
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

Resolutions will be proposed at the annual general meeting of the Company to be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 3 September 2014 at 11:00 a.m. (the “Annual General Meeting”) to approve the matters referred to in this circular.

The notice convening the Annual General Meeting together with the form of proxy for use at the Annual General Meeting are enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the 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, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish.

31 July 2014

* For identification purposes only

CONTENTS

	<i>Page</i>
Letter from the Board	
1. Introduction	1
2. Proposed re-election of Retiring Directors	2
3. Proposed granting of general mandate to issue shares	4
4. Proposed granting of general mandate to repurchase shares	5
5. Annual General Meeting	5
6. Voting at the Annual General Meeting	6
7. Responsibility statement	6
8. Recommendation	6
9. General information	6
 Appendix – Explanatory Statement on the Share Repurchase Mandate	 7
 Notice of Annual General Meeting	 11

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)

Executive Directors:

Mr. Leung Lun, *M.H. (Chairman and Chief Executive)*
Mr. Wong, Andy Tze On
Ms. Fang Fang

Independent Non-executive Directors:

Mr. Ye Tian Liu
Mr. Lai Yun Hung
Dr. Ko Peter, Ping Wah

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

31 July 2014

To the shareholders of the Company (the “Shareholders”)

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following matters to be proposed at the Annual General Meeting: (i) the re-election of the retiring directors of the Company (the “**Retiring Directors**”); and (ii) the granting to the Directors of the general mandates to issue and repurchase shares of the Company (the “**Proposals**”). Your approval for the Proposals will be sought at the Annual General Meeting of the Company to be held at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 3 September 2014 at 11:00 a.m.

* For identification purposes only

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

As at 25 July 2014 (being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular (the “**Latest Practicable Date**”), the executive Directors are Mr. Leung Lun, *M.H.*, 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.

In accordance with Article 116 of the Company’s articles of association (the “**Articles**”), the directors retiring by rotation at the Annual General Meeting are Mr. Ye Tian Liu and Mr. Lai Yun Hung. Both Mr. Ye Tian Liu and Mr. Lai Yun Hung, being eligible, will offer themselves for re-election as directors at the Annual General Meeting.

Pursuant to the Code Provision A.4.3 of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Ye Tian Liu and Mr. Lai Yun Hung have been serving as independent non-executive Directors of the Company for more than nine years. The Company has received from them annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules. The Board is not aware of any circumstance that might influence the independence of Mr. Ye and Mr. Lai. Notwithstanding the length of their tenures, the Company considers Mr. Ye and Mr. Lai are still independent in accordance with the independence guidelines as set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The particulars of the two Retiring Directors, which are required to be disclosed by the Listing Rules, are set out below:

Independent Non-executive Directors

- (1) **Mr. Ye Tian Liu** (“**Mr. Ye**”), aged 68, was appointed as an independent non-executive director in November 1999. Mr. Ye holds a master’s degree in business administration. Mr. Ye is also the chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee of the Company. He was formally an executive director of a locally listed company for several years. He has extensive experiences in China trade and property investment.

LETTER FROM THE BOARD

Save as disclosed above, Mr. Ye has no other directorship in any other Hong Kong or overseas public listed companies nor any major qualifications or appointments in the past three years and is not connected with any Directors, senior management, management Shareholders, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Ye had no interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

Mr. Ye is appointed for a specific term of three years and is subject to the general requirement of retirement by rotation and re-election of director at annual general meeting of the Company under the Articles. The director’s fee for Mr. Ye has been fixed by the Board at HK\$60,000 per annum upon mutual agreement reached with reference to the range of prevailing range of director’s fee for independent non-executive directors of listed companies in Hong Kong and are subject to review by the Remuneration Committee from time to time.

There is no other information which is disclosable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules that needs to be brought to the attention of the Shareholders.

There are no other matters concerning Mr. Ye that need to be brought to the attention of the Shareholders.

- (2) **Mr. Lai Yun Hung** (“**Mr. Lai**”), aged 62, is a partner of Lai & Wong, Certified Public Accountants as well as the managing director of Lai & C.K. Wong CPA Limited. Mr. Lai chairs the Audit Committee and is also members of the Remuneration Committee and Nomination Committee of the Company. He has over 31 years of working experience in audit and tax assignments in audit firms, with exposure in listed and unlisted companies engaging in various types of industries including banks, financial institutions, manufacturing and trading companies, travel agencies and solicitors firms. Mr. Lai is an associate member of the Institute of Chartered Accountants in England and Wales (ACA), a fellow member of the Association of Chartered Certified Accountants (FCCA) in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA (Practising)) in Hong Kong. Mr. Lai was appointed as an independent non-executive director in September 2004. He was also an independent non-executive director of Chi Cheung Investment Company Limited (now known as “LT Holdings Limited”) (stock code: 112), until 27 March 2013, whose shares are listed on the Stock Exchange.

