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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)**

### FURTHER UPDATE ON THE USE OF PROCEEDS FROM THE PLACINGS

References are made to the circular of the Company dated 26 February 2013 (the “**2013 Placing Circular**”) in respect of the placing of 2,000,000,000 new shares under the specific mandate (the “**2013 Placing**”), which referred to as (the “**Placing Circular**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Placing Circular.

The Company set out below the update on the use of proceeds from the 2013 Placing (the “**Placing**”).

Placing	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
The 2013 Placing	Approximately HK\$389 million	<p>(a) Approximately HK\$5 million will be used for the feasibility study of using the Company’s current manufacturing and operation facilities or to expand and upgrade the current facilities in Indonesia (if necessary); approximately HK\$75 million will be used for carrying out the suggestion made in the feasibility study</p> <p>(b) (i) approximately HK\$5 million will be used for performing a detail strategic review of the Company’s operation; (ii) approximately HK\$5 million will be used for the research and development of new lines of products and/or the related brand building or acquisitions, sales, marketing and promotion; (iii) approximately HK\$60 million will be used for the possible acquisition of new product lines;</p>	<p>Approximately HK\$500,000 has been used for the feasibility Study</p> <p>Approximately HK\$1,000,000 has been used for performing a detail strategic review of the Company’s operation.</p> <p>Approximately HK\$42.9 million has been used to set up a company, which is principally engaged in consumer electronic products; and approximately HK\$12.7 million has been used to acquire 51% share interest in a company, which is principally engaged in the research and development, marketing &amp; distribution of baby appliances in the People’s Republic of China.</p>

\* For identification purposes only

Placing	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
			<p>Approximately HK\$9.2 million has been used to set up a joint venture company, which is principally engaged in research and development, production, wholesaling, retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant after-sales services in the PRC. The Directors believe that the business segment of baby appliances and water purifiers can complement the Group's existing business while further expand the Group's income base and add value to the shareholders of the Company.</p>
		<p>(c) approximately HK\$150 million will be used for possible acquisitions</p>	<p>Approximately HK\$8 million has been paid as part of the consideration for the acquisition of Notton Limited to enter the commercial kitchen industry. Approximately HK\$11.3 million was used to expand the registered capital of Qingdao Ruidi, the operating subsidiary of Notton in the PRC. Approximately HK\$12.5 million has been used to set up a new subsidiary under Qingdao Ruidi for commercial kitchen design, planning and project management. Approximately HK\$10 million has been used to acquire 59.976% share interest of Sichuan Yi Fang Kitchen Equipment Co., Ltd. which is principally engaged in research and development, production, sale and installation of commercial kitchen related equipment and accessories in the PRC.</p>
		<p>(d) approximately HK\$88 million will be used for the working capital of the Group, of which approximately HK\$50 million will be used to support the increase in stock to cope with the organic growth of the business of the Company and the balance of approximately HK\$38 million will be used for carrying out the plan as described in (a), (b) or possible acquisition in (c) above.</p>	<p>Approximately HK\$16 million has been used for the working capital of the Group.</p>

As disclosed in the announcement of the Company dated 31 May 2013, the Company placed approximately HK\$350 million in its private banking account with a Swiss based banking institute and approximately HK\$344 million has been applied in investing in high yield bonds issued by listed issuers in the open bond market. The Company's investment in the bond market is merely a temporary cash management exercised during the interim period and the Management has been liquidating the bond portfolio in the market recently. As at the date of this Announcement, of the HK\$350 million we originally placed in the bank, approximately HK\$250 million was held in the form of bonds. The coupon income generated from the bonds together with the balance of HK\$100 million in cash had been wired out of the Swiss based banking institute for operation. The Company will stick with its intended use of proceeds as disclosed in the 2013 Placing Circular.

The Company will continue to provide further updates on the use of the proceeds from Placings as and when appropriate.

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

Hong Kong, 27 June 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.*