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LONKING 龍工
LONKING HOLDINGS LIMITED
中國龍工控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3339)

ANNOUNCEMENT

**PROPOSED ISSUE OF US\$135 MILLION ZERO COUPON
CONVERTIBLE BONDS DUE 2014**

Lead Manager

BofA Merrill Lynch

On 6 August 2009, the Company entered into the Bond Subscription Agreement with the Lead Manager, whereby the Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds to be issued by the Company at the Issue Price in an initial aggregate principal amount of US\$135 million.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$7.00, the Convertible Bonds will be convertible into approximately 149,468,143 Shares, representing approximately 7.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.5% of the issued share capital of the Company as enlarged by the conversion of the Convertible Bonds into Shares (assuming the Existing Convertible Bonds are not converted into Shares).

Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Bond Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “Bond Subscription Agreement” below for further information. As the Bond Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The proceeds from the Bond Issue, after deduction of the commissions and the estimated expenses relating to the Bond Issue, is expected to amount to approximately HK\$1,027 million, which will be used for financing the Company’s obligations under the Put Option in relation to the Existing Convertible Bonds as described in this announcement and for the Group’s general working capital requirement.

The Conversion Shares will be issued and allotted by the Company pursuant to the General Mandate. The issue of the Convertible Bonds is not subject to the approval of the Shareholders.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Company intends to apply for the listing of the Convertible Bonds on the Singapore Stock Exchange.

PROPOSED ISSUE OF CONVERTIBLE BONDS

Bond Subscription Agreement

Date: 6 August 2009

Parties: The Company; and
the Lead Manager

Subject to the fulfillment of the conditions set out below under the section headed “Conditions Precedent of the Bond Subscription Agreement”, the Lead Manager has agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Convertible Bonds at the Issue Price.

The Convertible Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the US Securities Act of 1933 (as amended). None of the Convertible Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company.

Bondholders

The Convertible Bonds will be offered and sold to not less than six independent placees, who will be institutional investors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the placees (and their respective ultimate beneficial owners) are and will be independent of and not connected with the Company and its connected persons.

Undertaking

The Company has, among other things, undertaken with the Lead Manager that for a period commencing from the date of the Bond Subscription Agreement to the date which is 90 days after the Closing Date (the "**Restricted Period**"), none of the members of the Group nor any person acting on any of their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a) or (b) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager between 6 August 2009 and the date which is 90 days after the Closing Date; except for the Bonds, the Conversion Shares and the issuance of Shares by the Company pursuant to conversion of the Existing Convertible Bonds.

In addition, the Company has undertaken to procure each of Mr. Li, Mrs. Li and China Longgong to, at the same time as the Bond Subscription Agreement is signed, execute under seal a written undertaking to the Lead Manager that for a period commencing from 6 August 2009 to 90 days after the Closing Date (the "**Restricted Period**"), without the prior written consent of the Lead Manager, he/she/it will not issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares held directly or indirectly by he/she/it as of 6 August 2009 (the "**Lock-up Shares**") or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a) or (b) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

Conditions Precedent of the Bond Subscription Agreement

Completion of the Bond Subscription Agreement is conditional upon:

