlisted transferable warrants to be issued, on the basis of one Warrant for each Placing Share issued, at the Issue Price of HK\$0.01 per Warrant. Holders of the Warrants may exercise the subscription rights attached to the Warrants, in whole or in part, at any time during the Exercise Period to subscribe for the Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share (subject to adjustment). Each Warrant carries the right to subscribe for one Subscription Share.

The Warrants will be issued to the holders of the Warrants upon Completion in registered form and constituted by the Instrument. The Warrants will rank *pari passu* in all respects among themselves.

Subscription Shares: Assuming the full exercise of the subscription rights attached to the Warrants, the 500,000,000 Subscription Shares to be issued will be equivalent to approximately 16.91% of the existing issued share capital of the Company and equivalent to approximately 14.46% of the issued share capital of the Company after the allotment and issue of the Placing Shares, and representing approximately 12.63% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Subscription Shares, assuming there are no further changes in the issued share capital of the Company prior to such exercise.

Subscription Price: The aggregate of the Issue Price per Warrant and the Subscription Price per Subscription Share (being an aggregate of HK\$0.16) represents:

- (i) a discount of approximately 24.53% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on 23 April 2012, being the Last Trading Date;
- (ii) a discount of approximately 24.31% to the average closing price of approximately HK\$0.2114 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Placing Agreement;

LETTER FROM THE BOARD

- (iii) a premium of approximately 30.37 times over the unaudited net asset value per Share of approximately HK\$0.0051 as at 30 September 2011; and
- (iv) a discount of approximately 35.48% to the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

The net price of each share to be issued upon the exercise of the Warrants, taking into account of the issue price of HK\$0.01 per Warrant after deducting the expenses and based on the full exercise of the Warrants, will be approximately HK\$0.16.

The Subscription Price is subject to adjustments for share consolidation or subdivision of the Company.

Both the Subscription Price and the aggregate of it with the Issue Price of the Warrant, determined after arm's length negotiations between the Company and the Placing Agent and with reference to the net asset value of the Company as at 30 September 2011, are in the interests of the Company and the Shareholders as a whole.

In addition, given that the Subscription Price represents a significant premium of approximately 28.41 times over the unaudited net asset value per Share as at 30 September 2011, the Directors are of the view that the Subscription Price is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

Exercise Period: Four years commencing from the date of issue of the Warrants.

Transferability: The Warrants are transferable in integral multiples of 5,000,000 Warrants to any person other than a connected person (as defined in the Listing Rules). In the event of a transfer to a connected person (as defined in the Listing Rules), prior approval from the Company and the Stock Exchange should be obtained.

LETTER FROM THE BOARD

Rights for the holders of the Warrants: The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the holders of the Warrants on the liquidation of the Company: If the Company is wound up during the subscription period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants.

Other details:

Conditions Precedent: The Placing is conditional upon the fulfillment of the following conditions by not later than 31 May 2012 (or such later date as may be agreed between the Placing Agent and the Company):

- (a) (if required) the Listing Committee approving the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object and the satisfaction of such conditions;
- (b) the Listing Committee granting approval for the listing of and permission to deal in all of the Placing Shares and the Subscription Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object and the satisfaction of such conditions; and
- (c) the Shareholders approving the Placing Agreement and the allotment and issue of the Placing Shares and the Subscription Shares under the Specific Mandate at the EGM.

LETTER FROM THE BOARD

Termination:	The Placing is subject to termination, at any time prior to the date of Completion, by reason of (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement any change in national or international, financial, political or economic conditions or taxation or exchange controls which would be likely to prejudice materially the consummation of the Placing; (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; (iii) any material breach of any of the representations, warranties or undertakings contained in the Placing Agreement or any event rendering such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or (iv) any material adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.
Completion:	Completion of the Placing is expected to take place on the fifth Business Day following the satisfaction of the conditions of the Placing, or such other date as may be agreed by the Company and the Placing Agent.
Mandate to issue the Placing Shares and the Subscription Shares:	The Placing Shares and the Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.
Ranking of the Placing Shares and the Subscription Shares:	The Placing Shares and the Subscription Shares (as the case may be), when issued and fully paid up, will rank pari passu in all respects with the Shares in issue at the time of allotment and issue of the Placing Shares and the Subscription Shares (as the case may be).
Application for listing:	Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares and the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attached to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 2,957,757,997 Shares in issue. The shareholding structure of the Company before and after the Placing, and the full exercise of the subscription rights attached to the Warrants (assuming no other change to the issued share capital of the Company) are as follows:

