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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)**

### **VOLUNTARY ANNOUNCEMENT: MEMORANDUM OF UNDERSTANDING IN RELATION TO COOPERATION WITH BABYTREE (BEIJING) CONSULTANCY CO., LTD.**

This announcement is published by the Company on a voluntary basis. This is a voluntary announcement made by the Company for keeping the Shareholders and potential investors informed of the latest business development of the Group.

The Board is pleased to announce that Qingdao Oasis, an indirect wholly-owned subsidiary of the Company, has entered into the Memorandum of Understanding with BabyTree, pursuant to which the Parties agreed to cooperate in the research and development, manufacture, testing, sales and marketing and after-sales service of smart devices for mother and child, primarily the smart digital cloud photo frame, the baby monitor and preschool education projector, etc.

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#### **THE MEMORANDUM OF UNDERSTANDING**

##### **Parties:**

- (1) Qingdao Oasis; and
- (2) BabyTree.

\* For identification purposes only

**Principal terms:**

- (1) The Parties will cooperate in the research and development, manufacture, testing, sales and marketing of smart devices for mother and child, primarily the smart digital cloud photo frame, the baby monitor and preschool education projector etc for a period up to 31 March 2015.
- (2) BabyTree and Qingdao Oasis will deploy manpower and resources to facilitate the cooperation. BabyTree will be responsible for (i) provision of cloud platform and cloud storage services; (ii) development of mobile apps for mother and child; (iii) market research; and (iv) online marketing, etc while Qingdao Oasis or its holding company will be primarily responsible for (i) research and development; (ii) product design; (iii) manufacture; (iv) testing; (v) supply chain management; and (vi) provision of after-sales services etc.
- (3) Products jointly developed by the Parties will bear the logos of Haier and BabyTree.
- (4) The smart digital cloud photo frame jointly developed by the Parties is expected to be launched on or before 30 September 2014.
- (5) Profits derived from the cooperation will be shared between the Parties with reference to the sales volume. In any event, the profit sharing ratio enjoyed by our Group will not be lower than 50%.
- (6) Details of cooperation, including but not limited to sales target, mode of sale and obligations of the Parties will be subject to the Parties entering into definitive agreements after negotiation on the terms of such agreements.
- (7) The Memorandum of Understanding is legally binding and will be effective for one year.

**INFORMATION ABOUT THE PARTIES**

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

BabyTree is the biggest mother and child services platform in the world, which includes a mother and child website, mobile applications, content production, experience platform and smart devices.

**REASONS FOR AND BENEFITS OF THE MEMORANDUM OF UNDERSTANDING**

BabyTree, which was founded in 2007, is currently the biggest mother and child services platform in the world. Its mother and child community website ([www.babbytree.com](http://www.babbytree.com)) has 22 million registered users and 90 million individual visitors per month, covering over 85% of the internet user families in China which has pregnant women and children under 6 year old. The Parties are of the view that these registered users and visitors are potential customers for mother and child smart devices. The Board further believes that the Group will be able to leverage on the expertise of BabyTree in web application development and online marketing. With Haier's strong brand name in appliance and unparalleled distribution network, the Board is very optimistic about the prospect of this cooperation.

The transaction contemplated under the Memorandum of Understanding 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.

## GENERAL

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, BabyTree and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## DEFINITIONS

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

“Board”	the board of Directors
“BabyTree”	BabyTree (Beijing) Consulting Co., Ltd.* 寶寶樹 (北京) 諮詢有限公司, a company established in the PRC
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	The memorandum of understanding entered into between the Parties in relation to the cooperation
“Parties”	Qingdao Oasis and BabyTree
“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
“%”	per cent.

On order of the Board  
**Lung Cheong International Holdings Limited**  
**Leung Lun**  
*Chairman and Chief Executive*

Hong Kong, 5 August 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.*

\* *For reference purpose only, the English names of these companies or entities are only a translation of their respective Chinese names. In the event of any discrepancies between the Chinese names and their respective English translation, the Chinese version shall prevail.*