- (i) the Lead Manager being satisfied with the results of its due diligence investigations with respect to the Company and the Group for the purposes of the preparation of the offering circular (the “**Offering Circular**”) in connection with the Bond Issue, and the Offering Circular having been prepared in form and content satisfactory to the Lead Manager and having been delivered to the Lead Manager in accordance with the Bond Subscription Agreement;
- (ii) the execution and delivery (on or before the Closing Date) of the trust deed constituting the Convertible Bonds and a paying and conversion agency agreement in respect of the Convertible Bonds, each in a form reasonably satisfactory to the Lead Manager, by the respective parties;
- (iii) upon the publication date of the Offering Circular (the “**Publication Date**”) and on the Closing Date, there having been delivered to the Lead Manager letters, in form and substance satisfactory to the Lead Manager, dated the Publication Date in the case of the first letter and dated the Closing Date in the case of the subsequent letter, and addressed to the Lead Manager from Deloitte Touche Tohmatsu, Certified Public Accountants to the Company;
- (iv) at the Closing Date:
 - (a) the representations and warranties of the Company in the Bond Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (b) the Company having performed all of its obligations under the Bond Subscription Agreement to be performed on or before such date; and
 - (c) there having been delivered to the Lead Manager a certificate in the prescribed form, dated as of such date, of a duly authorised officer of the Company to such effect;
- (v) on or prior to the Closing Date there having been delivered to the Lead Manager copies of all consents and approvals (if any) required in relation to the issue of the Bonds and the performance of its obligations under the trust deed, the paying and conversion agency agreement in connection with the Bond Issue and the Bonds (including the consents and approvals required from all lenders);
- (vi) on the date of the Bond Subscription Agreement, there having been delivered to the Lead Manager a certificate of no default in the prescribed form dated as of such date, of a duly authorised officer of the Company;

- (vii) the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Bonds and the Singapore Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Lead Manager, to list the Bonds (or, in each case, the Lead Manager being reasonably satisfied that such listing will be granted); and
- (viii) on or before the Closing Date, there having been delivered to the Lead Manager opinions, in form and substance satisfactory to the Lead Manager and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Lead Manager may reasonably require.

Termination

The Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Bond Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Bond Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Bond Subscription Agreement;
- (ii) if any of the conditions specified in the Bond Subscription Agreement has not been satisfied or waived by the Lead Manager on or prior to the Closing Date;
- (iii) if in the sole opinion of the Lead Manager there shall have been, since the date of the Bond Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over the counter market) or currency exchange rates or foreign exchange controls such as would in its view (after prior consultation with the Company to the extent practicable), be likely to prejudice materially the success of the Bond Issue and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (iv) if, in the opinion of the Lead Manager, there shall have occurred any of the following events:
 - (a) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, NASDAQ and/or any other stock exchange on which the Company's securities are traded;
 - (b) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded;
 - (c) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore or the United

Kingdom; or (d) a material and adverse change or development involving a prospective material and adverse change in taxation affecting the Company, the Bonds and the Shares to be issued upon conversion of the Bonds or the transfer thereof; and

- (v) if, in the opinion of the Lead Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Subject to the foregoing, the Bond Subscription Agreement is expected to be completed on the Closing Date.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds, which will be constituted by a trust deed (the “**Trust Deed**”) to be entered into between the Company and The Bank of New York Mellon (the “**Trustee**”) are summarised as follows:

Company

Lonking Holdings Limited, a company incorporated with limited liability in the Cayman Islands, the Shares of which are listed on the Stock Exchange.

Principal Amount

The initial aggregate principal amount of the Convertible Bonds will be US\$135 million (equivalent to approximately HK\$1,046 million).

Issue Price

100% of the principal amount of the Convertible Bonds.

Interest

The Convertible Bonds do not bear any interest.

Conversion Period

Subject to the relevant Bondholder complying with the procedures related to conversion, the Convertible Bonds are convertible into Shares at any time during the Conversion Period.

Conversion Price

The Convertible Bonds will be convertible into Shares at the initial Conversion Price of HK\$7.00 per Share. The initial Conversion Price of HK\$7.00 per Share represents (i) a premium of 22.16% to the closing price of HK\$5.73 per Share as quoted on the Stock Exchange on 6 August 2009 (being the last full Trading Day prior to the release of this announcement); (ii) a premium of approximately 27.69% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last 5 Trading Days immediately prior to 6 August 2009; (iii) a premium of approximately 28.49% to the average closing price of approximately HK\$5.45 per Share as quoted on the Stock Exchange for the last 10 Trading Days immediately prior to 6 August 2009; and (iv) a premium of approximately 52.32% to the average closing price of approximately HK\$4.60 per Share as quoted on the Stock Exchange for the last 30 Trading Days immediately prior to 6 August 2009.