LETTER FROM THE BOARD

Save as disclosed above, Mr. Lai has no other directorship in any other Hong Kong or overseas public listed companies nor any major qualifications or appointments in the past three years and is not connected with any Directors, senior management, management Shareholders, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Lai had no interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no written service contract entered into between the Company and Mr. Lai. Mr. Lai is not appointed for a specific term but is subject to the general requirement of retirement by rotation and re-election of director at annual general meeting of the Company under the Articles. The director's fee for Mr. Lai has been fixed by the Board at HK\$60,000 per annum upon mutual agreement reached with reference to the range of prevailing range of director's fee for independent non-executive director of listed companies in Hong Kong and are subject to review by the Remuneration Committee from time to time.

There is no information which is disclosable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules that needs to be brought to the attention of the Shareholders.

There are not other matters concerning Mr. Lai that need to be brought to the attention of the Shareholders.

3. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

Approval is being sought from the Shareholders to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with new ordinary shares in the capital of the Company of up to 1,111,551,599 ordinary shares, being 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of the ordinary resolution at the Annual General Meeting granting the said issue mandate, on the basis that no further shares are issued or repurchased prior to the Annual General Meeting. In the event that it becomes desirable for the Company to issue any new ordinary shares, on that basis the Directors are given flexibility and discretion to allot, issue or otherwise deal with new ordinary shares of up to 1,111,551,599 ordinary shares, being 20% of the issued ordinary share capital of the Company as at the date of passing of the ordinary resolution (the "**Issue Mandate**") and, if separately approved by the Shareholders, by adding to such mandate the aggregate nominal amount of ordinary shares repurchased by the Company pursuant to the Repurchase Mandate (as defined hereinafter) (the "**Extension Mandate**"). Such authority will only continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the end of the period within which the Company is required by the laws of the Cayman Islands or the Articles to hold its next annual general meeting; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

LETTER FROM THE BOARD

4. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase ordinary shares representing up to 555,775,799 ordinary shares, being 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of the passing of the ordinary resolution (the “**Repurchase Mandate**”), on the basis that no further shares are issued or repurchased prior to the Annual General Meeting. Such authority will only continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the end of the period within which the Company is required by the laws of the Cayman Islands or the Articles to hold its next annual general meeting; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

An explanatory statement containing the particulars as required by the Listing Rules to provide the requisite information for your consideration of the Repurchase Mandate is set out in the Appendix hereto.

5. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 11 to 16 of this circular. At the Annual General Meeting, resolutions, where applicable, will be proposed to approve, inter alia, the re-election of Retiring Directors, the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.e-lci.com. Whether or not you are able to attend the meeting, you are requested to complete the 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, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

6. VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules (except for procedural and administrative matters), any vote of shareholders of listed issuers at a general meeting must be taken by poll and the listed issuers must announce the poll results in the prescribed manner. Accordingly, the chairman of the Annual General Meeting will demand a poll on each and every resolution put to the vote at the Annual General Meeting.

After the conclusion of the Annual General Meeting, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.e-lci.com.

7. 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 facts the omission of which would make any statement herein or this circular misleading.

8. RECOMMENDATION

The Directors consider that the proposed re-election of Retiring Directors and the proposed granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate mentioned above are all in the best interests of the Company and its Shareholders as a whole and, accordingly, recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix hereto. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
Lung Cheong International Holdings Limited
Leung Lun
Chairman and Chief Executive

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,557,757,997 ordinary shares of HK\$0.10 each.

Subject to the passing of resolution no. 5 set out in the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that no further ordinary shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 555,775,799 ordinary shares of the Company.

2. REASONS FOR REPURCHASES

Although the Directors have no present intention of repurchasing any existing ordinary shares of the Company, the Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per share and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company's available cash flow or working capital which will be funds legally available for the purpose as well as in accordance with its memorandum and articles of association and the laws of the Cayman Islands. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in that connection, including capital paid up on the ordinary shares of the Company to be repurchased, profits otherwise available for distribution and sums standing to the share premium account of the Company.

4. IMPACT OF REPURCHASE

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2014) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to make purchases pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices per share at which the ordinary shares of the Company had been traded on the Stock Exchange during each of the previous twelve months immediately before, and in the current month up to, the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
July	0.4200	0.3350
August	0.4250	0.3800
September	0.5900	0.3950
October	0.7200	0.5500
November	0.8000	0.6100
December	1.0100	0.6800
2014		
January	1.1700	0.9500
February	1.3300	1.0400
March	1.2500	0.8400
April	1.1000	0.8200
May	0.9000	0.7700
June	0.9500	0.8000
July (up to the Latest Practicable Date)	1.1700	0.8600

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any shares of the Company to the Company under the Repurchase Mandate if such is approved by the Shareholders at the Annual General Meeting.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell shares of the Company to the Company, nor have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

8. HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, 1,179,082,240 ordinary shares representing approximately 21.22% of the issued ordinary shares of the Company were owned by Lung Cheong Investment Limited and 1,510,000,000 ordinary shares representing approximately 27.17% of the issued ordinary shares of the Company were owned by Haier Electrical Appliances Second Holdings (BVI) Limited, which are the substantial Shareholders holding more than 10% of the issued ordinary shares of the Company. Lung Cheong Investment Limited is wholly owned by Rare Diamond Limited, which in turn is beneficially owned as to 70% by Mr. Leung Lun, *M.H.* and 30% by Mr. Leung Chung Ming. Mr. Leung Lun, *M.H.* is a Director and Mr. Leung Chung Ming is Mr. Leung Lun, *M.H.*'s brother. Haier Electrical Appliances Second Holdings (BVI) Limited is wholly owned by Qingdao Haier Investment and Development Co., Ltd., which in turn is beneficially owned as to 63.42% by Qingdao Haier Collective Asset Management

Association. In the event that the Directors exercise in full the power to repurchase shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Lung Cheong Investment Limited and Haier Electrical Appliances Second Holdings (BVI) Limited in the Company would be increased to approximately 23.57% and 30.19% of the issued ordinary shares of the Company respectively, and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Despite of the aforesaid, the Directors have no present intention to exercise the Repurchase Mandate to the extent that would result in Haier Electrical Appliances Second Holdings (BVI) Limited being required to make a mandatory offer under the Takeovers Code.

Save as disclosed above, Mr. Leung Lun, *M.H.* and Mr. Leung Chung Ming had no other interest in the shares of the Company.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

The Directors wish to state that they have no intention to exercise the power to repurchase shares pursuant to the Repurchase Mandate to the extent that would render the aggregate amount of the issued ordinary share capital of the Company in public hands to less than 25%.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its ordinary shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

NOTICE OF ANNUAL 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 annual general meeting 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 Wednesday, 3 September 2014 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and the auditors of the Company for the year ended 31 March 2014;
2.
 - (a) To re-elect Mr. Ye Tian Liu as independent non-executive Director;
 - (b) To re-elect Mr. Lai Yun Hung as independent non-executive Director; and
 - (c) To authorize the board of Directors to fix the remuneration of the respective Directors.
3. To re-appoint the auditors of the Company and to authorize the Directors to fix their remuneration;

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (1) subject to paragraph (3) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue or otherwise deal with additional ordinary shares in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for ordinary shares in the capital of the Company, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (2) the approval in paragraph (1) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (3) the aggregate nominal amount of ordinary share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (1) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of ordinary shares in lieu of the whole or part of a dividend on ordinary shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of ordinary shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into ordinary shares, shall not exceed 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(4) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Company’s articles of association to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“**Rights Issue**” means an offer of ordinary shares, or offer or issue of warrants, options or other securities giving rights to subscribe for ordinary shares open for a period fixed by the Directors to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT**

- (1) subject to paragraph (2) below, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all powers of the Company to purchase ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the ordinary shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (2) the aggregate nominal amount of ordinary shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (1) above shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (3) for the purpose of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Company’s articles of association to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the passing of resolutions no. 4 and no. 5 set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue or otherwise deal with additional ordinary shares pursuant to resolution no. 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of ordinary shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 set out in the notice convening this meeting, provided that such amount of ordinary shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of passing the said resolution.”

By Order of the Board

Lung Cheong International Holdings Limited

Leung Lun

Chairman and Chief Executive

Hong Kong, 31 July 2014

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Resolutions at the meeting will be taken by poll pursuant to the Company's articles of association and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. The register of members of the Company will be closed from 1 September 2014 to 3 September 2014 (both dates inclusive), during which period no transfer of shares of the Company will be effected.
3. In order to qualify for the attendance and voting at the general meeting, all transfers accompanied by the relevant shares certificates for registration must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 29 August 2014.
4. 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.
5. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Concerning resolutions nos. 4 and 6 above, approval is being sought from members as a general mandate in compliance with the Listing Rules, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to allot, issue or otherwise deal with ordinary shares of the Company up to 20 per cent of the issued ordinary share capital of the Company as at the date of passing of the relevant resolutions.
7. In relation to resolution nos. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company.
8. If a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted at or after 8:00 a.m. on 3 September 2014, the above meeting will not be held on 3 September 2014 but will be held on the first Business Day immediately after that date at 11:00 a.m. at Unit 11, First Floor, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. "Business Day", in this context, shall mean a day (excluding Saturday) on which banks are open for general banking business in Hong Kong. Shareholders may contact Customer Service Hotline of Tricor Abacus Limited at (852) 2980-1333 from 9:00 a.m. to 5:00 p.m., Monday to Friday (excluding public holidays) for any enquiry regarding the aforesaid arrangement.
9. The existing board of Directors comprises three executive Directors, namely, Mr. Leung Lun, *M.H.* and Mr. Wong, Andy Tze On and Ms. Fang Fang, and three independent non-executive Directors, namely, Mr. Ye Tian Liu, Mr. Lai Yun Hung and Dr. Ko Peter, Ping Wah.
10. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.