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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)**

### CONTINUING CONNECTED TRANSACTIONS

Subsequent to the entering into of the Master Purchase Agreement on 23 October 2014, the Company conducted an internal review on 7 November 2014, during which it was discovered that, after the expiry of the previous master purchase agreement on 31 March 2014 and up to 23 October 2014, the purchase amount of the Products from the Supplier Group by the Purchaser Group was approximately HK\$31 million.

Given that as of 23 October 2014, one of the relevant applicable percentage ratios was more than 5% and the aggregate amount of the continuing connected transaction from 1 April 2014 to 23 October 2014 exceeded HK\$10,000,000, the continuing connected transactions as of 23 October 2014 were therefore subject to reporting, announcement, circular, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company failed to comply with the aforesaid requirements under Chapter 14A of the Listing Rules in a timely manner because of its inadvertent oversight.

References are made to the announcements of Lung Cheong International Holdings Limited (the “**Company**”) dated 23 October 2014 and 12 November 2014, respectively, in relation to the continuing connected transactions contemplated under the Master Purchase Agreement and the delay in despatch of the Circular (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

#### **Breach of relevant Listing Rules**

Subsequent to the entering into of the Master Purchase Agreement on 23 October 2014, the Company conducted an internal review on 7 November 2014, during which it was discovered that, after the expiry of the previous master purchase agreement on 31 March 2014 and up to 23 October 2014, the purchase amount of the Products from the Supplier Group by the Purchaser Group was approximately HK\$31 million.

\* For identification purposes only

Given that as of 23 October 2014, one of the relevant applicable percentage ratios was more than 5% and the aggregate amount of the continuing connected transactions from 1 April 2014 to 23 October 2014 exceeded HK\$10,000,000, the continuing connected transactions as of 23 October 2014 were therefore subject to reporting, announcement, circular, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company failed to comply with the aforesaid requirements under Chapter 14A of the Listing Rules in a timely manner.

Such non-compliance was due to inadvertent oversight of the Company. The purchase orders in the aforesaid continuing connected transactions were issued by the Purchaser Group to the Supplier Group in the financial year ended 31 March 2014 but the products had not been fully delivered to the Purchaser Group by the Supplier Group within that financial year due to alterations to the product specifications as well as adjustments to the delivery schedules. The Company inadvertently associated that the aforesaid continuing connected transactions were covered by the previous master purchase agreement which had been approved by the Independent Shareholders.

### **Measures adopted by the Company on future compliance with the Listing Rules**

To avoid re-occurrence of similar incident, the Company has implemented various measures to strengthen its reporting and documentation system and internal control procedures. The Directors and management of the Company will closely monitor and review the continuing connected transactions of the Company from time to time, so that they will be alerted to the level of the continuing connected transactions periodically. In addition, the account and finance department will have more stringent contract review, particularly on the terms and volume of the continuing connected transactions.

The Company will ensure that the Purchaser Group will not further purchase the Products from the Supplier Group before the continuing connected transactions contemplated under the Master Purchase Agreement are approved by the Independent Shareholders at the EGM.

As mentioned in the Announcements, the continuing connected transactions were proposed to be approved and/or ratified by the Independent Shareholders at the EGM, and the Circular relating to, among other things, the continuing connected transactions is expected to be despatched to the Shareholders on or before 4 December 2014 in accordance with the Listing Rules.

On behalf of the Board of  
**Lung Cheong International Holdings Limited**  
**Leung Lun**  
*Executive Director*

Hong Kong, 28 November 2014

*As at the date of this announcement, the executive Directors are Mr. Diao Yunfeng (Chairman and Chief Executive Officer), Mr. Leung Lun, M.H. 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.*