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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 SUBSCRIPTION OF FINANCIAL PRODUCTS**

Reference is made to the Circular of the Company dated 14 August 2017 (the “**Circular**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In view of the maturity of the first contract, a total amount of RMB500,000,000 has been idled. In order to utilize the internal idle fund reasonably, 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 Bank Co., Ltd. (興業銀行股份有限公司) entered into another contract (the “**Fourth Contract**”) to subscribe for financial products on 17 November 2017.

As one or more of the applicable percentage ratios in respect of the Fourth Contract are more than 5% but less than 25%, the transactions contemplated under the Fourth Contract constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 17 November 2017, 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 Bank Co., Ltd. (興業銀行股份有限公司) entered into a contract (the “**Fourth Contract**”) to subscribe for financial products.

The amount of the Fourth Contract is RMB500,000,000 (equivalent to approximately HK\$590,000,000) which will be funded by the internal resources of the Company.

* *For identification purposes only*

The major terms of the Fourth 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 Bank Co., Ltd. (興業銀行股份有限公司) are as follows:

Date of the Contract:	17 November 2017
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 Bank Co., Ltd. (興業銀行股份有限公司), a licensed joint-equity commercial bank incorporated under the laws of the PRC, as an issuer
Name of financial products:	Golden Snowball Closed RMB Financial Product of Industrial Bank 21002 (The fourth phase in 2017) (Principal non-guaranteed and floating returns type)
Investment amount:	Up to RMB500,000,000 (equivalent to approximately HK\$590,000,000).
Type of product:	Principal non-guaranteed and floating returns
Reference Net Annualised Rate of Return:	5.1% Reference net annualised rate of return refers to the total return rate of the product's investment portfolio minus the return rate of sale management fee, the rate of product custody fee and the rate of investment management fee (if any). Reference net annualised rate of return is the prediction of the bank based on assumptions, historical data or past investment experience, and does not reflect the actual gain of the investors, nor does it constitute a commitment to any income derived from the financial product.
Liquidity of Product:	Closed (Not available for purchase and redemption upon the establishment of the product)
Valid period of product:	Commencing from 17 November 2017 (as the Subscription Date) and up to 27 June 2018 (as the Maturity Date).
The Coverage of Investment and Investment Management:	1. The coverage of the financial management series includes but not limited to:

- Category 1: monetary market instruments including bank deposit, bond repurchase, monetary funds and other interbank financing tools;
- Category 2: market bonds and debt financing instruments from banks and stock exchanges, including treasury bonds, policy financial bonds, central bank bills, short-term financing notes, medium-term notes, enterprise bonds, corporate bonds, convertible bonds, subordinated debts and hybrid capital bonds, as well as other fixed income short-term investment instruments;
- Category 3: other financial assets and their portfolios that are in compliance with the requirements of the regulations of authorities, including trust schemes, asset management schemes of securities dealers, insurance debt investment plans, beneficial interests of fund account and the abovementioned assets, priority beneficial interests of securities investment structured trust products, quantitative hedging investments, asset management plans of fund accounts based on investment in limited partnership equity, structured fund A shares investments and arbitrage, financial investments for the purpose of subscription for new shares under the placing tranche, bonds issued in overseas markets by QDII asset management scheme, financial instruments for the purpose of A-shares secondary market investment and other transactional financing products with controllable risks (as prescribed by Industrial Bank) approved by the approval departments of Industrial Bank.

If the duration of other financial assets deployed by the products, such as the trust scheme and the beneficial interest of trust, is inconsistent with the term (i.e. the duration of the former is longer than the one of the latter), the allocation proportion of assets with low liquidity arising from duration mismatches shall not exceed 70%.

2. Industrial Bank will use the funding to make investments to the extent required with its principle of integrity, prudence and diligence. This product is subject to various factors such market changes and failures or exceeding of the projected proceeds raised, which allows the scope of investment and the type and proportion of the assets to be reasonably variable without any compromise of client's expected returns and the risk ratings of the product.

Risk level: The risk-level of investing in the Scheme is medium. In accordance with the relevant regulatory requirements of China Banking Regulatory Commission on the contents of Risk Disclosure Statement from a financial product as well as the internal risk ratings management measure of Industrial Bank, this product is a medium risk financial product.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTS

By entering into the Fourth Contract, the Group intends to maximize the utilization of current idle fund of the Group 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) 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Fourth Contract are more than 5% but less than 25%, the transactions contemplated under the Fourth Contract constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The amount of the Fourth Contract is RMB500,000,000 (equivalent to approximately HK\$590,000,000) 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:

“Lonking (Shanghai) Precision Hydraulic Component Co., Ltd”	a PRC incorporated company with limited liability, a wholly-owned subsidiary of the Company;
“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;
“Circular”	the circular of the Company dated 14 August 2017 regarding the major transaction of the Company in relation to the investment in financial products.
“Director(s)”	the director(s) of the Company;
“financial products”	the Principal non-guaranteed closed financial products with floating returns 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) to Industrial Bank Co., Ltd. (興業銀行股份有限公司);
“First Contract”	the contract dated 16 June 2017 entered into between the Lonking (Shanghai) Precision and Industrial Bank to subscribe for financial products in the amount of RMB500,000,000 (equivalent to approximately HK\$590,000,000)
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Industrial Bank”	Industrial Bank Co., Ltd. (興業銀行股份有限公司), a licensed joint-equity commercial bank incorporated under the laws of the PRC
“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
“China Banking Regulatory Commission”	the minister-level institution directly under and authorized by the State Council of the People’s Republic of China responsible for centralized supervising and managing banks, financial assets management companies, trust and investment companies and another saving-type financial organizations, and maintaining lawfulness and steady operation of the banking industry.
“Risk Disclosure Statement”	a statement for sufficient disclosure in financial products selling documents and risk assessment of financial products selling by applying banking and appropriate method, to objectively indicate important specialties of and significant facts related to the financial products according to requirements of relative regulatory of China Banking Regulatory Commission.
“%”	per cent.

This announcement contains translations between Renminbi and Hong Kong dollars amounts at RMB1.00=HK\$1.18, 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, 17 November 2017

As at the date of this announcement, Mr. Li San Yim, Mr. Chen Chao, Mr. Luo Jian Ru, Mr. Zheng Ke Wen and Mr. Yin Kun Lun are the executive Directors; Ms. Ngai Ngan Ying is the non-executive Director; and Dr. Qian Shi Zheng, Mr. Wu Jian Ming and Mr. Chen Zhen are the independent non-executive Directors.