

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE COMPANY WITH QINGDAO GOODAYMART LEJIA TRADING CO., LTD.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 21 April 2014, Qingdao Oasis, an indirect wholly-owned subsidiary of the Company, and Goodaymart, an indirect wholly-owned subsidiary of Haier Electronics, entered into the JV Agreement in relation to the establishment of the JV Company, which will be principally engaged in research and development, production, wholesaling and retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant after-sale services in the PRC. The JV Company will be focused on “health and environment” and aims to become a prominent full-house water purification service provider. Upon the establishment of the JV Company, Goodaymart and Qingdao Oasis will own 51% and 49% of the shareholding interest in the JV Company respectively.

The transactions contemplated under the JV Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is published by the Company on a voluntary basis.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 21 April 2014, Qingdao Oasis, an indirect wholly-owned subsidiary of the Company, and Goodaymart, an indirect wholly-owned subsidiary of Haier Electronics, entered into the JV Agreement in relation to the establishment of the JV Company, which will be principally engaged in research and development, production, wholesaling and retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant after-sale services in the PRC. The JV Company will be focused on “health and environment” and aims to become a prominent full-house water purification service provider. Upon the establishment of the JV Company, Goodaymart and Qingdao Oasis will own 51% and 49% of the shareholding interest in the JV Company respectively. Major terms of the JV Agreement are set out below.

* For identification purposes only

THE JV AGREEMENT

Date:

21 April 2014

Parties:

- (1) Qingdao Oasis, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
- (2) Goodaymart, a company incorporated in the PRC with limited liability and is principally engaged in the business of sale of home electric appliances.

As at the date of this announcement, Goodaymart is an indirect wholly-owned subsidiary of Haier Electronics (Hong Kong stock code: 1169).

As at the date of this announcement, Haier Electrical Appliances, a substantial shareholder of the Company, is wholly owned by Haier Investment. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, as at the date of this announcement, Haier Electronics is owned as to approximately 13.13% by Haier Investment; as to approximately 46.49% by Qingdao Haier Co., Ltd. and its wholly owned subsidiary, namely, Haier Shareholdings (Hong Kong) Limited. Qingdao Haier Co., Ltd. is in turn owned as to approximately 19.89% by Haier Corp; and as to approximately 23.34% by Haier Electrical Appliances Co Ltd, a company which is owned as to approximately 51.2% by Haier Corp and as to approximately 48.8% by Haier Investment.

On the basis of the aforesaid shareholding interest available to the Company, and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, Haier Electronics is not considered as an associate of Haier Electrical Appliances, and save as disclosed herein, Goodaymart and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Establishment of the JV Company

Qingdao Oasis and Goodaymart have agreed to establish the JV Company which shall be incorporated in the PRC as a limited company and the share capital of which will be owned as to 51% by Goodaymart and as to 49% by Qingdao Oasis.

It is proposed that upon the incorporation of the JV Company, the JV Company will be principally engaged in research and development, production, wholesaling and retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant after-sale services in the PRC. The JV company will be focused on “health and environment” and aims to become a prominent full-house water purification service provider.

Term of the JV Company

The JV Company will have a term of 10 years, commencing from the date of issuance of its business license. With the consent of all of its shareholders, the JV Company can apply for extension of its term six months prior to the end of its initial term.

Capital contribution

The share capital of the JV Company shall be RMB15,000,000, which shall be contributed as to 51% (equivalent to RMB7,650,000) by Goodaymart and as to 49% (equivalent to RMB7,350,000) by Qingdao Oasis. All capital contribution shall be contributed in cash. The capital contribution was determined after arm's length negotiation of the JV Parties with reference to the initial capital requirement of the JV Company.

The capital investment to be contributed by Qingdao Oasis is expected to be funded by the internal resources of the Group.

Board composition

The board of directors of the JV Company shall consist of five (5) directors, three (3) of which shall be nominated by Goodaymart and two (2) of which shall be nominated by Qingdao Oasis. The chairman and vice-chairman of the board of directors of the JV Company shall be nominated by Goodaymart and Qingdao Oasis respectively.

Transfer of interests

Any transfer of interests in the JV Company to any third party who is not a shareholder of the JV Company shall require the approval of the other shareholder(s) of the JV Company. Any transfer of interest in the JV Company shall be subject to the right of first refusal.

Business development

During the term of the JV Company, the JV Company shall be the only entity through which Qingdao Oasis and Goodaymart invest in the business of water electronic appliances and related services in the PRC.

INFORMATION ABOUT THE JV PARTIES

Qingdao Oasis, an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of consumer electronic products.

Goodaymart is a wholly-owned subsidiary of Haier Electronics and is principally engaged in the business of sale of home electric appliances.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

Healthy and quality water always has a huge market demand. The establishment of this JV Company will enable the JV Parties to consolidate the resources, in order to jointly establish a strong full-house water purification service provider. Upon establishment of the JV Company, the Group will be involved in the business related to water purification equipment and provision of relevant services. The Directors believe that the development of such business by the JV Company will have attractive prospects and growth potential and represents an important part of the Group's overall development strategy.

The Directors (including the independent non-executive Directors) are of the view that the formation of the JV Company is in the usual and ordinary course of business of the Group, and that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The transactions contemplated under the JV Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is published by the Company on a voluntary basis.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the 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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Goodaymart”	Qingdao Goodaymart Lejia Trading Co., Ltd. 青島日日順樂家貿易有限公司, a company established in the PRC and an indirect wholly-owned subsidiary of Haier Electronics
“Group”	the Company and its subsidiaries
“Haier Corp”	海爾集團公司 (Haier Group Corporation), a company established in the PRC
“Haier Electronics”	Haier Electronics Group Co., Ltd., a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange (stock code: 1169)
“Haier Electrical Appliances”	Haier Electrical Appliances Second Holdings (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Haier Investment and a substantial shareholder of the Company
“Haier Investment”	青島海爾投資發展有限公司 (Qingdao Haier Investment and Development Co., Ltd.*), a company established in the PRC, and the holding company of Haier Electrical Appliances
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“JV Agreement”	the joint venture agreement dated 21 April 2014 entered into between the JV Parties in relation to the establishment of the JV Company
“JV Company”	a joint venture company to be established in the PRC as agreed by the JV Parties in accordance with the terms and conditions of the JV Agreement
“JV Parties”	collectively, Qingdao Oasis and Goodaymart and a “JV Party” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Qingdao Oasis”	Qingdao Oasis Child Care Company Ltd (青島綠洲兒童用品有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“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
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 22 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.