LONKING HOLDINGS LIMITED
中國龍工控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3339)

ADJUSTMENT OF CONVERSION PRICE OF US$287,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2012

In accordance with the terms and conditions of the Convertible Bonds, as a result of the Bonus Issue, the conversion price of the Convertible Bonds will be adjusted from HK$19.9848 to HK$9.79 with effect from 30 May 2009, being the day immediately after the record date in connection with the Bonus Issue (as defined below).

Following the payment of the final dividend of HK$0.05 per Share for the year ended 31 December 2008 as approved by the Shareholders on 29 May 2009 and taking into account the effect of the payment of the interim dividend of HK$0.13 per Share for the six months ended 30 June 2008, the adjusted Conversion Price of HK$9.79 as a result of the Bonus Issue will be further adjusted to HK$9.6883 with effect from the date of payment of the Cash Dividend (as defined below) on 18 June 2009.

The Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds are to be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 28 April 2006. Following the Bonus Issue Adjustment and the Dividend Adjustments (as defined below), the number of Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds would exceed the 2006 General Mandate (as defined below) by 4,114,349 Shares. Accordingly, the Directors have approved the issuance and allotment of the additional Conversion Shares pursuant to the 2009 General Mandate (as defined below) .An application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Conversion Shares (as defined below) and the Additional Conversion Shares (as defined below).

* *For identification purposes only*

INTRODUCTION

Reference is made to the announcement of the Company dated 11 April 2007 in relation to the issue of the US$287,000,000 zero coupon convertible bonds due 2012 (the "**Convertible Bonds**") by the Company (the "**CB Announcement**"), the announcement of the Company dated 14 July 2008 in relation to the adjustment to the conversion price of the Convertible Bonds, the interim results announcement of the Company dated 8 September 2008, the final results announcement of the Company dated 8 April 2009, the announcement of the Company dated 8 April 2009 in relation to the proposed issue of new Shares (the "**Bonus Shares**") on the basis of one Bonus Share for every existing Share (the "**Bonus Issue**"), the announcement of the Company dated 27 April 2009 in relation to the notice of the annual general meeting to be held on 29 May 2009, and the announcement of the Company dated 1 June 2009 in relation to the poll results at the annual general meeting of the Company held on 29 May 2009. Capitalised terms used herein have the same meaning as those defined in the CB Announcement, unless otherwise defined.

As at the date of this announcement, the outstanding principal amount of the Convertible Bonds is US$197,700,000.

ADJUSTMENT OF CONVERSION PRICE DUE TO THE BONUS ISSUE

The Terms and Conditions of the Convertible Bonds provide, among other things, that if the Company issue any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the quotient of (a) the aggregate number of issued Shares on the day immediately preceding the date of such issue and (b) the aggregate number of issued Shares on the day immediately after such issue. Such adjustment will become effective on the record date in connection with the Bonus Shares or if a record date is fixed therefor, immediately after such record date.

Following the Bonus Issue, the prevailing Conversion Price of HK$19.9848 will be adjusted to HK$9.79 with effect from 30 May 2009, being the day immediately after the record date in connection with the Bonus Issue (the "**Bonus Issue Adjustment**"). The number of Conversion Shares to be issued by the Company upon full conversion of the Convertible Bonds at the adjusted Conversion Price of HK$9.79 amounted to 157,867,186 Shares, representing approximately 7.38% of the issued share capital of the Company as at the date of this announcement and approximately 6.87% of the issued share capital of the Company as enlarged by the issue of the Bonus Shares and the issue of such Conversion Shares.

ADJUSTMENT OF CONVERSION PRICE DUE TO CAPITAL DISTRIBUTION

In addition to the Bonus Issue Adjustment, the Terms and Conditions of the Convertible Bonds also provide, among other things, that if the Company pays or makes any Capital Distribution (as defined in the Terms and Conditions) to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the quotient of (a) the Current Market Price (as defined in the Terms and Conditions) of one Share on the last trading day preceding the date on which the Capital Distribution is publicly announced (the "**Relevant Market Price**") less the Fair Market Value (as defined in the Terms and Conditions) on the date of such announcement of the portion of the cash dividend attributable to one Share and (b) the Relevant Market Price. Such adjustment will become effective on the date when such Capital Distribution is made.

Following the payment of the final dividend of HK$0.05 per Share for the year ended 31 December 2008 (the "**Cash Dividend**") as approved by the Shareholders on 29 May 2009 and taking into account the effect of the payment of the interim dividend of HK$0.13 per Share for the six months ended 30 June 2008, the adjusted Conversion Price of HK$9.79 as a result of the Bonus Issue will be further adjusted to HK$9.6883 per Share with effect from the date of payment of the Cash Dividend (the "**Dividend Adjustment**") on 18 June 2009.

Following the Bonus Issue Adjustment and the Dividend Adjustment, the maximum number of Conversion Shares to be issued by the Company upon full conversion of the Convertible Bonds at the adjusted Conversion Price of HK$9.6883 will be 159,524,349, representing approximately 7.45% of the issued share capital of the Company as at the date of this announcement and approximately 6.94% of the issued share capital of the Company as enlarged by the issue of the Bonus Shares and issue of such Conversion Shares.