	As at the Latest Practicable Date		Immediate after the Placing		Assuming completion of the Placing and fully exercise of the subscription rights attaching to the Warrants	
	Number of Shares held	Approximate shareholding percentage	Number of Shares held	Approximate shareholding percentage	Number of Shares held	Approximate shareholding percentage
Lung Cheong Investment Limited	1,499,082,240 <i>(Note 1)</i>	50.68%	1,499,082,240 <i>(Note 1)</i>	43.35%	1,499,082,240 <i>(Note 1)</i>	37.88%
Public Shareholders						
Other public Shareholders	1,458,675,757	49.32%	1,458,675,757	42.19%	1,458,675,757	36.86%
Placees	–	–	500,000,000 <i>(Note 2)</i>	14.46%	500,000,000 <i>(Note 2)</i>	12.63%
Holder(s) of Warrant(s)	–	–	–	–	500,000,000	12.63%
Total	<u>2,957,757,997</u>	<u>100.00%</u>	<u>3,457,757,997</u>	<u>100.00%</u>	<u>3,957,757,997</u>	<u>100.00%</u>

Notes:

1. Lung Cheong Investment Limited is the existing controlling shareholder of the Company and a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Rare Diamond Limited, a company incorporated in the British Virgin Islands which in turn is owned as to 70% by Mr. Leung Lun, an executive Director of the Company and 30% by Mr. Leung Chung Ming, who is the brother of Mr. Leung Lun.
2. Assuming all of the 500,000,000 new Shares are successfully placed under the Placing.

No Placee is expected to become a substantial shareholder (as defined in the Listing Rules) as a consequence of the Placing.

LETTER FROM THE BOARD

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing, marketing and trading of toys.

It is expected the maximum gross proceeds and maximum net proceeds of approximately HK155 million and approximately HK\$152 million will be raised upon completion of the Placing and fully exercised of the Warrants.

The Directors consider that the Placing would be a good opportunity to raise capital for the Company in that it will not have a significant immediate dilution effect on the shareholding of the existing Shareholders. In light of the recent uncertainties in the world markets, the Directors consider that it is prudent for the Group to conduct the Placing to raise sufficient fund for general working capital and expansion of business as and when such opportunities arise and to improve the Group's financial position. The Placing would also provide the Group an excellent opportunity to raise further substantial funds in the event the holder(s) of the Warrants exercises his subscription rights attached to the Warrants at any time during the Exercise Period.

In view of the above, the Directors consider that the issue of the unlisted Warrants is an appropriate method of raising additional capital for the Company in the circumstances and that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Placing (excluding any exercise of the subscription rights attached to the Warrants) will amount to approximately HK\$77 million and the net proceeds from the full exercise of the subscription rights attached to the Warrants, will amount to approximately HK\$75 million. The Company intends to apply the aggregate net proceeds from the Placing, together with the proceeds from the issue of the Subscription Shares upon full exercise of the subscription rights attached to the Warrants, for the following purposes:

- (a) approximately HK\$23 million will be used for the construction of new production facilities on existing vacant industrial land, upgrading and improvement of existing facilities of the Group (it would be further increased to a maximum of HK\$53 million if and when the subscription rights attached to the Warrants are exercised in full). As at the Latest Practicable Date, the Company plans to construct a new factory and doubled current production facilities in Indonesia, which is expected to commence in the last quarter of 2012. In addition, the Directors consider to construct another new factory on the remaining vacant land in Indonesia upon the subscription rights attached to the Warrants are exercised in full. The annual production capacity of these new Indonesian factories and expanded production facilities are expected to be approximately four times to the existing annual production capacity of the existing factory in Indonesia;