The initial Conversion Price was determined after arm's length negotiation between the Company and the Lead Manager with reference to the market price of the Shares.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$7.00, the Convertible Bonds will be convertible into approximately 149,468,143 Shares, representing approximately 7.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.5% of the issued share capital of the Company as enlarged by the conversion of the Convertible Bonds into Shares (assuming the Existing Convertible Bonds are not converted into Shares).

The Conversion Price will be subject to adjustment in the event that there is a consolidation, subdivision or reclassification of Shares, a capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves, a payment or making of any capital distribution, a rights issue of Shares or options over Shares, a rights issue of other securities, an issue wholly for cash for any Shares, options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95% of the current market price of the Shares, a modification of rights of conversion, other offers to Shareholders or if the Company determines and the Trustee agrees that an adjustment is fair and reasonable. The Conversion Price may not be reduced so that the Conversion Shares would fall to be issued at a discount to their nominal value.

Ranking of Conversion Shares

Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant date of registration of holders of such Conversion Shares on the register of members of the Company.

Transfer

Other than during the Closed Period and subject to the terms of the paying and conversion agency agreement in respect of the Convertible Bonds, the Convertible Bonds are transferable without restrictions.

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Convertible Bonds by any connected person of the Company.

Maturity

Unless previously redeemed, purchased and cancelled or converted in the circumstances set out in the Terms and Conditions, the Company will redeem each Convertible Bond at 144.504% of its principal amount on or about 24 August 2014 (the “**Maturity Date**”).

Redemption at the Option of the Company

On and at any time after 24 August 2012 but not less than seven business days prior to the Maturity Date nor within the Closed Period, the Company may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Trustee and the principal agent in connection with the Bonds (which notice will be irrevocable), redeem the Convertible Bonds in whole or in part at the Early Redemption Amount, provided that no such redemption may be made unless the closing price of the Shares translated into US dollars at the prevailing exchange rate for each of any 20 Stock Exchange Business Days falling within a period of 30 consecutive Stock Exchange Business Days, the last day of which period occurs no more than 5 Stock Exchange Business Days prior to the date upon which notice of such redemption is given, was at least 130% of the Early Redemption Amount divided by the Conversion Ratio on each such Stock Exchange Business Day. If no price as aforesaid is reported on the Stock Exchange or, as the case may be, the Alternative Stock Exchange, for one or more consecutive Stock Exchange Business Days, such day or days will be disregarded in the relevant calculations and will be deemed not to have existed when ascertaining such 30 Stock Exchange Business Day period.

Redemption at the Option of the Bondholders

The Bondholder will have the right at such holder’s option to require the Company to redeem all or some only of the Convertible Bonds of such holder on or about 24 August 2012 at 124.718% of their principal amount of the Bonds.

Other redemption

In the event of a Change of Control of the Group or delisting of the Company, the Bondholder will have the right to require the Company to redeem all but not some only of the Convertible Bonds at their Early Redemption Amount.

Form of the Convertible Bonds and Denomination

The Convertible Bonds will be in registered form and in denominations of US\$10,000 each or integral multiples thereof.

Ranking of the Convertible Bonds

The Convertible Bonds constitute direct, unsubordinated, unconditional and (subject to the Terms and Conditions) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

Listing

Application will be made for the listing of the Convertible Bonds on the Singapore Stock Exchange.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the issue of the Conversion Shares upon the conversion of the Convertible Bonds are summarised as follows (assuming there is no change of the issued share capital of the Company (other than the issue of Shares upon conversion of the Convertible Bonds and the Existing Convertible Bonds into Shares as set out below):