INCREASE IN THE NUMBER OF CONVERSION SHARES

The Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds will be 159,524,349 Shares, which are to be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 28 April 2006 (the "**2006 General Mandate**"), under which the Company was allowed to issue up to a maximum of 207,410,000 new Shares. As at the date of this announcement, the remaining number of new Shares issuable under the 2006 General Mandate is 155,410,000 new Shares. Following the Bonus Issue Adjustment and the Dividend Adjustment, the number of Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds would exceed the 2006 General Mandate by 4,114,349 Shares (the "**Additional Conversion Shares**").

The Directors are of the view that given that the Additional Conversion Shares only represent approximately 0.19% of the Company's existing issued share capital, it would be in the interests of the Company and the Shareholders as a whole to issue and allot the Additional Conversion Shares pursuant to the general mandate approved by the Shareholders at the annual general meeting of the Company held on 29 May 2009 (the "**2009 General Mandate**"), rather than to utilise additional costs and resources to hold an extraordinary general meeting of the Company to seek a new specific mandate from the Shareholders for the issue and allotment of the Additional Conversion Shares. Accordingly, the Directors have approved the issuance and allotment of the Additional Conversion Shares pursuant to the 2009 General Mandate under which the Company was allowed to issue up to a maximum of 214,005,000 Shares. The Company has not utilised the 2009 General Mandate as at the date of this Announcement. The Additional Conversion Shares represent approximately 0.19% of the issued share capital of the Company as at the date of this announcement and approximately 0.18% of the issued share capital of the Company as enlarged by the issue of the Bonus Shares and the issue of the Conversion Shares issuable by the Company upon the full conversion of the Convertible Bonds.

The adjusted Conversion Price of HK$9.6883 represents (i) a premium of approximately 88.12% to the closing price of HK$5.15 per Share as quoted on the Stock Exchange on 23 July 2009, being the last full trading day immediately preceding the date of this announcement; and (ii) a premium of approximately 92.38% of the average closing price of approximately HK$5.036 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 23 July 2009.

The Additional Conversion Shares will in all respects rank pari passu with the Shares then in issue on the relevant conversion date.

On 24 April 2007, listing approval has been granted by the Stock Exchange in respect of 109,700,000 Conversion Shares to be issued under the 2006 General Mandate. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the remaining 45,710,000 Conversion Shares to be issued under the 2006 General Mandate (the "**New Conversion Shares**") and the Additional Conversion Shares.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the share capital of the Company from the date hereof to the date when the Convertible Bonds are converted in full at the adjusted Conversion Price of HK$9.6883 per Share, the following table shows the changes in the shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the Convertible Bonds at the adjusted Conversion Price of HK$9.6883 per Share:

Conversion

	As at the date of this announcement		**Immediately after the full conversion of the Convertible Bonds at the adjusted Conversion Price of HK$9.6883**	
	No. of Shares	*Approx.* percentage	*No. of Shares*	*Approx.* percentage
China Longgong Group Holdings Limited *(Note 1)*	656,029,380	30.66%	656,029,380	28.53%
Li San Yim and Ngai Ngan Ying *(Note 2)*	522,665,380	24.42%	522,665,380	22.73%
Public Shareholders	961,355,240	44.92%	1,120,879,589	48.74%
Total:	2,140,050,000	100.00%	2,299,574,349	100.00%

Note 1: Mr. Li San Yim, an executive Director of the Company, and his spouse, own 55% and 45%, respectively, of the issued shares in the share capital of China Longgong Group Holdings Limited.

Note 2: Mr. Li San Yim and Ms. Ngai Ngan Ying are husband and wife to each other and are deemed to be interested in each other's interest under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

ISSUE OF SECURITIES AND CAPITAL RAISING ACTIVITIES IN THE PREVIOUS 12-MONTH PERIOD

Save for the Bonus Issue, the Company has not issued any securities in the previous 12-month period. The Company has not carried out any capital raising activities in the 12 months immediately preceding the date of this announcement.

By Order of the Board
Lonking Holdings Limited
Li San Yim
Chairman

Hong Kong, 23 July 2009

As at the date of this announcement, Mr. Li San Yim, Mr. Qiu Debo, Mr. Luo Jianru, Dr. Mou Yan Qun, Mr. Chen Chao, Mr. Lin Zhong Ming are the executive directors of the Company, Ms. Ngai Ngan Ying and Ms. Fang Deqin are the non-executive directors of the Company and Mr. Pan Longqin, Dr. Qian Shizheng and Mr. Han Xuesong are the independent non-executive directors of the Company.

In this announcement, unless otherwise specified, amounts in US$ are converted to HK$ at the conversion rate of US$1.00 = HK$7.8175 for illustration only. No representation is made that any amounts in US$ or HK$ could have been or could be converted at such rate or any other rates.