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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)

DISCLOSEABLE TRANSACTION
RELATING TO THE ENTERING INTO ASSET MANAGEMENT CONTRACT
AND SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

On 28 May 2015, the Lonking Shanghai Machinery Co., Ltd. (as asset entrustor), a controlled subsidiary of the Company entered into the First Contract with Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) (as asset manager) and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) (as asset custodian), pursuant to which the Company agreed to participate in an asset management Scheme (the “Scheme”) operated by Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) and to deposit an investment amount of RMB200,000,000 as the entrusted assets (equivalent to approximately HK\$250,000,000) to the designated account with Bank of Shanghai Co., Ltd. (上海銀行股份有限公司).

On 28 May 2015, Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司), a wholly-owned subsidiary of the Company entered into the Second Contract and the Third Contract respectively with Industrial Securities Co., Ltd. (興業證券股份有限公司) to subscribe for wealth management products.

The investment amount of the First Contract and the Second Contract by itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the investment amount under the First Contract when aggregated with that of the Second Contract and the Third Contract exceed 5% but are lower than 25%. Therefore, the First Contract, the Second Contract and the Third Contract, on an aggregate basis, constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

* For identification purposes only

The aggregate investment amount of the First Contract, the Second Contract and the Third Contract is RMB1,000,000,000 (equivalent to approximately HK\$1,251,000,000) which will be funded by the internal resources of the Company.

BACKGROUND

The Board is pleased to announce that on 28 May 2015, Lonking Shanghai Machinery Co., Ltd. (as asset entrustor), a controlled subsidiary of the Company entered into the First Contract with Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) (as asset manager) and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) (as asset custodian), pursuant to which the Company agreed to participate in an asset management Scheme (the “Scheme”) operated by Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) and to deposit an investment amount of RMB200,000,000 as the entrusted assets (equivalent to approximately HK\$250,000,000) to the designated account with Bank of Shanghai Co., Ltd. (上海銀行股份有限公司).

On 28 May 2015, Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司), a wholly-owned subsidiary of the Company and Industrial Securities Co., Ltd. (興業證券股份有限公司) entered into the Second Contract and the Third Contract respectively with Industrial Securities Co., Ltd. (興業證券股份有限公司) to subscribe for wealth management products.

The aggregate investment amount of the First Contract, the Second Contract and the Third Contract is RMB1,000,000,000 (equivalent to approximately HK\$1,251,000,000) which will be funded by the internal resources of the Company.

The major terms of the First Contract entered into by the Group, Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) are as follows:

Date of the Contract:	28 May 2015
Parties:	(1) Lonking Shanghai Machinery Co., Ltd as the asset entrustor (2) Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) as the asset manager (3) Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) as the asset custodian
Investment amount:	RMB200,000,000 (equivalent to approximately HK\$250,000,000)

Scope and proportion of investment:	<p>Cash, bank deposits, shares (including new shares, and including private placement), bonds (including new bonds, and including convertible bonds), bond repurchase, securities investment funds (including securities investment funds issued by AEGON-INDUSTRIAL Fund Management Co., Ltd. (興業全球基金管理有限公司), the parent company of the asset manager), the other asset management schemes issued by the other mutual fund companies and its subsidiaries (including special asset management schemes, and including asset management schemes issued by the asset manager and AEGON-INDUSTRIAL Fund Management Co., Ltd. (興業全球基金管理有限公司), the parent company of the asset manager), central bank bills, non-financial corporate debt financing instruments, asset-backed securities, various types of asset income rights, and other assets approved by the China Securities Regulatory Commission (the “CSRC”).</p> <p>Under the Scheme, the proportion of investment in equity shares (including new shares) is 0-80% of net scheme assets by market capitalisation, the proportion of investment in bonds (including new bonds) is 0-100% of the total scheme assets by market capitalisation, and the proportion of investment in funds is 0-100% of the net scheme assets by market capitalisation.</p>
Fee:	<p>In addition to other charges and expenses, the Company shall pay asset management fee and asset custodian fee to Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) respectively calculated basing on the investment amount.</p>
Term:	<p>The Contract is valid for one year from the date of this contract. If no written objection is raised by the principal of the assets one month before contract expiry, the Contract will be extended for a period of one year.</p>
Risk-return profile:	<p>The risk-return profile of investing in the Scheme is relatively high risk, relatively high return.</p>
Expected return:	<p>Floatable returns varies with the different investment strategies. The investment strategies are based on a principle of investment, which is to maximize portfolio returns on types of investment such as bottom-up selected equities and bonds based on the stringent control over downside risk.</p>

Withdrawal of Entrusted assets: Within 10 working days from the commencing date of the entrusted assets, withdrawal of Entrusted assets by the principal of the assets is not allowed. Subsequently, if the net value of the Entrusted assets is more than RMB30,000,000 during the term of this contract, partial withdrawal of Entrusted assets by the principal of the assets shall be allowed, provided that the net value of the remaining Entrusted assets after withdrawal shall not be less than RMB30,000,000. In the event that the net value of the Entrusted assets will be less than RMB30,000,000, early withdrawal shall not be allowed and all parties of the contract shall reach agreement to early terminate the contract.

