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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)

DISCLOSEABLE TRANSACTION

THE ACQUISITION

The Board is pleased to announce that on 2 April 2014 (after trading hours), the Purchaser, 青島海爾瑞迪廚具工程有限公司 (Qingdao Haier Ruidi Kitchen Appliance & Engineering Company Ltd*), an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Vendor agreed to sell to the Purchaser the Sale Interest, representing approximately 59.976% of the entire equity interest of the Target Company at a total consideration of RMB8,000,000 (or equivalent to HK\$10,000,000). The Consideration shall be satisfied by way of cash.

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction (of the Company and is subject to the announcement requirement under the Listing Rules.

The Board is pleased to announce that on 2 April 2014 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Vendor agreed to sell to the Purchaser the Sale Interest, representing approximately 59.976% of the entire equity interest of the Target Company at a total consideration of RMB8,000,000 (or equivalent to HK\$10,000,000).

THE AGREEMENT

1. Date of the Agreement

2 April 2014

2. Parties to the Agreement

(A) The Purchaser, an indirect wholly-owned subsidiary of the Company; and

(B) The Vendor

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Vendor is a merchant and an Independent Third Party.

* For identification purposes only

3. Assets to be acquired

Subject to the terms and conditions of the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Interest, comprising approximately 59.976% of the entire equity interest of the Target Company.

4. Consideration

The consideration for the Acquisition is RMB8,000,000 (or equivalent to HK\$10,000,000) and will be satisfied by way of cash in an amount of RMB4,000,000 as at the date of the Agreement; and an amount of RMB4,000,000 upon completion of the registration of the transfer of the Sale Interest by the relevant regulatory body in the PRC.

The consideration for the Acquisition was arrived at after arm's length negotiation between the Vendor and the Purchaser and was determined with reference to, including but not limited to, (i) the reasons for the Acquisition as mentioned in the section headed "Reasons for and benefits of the Acquisition" below; (ii) the registered capital of the Target Company of RMB16,000,000; (iii) the latest unaudited net assets value of the Target Company as at 31 December 2013 was approximately RMB16,060,000. The Directors consider that the Consideration for the Acquisition is fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

5. Completion

Completion of the Acquisition will take place upon completion of the registration of the transfer of the Sale Interest by the relevant regulatory body in the PRC. Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION ON THE VENDOR AND THE TARGET COMPANY

Information on the Vendor

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Vendor is a merchant and an Independent Third Party.

Information on the Target Company

The Target Company is a company established in the PRC and is owned as to approximately 59.976% by the Vendor and as to approximately 40.024% by two individuals who are Independent Third Parties. The Target Company is principally engaged in research and development, production, sale and installation of commercial kitchen related equipment and accessories in the PRC. As at the date of this announcement, the Target Company has no subsidiary.

Financial Information on the Target Company

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 December 2012 and 2013 respectively:

| For the year ended 31 December | Target Company | |
|--------------------------------|--------------------------------------|--------------------------------------|
| | 2013 | 2012 |
| | <i>Approximately equivalent HK\$</i> | <i>Approximately equivalent HK\$</i> |
| Profit before taxation | 144,886 | 2,243,930 |
| Profit after taxation | 144,886 | 2,236,808 |

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Company are investment holding and the principal activities of its subsidiaries are manufacture, marketing and trading of toys, consumer electronics and interactive products.

Upon completion of the acquisition of Notton Limited as disclosed in the announcement of the Company dated 19 August 2013, 青島瑞迪燃氣具製造有限公司 (Qingdao Ruidi Gas Appliances Manufacturing Ltd.*), a company is principally engaged in research, development, manufacturing and sale of commercial and domestic gas cooking appliances in the PRC and became an indirect wholly subsidiary of the Company. The Group also set up a further new indirect wholly-owned subsidiary, namely 青島海爾瑞迪廚具工程有限公司 (Qingdao Haier Ruidi Kitchen Appliance & Engineering Company Ltd*), which is principally engaged in research and development, production, sale and installation of commercial kitchen related equipment and accessories in the PRC.

The Directors consider that the Acquisition represents an opportunity for the Group to further develop the commercial kitchen design, planning and project management business in the PRC. The broader product line of the Target Company together with its effective experience and connection with various commercial kitchen customers will accelerate the development in this segment and enhance the Group's competitive advantages. It will also expand our geographic presence from North to South in the PRC. The Board considers that Target Company will contribute to the consolidated cash flow and income of the Group following the Completion.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Acquisition is in line with the business plan of the Group and in the interests of the Group and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

GENERAL

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and are subject to the announcement requirement under the Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
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| “Acquisition” | the proposed acquisition of the Sale Interest by the Company from the Vendor pursuant to the Agreement |
| “Agreement” | the agreement dated 2 April 2014 entered into between the Purchaser and the Vendor in relation to the Acquisition |
| “Board” | board of Directors |
| “Company” | Lung Cheong International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “Completion” | completion of the Agreement |
| “Completion Date” | the date falling upon completion of the registration of the transfer of the Sale Interest by the relevant regulatory body in the PRC of the Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the total consideration of RMB8,000,000 (or equivalent to HK\$10,000,000) payable by the Purchaser under the Agreement |
| “Director(s)” | the director(s) of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | (a) party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company |
| “PRC” | The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Purchaser” | 青島海爾瑞迪廚具工程有限公司 (Qingdao Haier Ruidi Kitchen Appliance & Engineering Company Ltd*), a company established in the PRC and is an indirect wholly owned subsidiary of the Company |

| | |
|------------------|---|
| “Sale Interest” | 59.976% equity interest in the capital of the Target Company as at the date of the Agreement and at Completion |
| “Share(s)” | ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company |
| “Shareholder(s)” | Shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | 四川易方廚房設備有限公司 (Sichuan Yi Fang Kitchen Equipment Co., Ltd. *), a company established under the laws of the PRC and is owned as to approximately 59.976% by the Vendor and as to 40.024% by two Independent Third Parties |
| “Vendor” | 冷建元, an Independent Third Party |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

For illustration only, amounts in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.25.

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

Hong Kong, 2 April 2014

As at the date of this announcement, the executive Directors are Mr. Leung Lun, M.H. (Chairman and Chief Executive), Mr. Wong, Andy Tze On and Ms. Fang Fang; and the independent non-executive Directors are Mr. Ye Tian Liu, Mr. Lai Yun Hung and Dr. Ko Peter, Ping Wah.