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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**

**ADJUSTMENT OF CONVERSION PRICE  
OF  
US\$287,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2012  
AND  
US\$135,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2014**

In accordance with the respective terms and conditions of the 2012 Convertible Bonds and the 2014 Convertible Bonds, the 2012 CBs Conversion Price has been adjusted from HK\$9.6883 per Share to HK\$9.54 per Share, and the 2014 CBs Conversion Price has been adjusted from HK\$7.00 per Share to HK\$6.89 per Share, both with effect from 20 November 2009, following the respective adjustments of the 2012 CBs Conversion Price and the 2014 CBs Conversion Price, as a result of the payment of the Interim Dividends by the Company.

**ADJUSTMENT OF THE CONVERSION PRICE OF THE 2012 CONVERTIBLE BONDS**

Reference is made to the announcement of Lonking Holdings Limited (the “**Company**”) dated 11 April 2007 in relation to the issue of the US\$287,000,000 zero coupon convertible bonds due 2012 (the “**2012 Convertible Bonds**”) by the Company, the announcements of the Company dated 14 July 2008 and 23 July 2009 in relation to the adjustments of the conversion price of the 2012 Convertible Bonds (the “**2012 CBs Conversion Price**”), and the preliminary announcement of the interim results of the Company for the six months ended 30 June 2009 dated 24 September 2009 (the “**Interim Results Announcement**”).

The terms and conditions of the 2012 Convertible Bonds (the “**2012 CBs Terms and Conditions**”) provide, among other things, that if the Company pays or makes to the shareholders of the Company (the “**Shareholders**”) any Capital Distribution (as defined in the 2012 CBs Terms and Conditions), the 2012 CBs Conversion Price shall be adjusted by multiplying the 2012 CBs Conversion Price in force

immediately before such Capital Distribution by the quotient of (a) the Current Market Price (as defined in the 2012 CBs Terms and Conditions) of one share of the Company (“**Share**”) on the last trading day preceding the date on which the Capital Distribution is publicly announced (the “**2012 CBs Relevant Market Price**”) less the Fair Market Value (as defined in the 2012 CBs Terms and Conditions) on the date of such announcement of the portion of the cash dividend attributable to one Share divided by (b) the 2012 CBs Relevant Market Price. Such adjustment shall become effective on the date when such Capital Distribution is made.

As announced in the Interim Results Announcement, the board of directors of the Company (the “**Board**”) recommended the payment of an interim dividend of HK\$0.065 per Share for the six months ended 30 June 2009 (the “**Interim Dividends**”). Pursuant to the 2012 CBs Terms and Conditions, the Interim Dividends fall within the definition of Capital Distribution and therefore, the 2012 CBs Conversion Price has been adjusted from HK\$9.6883 per Share to HK\$9.54 per Share with effect from 20 November 2009, the date of payment of the Interim Dividends. Save for the abovementioned adjustment of the 2012 CBs Conversion Price, there is no change to the terms of the 2012 Convertible Bonds.

As at the date of this announcement, the total outstanding principal amount of the 2012 CBs is US\$102,620,000. Following the abovementioned adjustment of the 2012 CBs Conversion Price, the maximum number of conversion shares (the “**2012 Conversion Shares**”) issuable by the Company upon full conversion of the outstanding 2012 Convertible Bonds is 84,091,389 Shares. The 2012 Conversion Shares will be issued and allotted pursuant to the general mandate approved by the Shareholders at the annual general meeting of the Company held on 28 April 2006.

## **ADJUSTMENT OF THE CONVERSION PRICE OF THE 2014 CONVERTIBLE BONDS**

Reference is made to the announcement of the Company dated 6 August 2009 in relation to the issue of the US\$135,000,000 zero coupon convertible bonds due 2014 (the “**2014 Convertible Bonds**”) by the Company, and the Interim Results Announcement.

The terms and conditions of the 2014 Convertible Bonds (the “**2014 CBs Terms and Conditions**”) provide, among other things, that if the Company pays or makes to the Shareholders any Capital Distribution (as defined in the 2014 CBs Terms and Conditions), the 2014 CBs Conversion Price shall be adjusted by multiplying the conversion price of the 2014 Convertible Bonds (the “**2014 CBs Conversion Price**”) in force immediately before such Capital Distribution by the quotient of (a) the Current Market Price (as defined in the 2014 CBs Terms and Conditions) of one Share on the last trading day preceding the date on which the Capital Distribution is publicly announced (the “**2014 CBs Relevant Market Price**”) less the Fair Market Value (as defined in the 2014 CBs Terms and Conditions) on the date of such announcement of the portion of the cash dividend attributable to one Share divided by (b) the 2014 CBs Relevant Market Price. Such adjustment shall become effective on the date when such Capital Distribution is made.

As announced in the Interim Results Announcement, the Board recommended the payment of the Interim Dividends. Pursuant to the 2014 CBs Terms and Conditions, the Interim Dividends fall within the definition of Capital Distribution and therefore, the 2014 CBs Conversion Price has been adjusted from HK\$7.00 per Share to HK\$6.89 per Share with effect from 20 November 2009, the date of payment of the Interim Dividends. Save for the abovementioned adjustment of the 2014 CBs Conversion Price, there is no change to the terms of the 2014 Convertible Bonds.

As at the date of this announcement, the total outstanding principal amount of the 2014 CBs is US\$135,000,000. Following the abovementioned adjustment of the 2014 CBs Conversion Price, the maximum number of conversion shares (the “**2014 Conversion Shares**”) issuable by the Company upon full conversion of the outstanding 2014 Convertible Bonds is 151,854,427 Shares. The 2014 Conversion shares will be issued and allotted pursuant to the general mandate approved by the Shareholders at the annual general meeting of the Company held on 29 May 2009.

Holders of the 2012 Convertible Bonds and/or the 2014 Convertible Bonds who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong, 20 January 2010

*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 Longqing, 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 in respect of the 2012 Convertible Bonds and at the conversion rate of US\$1.00= HK\$7.7502 in respect of the 2014 Convertible Bonds for illustration only. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at such rates or any other rates.*

\* *For identification purposes only*