Risk Exposure and Stop Loss: In order to protect the interests of the principal of the assets as far as possible, the Scheme has set a stop loss value.

The stop loss value of the Scheme is RMB0.80, and upon the attributable share of the net assets of the Scheme on day T hitting the stop loss value, the asset manager will realise all the assets of the Scheme by closing out all positions within 15 working days (except assets subject to circulation restrictions), and the Scheme will terminate early and proceed to liquidation.

The major terms of the Second Contract entered into by Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司) are as follows:

Date of the Contract: 28 May 2015

Parties:

- (1) Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司), a wholly-owned subsidiary of the Company,
- (2) Industrial Securities Co., Ltd. (興業證券股份有限公司), a licensed securities company incorporated under the laws of the PRC, as an issuer

Name of wealth management products: Principal-preserved Fixed Income Beneficiary Certificates No. 15 under the Industrial Securities Financing Series of Industrial Securities (興業證券興融15號保本固定收益憑證)

Investment amount: Up to RMB300,000,000 (equivalent to approximately HK\$375,000,000) with the minimum subscription amount of RMB10,000,000 (equivalent to approximately HK\$12,510,000)

Type of product: Principal-guaranteed and return-fixed

Expected annual rate of return per annum: 7.1%

Valid period of product: 368 days commencing from 28 May 2015 (as the Subscription Date) and up to 30 May 2016 (as the Maturity Date).

Risk-return profile: Low risk with the return guarantee

The major terms of the Third Contract entered into by Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司) are as follows:

Date of the Contract: 28 May 2015

Parties:

- (1) Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司), a wholly-owned subsidiary of the Company,
- (2) Industrial Securities Co., Ltd. (興業證券股份有限公司), a licensed securities Company incorporated under the laws of the PRC, as an issuer

Name of wealth management products: Principal-preserved Fixed Income Beneficiary Certificates No. 16 under the Industrial Securities Financing Series of Industrial Securities (興業證券興融16號保本固定收益憑證)

Investment amount: Up to RMB500,000,000 (equivalent to approximately HK\$625,000,000) with the minimum subscription amount of RMB10,000,000 (equivalent to approximately HK\$12,510,000)

Type of product: Principal-guaranteed and return-fixed

Expected annual rate of return per annum: 7.1%

Valid period of product: 369 days commencing from 1 July 2015 (as the Subscription Date) and up to 4 July 2016 (as the Maturity Date).

Risk-return profile: Low risk with the return guarantee

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTS

By entering into the First Contract, the Second Contract and the Third Contract, the Group intends to improve the capital usage efficiency and earn certain investment return to increase the profits of the Group. The Directors (including independent non-executive Directors) are of opinion that the terms of each contract are fair and reasonable and are in the interests of the Group and its Shareholders as whole.

GENERAL INFORMATION

The Company is principally engaged in the manufacture of wheel loaders and other infrastructure machinery in the PRC. It also manufactures axles and transmission, which are critical components for wheel loaders.

Lonking Shanghai Machinery Co., Ltd., a PRC incorporated Sino-foreign equity joint venture with limited liability and a controlled subsidiary of Lonking Holdings Limited, which is primarily engaged in manufacture and distribution of wheel loaders.

Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., a PRC incorporated company with limited liability and a wholly-owned subsidiary of the Company, is one of professional manufacturers of middle and high pressure hydraulic components. The products is widely suitable for hydraulic excavator, skid loader, wheel loader, road machinery, bridge machine, mining machinery and so on.

Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司), a PRC incorporated company with limited liability and licensed by China Securities Regulatory Commission (CSRC), is a wholly-owned subsidiary of AEGON-INDUSTRIAL Fund Management Co., Ltd., (興業全球基金管理有限公司). It is primarily engaged in provide specific asset management service to the clients, including relevant business with equities as the underlying assets, with emphasis on a variety of business such as active management of equity securities, transfer of income rights, integrated wealth management and collaboration with peer financial institutions.