LETTER FROM THE BOARD

- (b) approximately HK\$15 million will be used to promote and market the Group's newly developed products, invest into research and develop more innovative electronic and high-tech consumer products (it would be further increased to a maximum of HK\$35 million if and when the subscription rights attached to the Warrants are exercised in full). As disclosed in the 2011/12 interim report of the Company (the "Interim Report"), the Group's strategy is to focus on design, development and marketing of its own brands of products and position the Group as an OBM operator. During the first six months ended 30 September 2011, the Group has launched several new product lines. With utilisation of new production facilities to be constructed in Indonesia and additional fund for new products development, the Directors are of the view that OBM business can be enhanced significantly in the future;
- (c) approximately HK\$15 million will be used for settling the bank borrowings of the Group; and
- (d) approximately HK\$24 million will be used for working capital for the existing business of the Company (it would be further increased to a maximum of HK\$49 million if and when the subscription rights attached to the Warrants are exercised in full). After taking into account (i) the above construction plan in Indonesia to be implemented in the last quarter of 2012; and (ii) the Group's normal credit terms offered to its customers up to 90 days, the Directors are of the view that the Group needs additional fund to purchase materials, parts and components to support future growth. Therefore, the Directors consider that it is necessary to raise the working capital requirement for the Group in order to maintain stable cash flow in the future.

According to the Interim Report, as at 30 September 2011, the cash and cash equivalent of the Group was approximately HK\$10.7 million and the borrowings of the Group which were payable on demand or within one year (the "**Borrowings**") were approximately HK\$15.2 million. Given that the Borrowings are to be payable on demand or within one year, the Company currently has no excessive cash for business expansion, which have been set out above. In addition, in light of the uncertainties of the capital market in the future, the Directors are of the view that it is an appropriate opportunity for the Group to raise sufficient fund from the current capital market for the purposes of future business expansion.

LETTER FROM THE BOARD

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the Latest Practicable Date.

EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of the Placing Shares and Subscription Shares under the Specific Mandate. To the best knowledge of the Directors, none of the Shareholders have a material interest in the transactions contemplated under the Placing Agreement. Accordingly, no Shareholder will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

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 Company. 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 matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Placing and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution proposed at the EGM.

Yours faithfully

On behalf of the Board of

Lung Cheong International Holdings Limited

Leung Lun

Chairman

NOTICE OF EXTRAORDINARY 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 extraordinary general meeting (the “EGM”) 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 Thursday, 31 May 2012 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolutions:

ORDINARY RESOLUTION

“THAT

- (a) the conditional placing agreement (the “Placing Agreement”) dated 24 April 2012 entered into between Lung Cheong International Holdings Limited (the “Company”) as issuer and Vision Finance International Company Limited as placing agent in relation to the placing of up to 500,000,000 new shares (the “Placing Shares”) of HK\$0.10 each in the capital of the Company for cash at a price of HK\$0.15 per Placing Share and up to 500,000,000 warrants (the “Warrants”) (on the basis of one Warrant for every one Placing Share subscribed) constituted by a Deed Poll (the “Deed Poll”) at an issue price of HK\$0.01 per unit of Warrant on a best efforts basis, a copy of the Placing Agreement and the draft Deed Poll having been produced to the EGM and marked “A” and “B” respectively and signed by the Chairman of the EGM for the purpose of identification, and the transactions contemplated under the Placing Agreement and the Deed Poll, be and are hereby ratified, confirmed and approved;
- (b) the allotment and issue of the Placing Shares, the issue of the Warrants and the allotment and issue of shares of HK\$0.10 each in the capital of the Company (the “Subscription Shares”) upon exercise of the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Placing Agreement and the Deed Poll be and is hereby approved and further that the directors (the “Directors”) of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Placing Shares, to issue the Warrants and to allot and issue the Subscription Shares upon exercise of the subscription rights attaching to the Warrants pursuant to the terms of the Placing Agreement and the Deed Poll, such Placing Shares and the Subscription Shares upon exercise of

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

the subscription rights attaching to the Warrants shall rank *pari passu* in all respects among themselves and with the existing ordinary shares of the Company in issue at the date of the allotment of the Placing Shares and the Subscription Shares upon exercise of the subscription rights attaching to the Warrants. The specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

- (c) the Directors, acting together, individually or by committee, be and are hereby authorized to take such actions, do such things and execute such further documents or deeds which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in this resolution.”

By order of the Board
Lung Cheong International Holdings Limited
Leung Lun
Chairman

Hong Kong, 16 May 2012

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

Notes:

1. 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.
2. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notorially 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.
3. As at the date hereof, the executive Directors are Mr. Leung Lun, Mr. Wong, Andy Tze On and the independent non-executive Directors are Mr. Ye Tian Liu, Mr. Wong Lam, O.B.E., J.P. and Mr. Lai Yun Hung.
4. In case of any inconsistency, the English text of this notice shall prevail over the Chinese text.