Shareholders	As at the date of this announcement		After conversion of the Convertible Bonds in full ^(Note 1) (assuming no conversion of the Existing Convertible Bonds)		After conversion of the Convertible Bonds and the Existing Convertible Bonds in full ^(Notes 1 and 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
China Longgong	656,029,380	30.7	656,029,380	28.7	656,029,380	27.2
Mr. Li and Mrs. Li	522,665,380	24.4	522,665,380	22.8	522,665,380	21.7
Sub-total	1,178,694,760	55.1	1,178,694,760	51.5	1,178,694,760	48.9
Existing						
Bondholders ^(Note 3)	–	–	–	–	121,858,205	5.0
Bondholders ^(Note 3)	–	–	149,468,143	6.5	149,468,143	6.2
Other public						
Shareholders	961,355,240	44.9	961,355,240	42.0	961,355,240	39.9
Total	<u>2,140,050,000</u>	<u>100</u>	<u>2,289,518,143</u>	<u>100</u>	<u>2,411,376,348</u>	<u>100</u>

Notes:

- (1) The numbers of Shares are calculated on the basis that the Convertible Bonds with an aggregate principal amount of US\$135 million have all been converted at the initial Conversion Price of HK\$7.0 into Shares.
- (2) The numbers of Shares are calculated on the basis that the Existing Convertible Bonds with an aggregate outstanding principal amount of US\$151.02 million have all been converted at the adjusted conversion price of HK\$9.6883 into Shares.
- (3) Assuming that the Existing Bondholders and the Bondholders (as the case may be) do not and will not hold any Shares, other than those Shares held by the Existing Bondholders and the Bondholders (as the case may be) as a result of the conversion of the Existing Convertible Bonds and the Convertible Bonds (as the case may be).

Save for the Existing Convertible Bonds, the Company does not have any outstanding options or convertible securities as at the date of this announcement.

USE OF PROCEEDS

The proceeds from the Bond Issue, after deduction of the commissions and the estimated expenses relating to the Bond Issue, is expected to amount to approximately HK\$1,027 million, which will be used for financing the Company's obligations under the Put Option in relation to the Existing Convertible Bonds and for the Group's general working capital requirement.

REASONS FOR AND BENEFITS OF THE ISSUE OF CONVERTIBLE BONDS

The Directors consider the issue of the Convertible Bonds will provide an opportunity to raise further capital for the Company whilst enlarging the shareholder base and the capital base of the Company.

In addition, pursuant to the terms and conditions of the Existing Convertible Bonds, the Existing Bondholders have the Put Option to require the Company to redeem all or some of the then outstanding Existing Convertible Bonds at 112.203% of their principal amount on 30 April 2010. In the event that any of the Existing Bondholders exercise the Put Option pursuant to the terms and conditions of the Existing Convertible Bonds, the issue of the Convertible Bonds will enable the Company to obtain the funding required to meet the obligations of the Company under the Put Option in relation to the Existing Convertible Bonds. To the extent that the proceeds are not used for the redemption of the Existing Convertible Bonds under the Put Option, the Company intends to apply the proceeds for the Group's general working capital requirement.

The Directors (including the independent non-executive Directors) are of the view that the Terms and Conditions are fair and reasonable, on normal commercial terms and are in the interest of the Group and the Shareholders as a whole.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be issued under the General Mandate, under which the Directors have been authorised by the Shareholders to allot and issue up to 214,005,000 Shares. As disclosed in the announcement of the Company dated 23 July 2009, the Directors have exercised the General Mandate to allot and issue 4,114,349 additional Shares issuable under the Existing Convertible Bonds as a result of the adjustment of the conversion price of the Existing Convertible Bonds. Save as disclosed above, the Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate prior to the date of this announcement.

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

Save for the bonus issue of 1,070,025,000 Shares as announced on 8 April 2009, 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.

GENERAL

The Group is principally engaged in the manufacture of wheel loaders and other infrastructure machinery in the PRC. The core activities of the Group include the design, manufacture and sale of wheel loaders. It also manufactures axles and transmissions, which are critical components for wheel loaders.

Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Bond Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “Bond Subscription Agreement” above for further information. As the Bond Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

TERMS USED IN THIS ANNOUNCEMENT

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they do not have a primary listing on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Bond Issue”	the issue of the Convertible Bonds

“Bond Subscription Agreement”	a conditional subscription agreement entered into between the Company and the Lead Manager on 6 August 2009 in connection with the issue by the Company of the Convertible Bonds
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time
“Change of Control”	a “Change of Control” occurs when <ul style="list-style-type: none"> (i) any person or persons acting together (other than the Controlling Shareholder (defined below)) acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have control of the Company on 6 August 2009 (the person or persons acting together who does or do have such control as at such date, the “Controlling Shareholder”, which, for the avoidance of doubt, include Mr. Li and Mrs. Li and any of their associates and/or any trusts established for the benefit of their immediate family members and/or companies controlled by them, their immediate family members or related trusts and such companies’ direct or indirect subsidiaries); or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person in compliance with the Terms and Conditions, unless the consolidation, merger, sale or transfer will not result in another person or persons (other than the Controlling Shareholder) acquiring control over the Company or the successor entity
“China Longgong”	China Longgong Group Holdings Limited, a company incorporated in the British Virgin Islands
“Closed Period”	the period during which the Bondholders may not require the transfer of a Convertible Bond to be registered
“Closing Date”	on or about 24 August 2009
“Company”	Lonking Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules

“Conversion Period”	convertible at any time after 40 days from the original issuance of the Bonds, until the tenth day prior to the Maturity Date, or if such Bond shall have been called for redemption before the Maturity Date, then until a date no later than ten days prior to the date fixed for redemption thereof
“Conversion Price”	the price per Share at which the Convertible Bonds may be converted into Shares
“Conversion Ratio”	11,071.7143 Shares per Bond
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds
“Convertible Bonds” or “Bonds”	convertible bonds in an aggregate principal amount of US\$135 million to be issued by the Company under the Bond Subscription Agreement on the Closing Date
“Directors”	directors of the Company
“Early Redemption Amount”	for each US\$10,000 principal amount of the Convertible Bonds, an amount determined to represent for the Bondholder a gross yield of 7.5% calculated on a semi-annual basis
“Euroclear”	Euroclear Bank S.A./N.V.
“Existing Bondholders”	Holders of the Existing Convertible Bonds from time to time
“Existing Convertible Bonds”	the US\$287,000,000 zero coupon convertibles bonds issued by the Company on 30 April 2007, of which US\$151.02 million in principal amount remains outstanding
“General Mandate”	the general mandate that was granted by the Shareholders to the Directors at the annual general meeting of the Company held on 29 May 2009 to allot, issue and deal with 214,005,000 Shares, which is subject to a limit of 20% of the aggregate nominal amount of the Shares in issue as at the date of the passing of the resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Issue Price”	100% of the principal amount of the Convertible Bonds
“Lead Manager”	Merrill Lynch Far East Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li San Yim (李新炎先生), an executive Director
“Mrs. Li”	Ms. Ngai Ngan Ying (倪銀英女士), a spouse of Mr. Li and a non-executive Director
“Put Option”	the right of the holders of the Existing Convertible Bonds to require the Company to redeem all or some of the holders’ Existing Convertible Bonds in accordance with the terms and conditions of the Existing Convertible Bonds
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Singapore Stock Exchange”	the Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Stock Exchange or, if applicable, the Alternative Stock Exchange is open for securities trading
“Terms and Conditions”	the terms and conditions of the Convertible Bonds
“Trading Day”	a day on which the Stock Exchange is open for business
“Trustee”	The Bank of New York Mellon, London Branch
“United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

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

Hong Kong, 6 August 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\$7.7502 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.

* *For identification purpose only*