Bank of Shanghai Co., Ltd. (上海銀行股份有限公司), a PRC incorporated joint-stock commercial bank formed by state-owned shares, Chinese corporation-owned shares, foreign corporation-owned shares, and individually-owned shares, is mainly engaged in banking and financial business, including public deposits; short-, medium-, and long-term loans; domestic and international settlement; bills acceptance and discounting; issuance of financial bonds; agency services and underwriting of government bonds; trading of government and financial bonds; interbank lending and borrowing; foreign exchange trading; bank card services; letter of credit and guarantee services; collection of receivables and insurance services; safe deposit box services; credit investigation, advisory and witnessing services; and other business activities approved by regulatory authorities in the PRC.

Industrial Securities Co., Ltd. (興業證券股份有限公司), is a nationwide innovative securities firm and A Class, AA Grade securities firm approved by the CSRC. Its scope of business includes securities brokerage, securities investment consultancy, securities underwriting and sponsorship,

proprietary securities dealing, securities asset management, agency for transfer of shares of unlisted companies, financial consultancy relating to securities trading and securities investment activities, margin trading and securities lending, agency for sales of securities investment funds, and provision of intermediary services to futures companies.

LISTING RULES IMPLICATIONS

The investment amount of the First Contract and the Second Contract by itself does not constitute a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the investment amount under the First Contract when aggregated with that of the Second Contract and the Third Contract exceed 5% but are lower than 25%. Therefore, the First Contract, the Second Contract and the Third Contract, on an aggregate basis, constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

The aggregate investment amount of the First Contract, the Second Contract and the Third Contract is RMB1,000,000,000 (equivalent to approximately HK\$1,251,000,000) which will be funded by the internal resources of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “Lonking Shanghai Machinery Co., Ltd.” | a PRC incorporated Sino-foreign equity joint venture with limited liability and a controlled subsidiary of Lonking Holdings Limited; |
| “Lonking (Shanghai) Precision Hydraulic Component Co., Ltd” | a PRC incorporated company with limited liability, a wholly-owned subsidiary of the Company; |
| “Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司)” | a PRC incorporated company with limited liability and licensed by China Securities Regulatory Commission (CSRC), is a wholly-owned subsidiary of AEGON-INDUSTRIAL Fund Management Co., Ltd., (興業全球基金管理有限公司); |
| “Bank of Shanghai Co., Ltd. (上海銀行股份有限公司)” | a licensed bank incorporated under the laws of the PRC and a joint-stock commercial bank formed by state-owned shares, Chinese corporation-owned shares, foreign corporation-owned shares, and individually-owned shares; |
| “Industrial Securities Co., Ltd. (興業證券股份有限公司)” | a licensed securities company incorporated under the laws of the PRC; |

“First Contract”	the asset management contract dated 28 May 2015 entered into between Lonking Shanghai Machinery Co., Ltd. (as asset entrustor), a controlled subsidiary of the Company, Shanghai AEGON Rui Zhong Asset Management Co., Ltd.* (上海興全睿眾資產管理有限公司) (as asset manager) and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) (as asset custodian);
“Second Contract”	the agreement dated 28 May 2015 entered into between Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司) to subscribe for wealth management products with the investment amount up to RMB300,000,000;
“Third Contract”	the agreement dated 28 May 2015 entered into between Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司) to subscribe for wealth management products with the investment amount up to RMB500,000,000;
“wealth management products”	the Principal-preserved Fixed Income Beneficiary Certificates denominated in Renminbi subscribed for by Lonking (Shanghai) Precision Hydraulic Component Co., Ltd., (龍工(上海)精工液壓有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司);
“Company”	Lonking 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;
“Entrusted assets”	the assets, as the subject matter, that the asset entrustor has the right to legally dispose of and entrust the asset manager to manage, and such assets are under custody by the asset custodian;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

This announcement contains translations between Renminbi and Hong Kong dollars amounts at RMB1.00=HK\$1.25, being the exchange rate prevailing as at the date of this announcement. These translations shall not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollar at such rates or at all.

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

Hong Kong, 28 May 2015

As at the date of this announcement, Mr. Li San Yim, Mr. Qiu De Bo, Mr. Chen Chao, Mr. Luo Jian Ru, Mr. Zheng Ke Wen and Mr. Yin Kun Lun are the executive directors of the Company; Ms. Ngai Ngan Ying is the non-executive director of the Company; and Dr. Qian Shi Zheng, Mr. Jin Zhi Guo, Mr. Wu Jian Ming and Mr. Chen Zhen are the independent non-executive directors of the Company.