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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)**

**CONTINUING CONNECTED TRANSACTIONS**

On 30 December 2014, the Company and Shanghai Refined Machinery entered into the Master Sales Agreement, pursuant to which the Company has agreed to sell the Products to Shanghai Refined Machinery from time to time for a term commencing from 30 December 2014 and ending on 31 December 2015.

As at the date of this announcement, as Shanghai Refined Machinery is a company wholly owned by Refined Holdings, which is in turn wholly owned by Mr. Li Bin, the son of Mr. Li San Yim, an executive Director, the chairman and the controlling shareholder of the Company, it is an associate of Mr. Li San Yim. Thus, Shanghai Refined Machinery is a connected person of the Company under the Listing Rules. Accordingly, the Master Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

As each of the applicable ratios (other than the profits ratio) in respect of the continuing connected transactions contemplated under the Master Sales Agreement is on an annual basis expected to exceed more than 0.1% but less than 5%, such transactions constitute continuing connected transactions under Rule 14A.76(2) of the Listing Rules and are thus subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purposes only

The major terms of the Master Sales Agreement are set out below:

## **THE MASTER SALES AGREEMENT**

- Date: 30 December 2014
- Term: 30 December 2014 to 31 December 2015 (both days inclusive)
- Parties: (a) the Company; and  
(b) Shanghai Refined Machinery
- Subject: The Company agrees to sell or procure its subsidiaries to sell the Products to Shanghai Refined Machinery and Shanghai Refined Machinery agrees to purchase the Products from the Company or its subsidiaries in accordance with the terms and conditions of the Master Sales Agreement.
- Price and Payment Terms: The sales price of the Products will be determined on the arm's length negotiation and shall not lower than the average prices of those with same model and configuration sold to non-related parties during the same year.
- The Company and Shanghai Refined Machinery shall enter into a contract for each transaction of the sales of the Products based on the principal terms and conditions set out in the Master Sales Agreement. The sales price of Products for each transaction shall be settled in full within 30 business days after shipping of the Products to customers by the Company.
- Pricing Principle: The selling prices of the Products shall not be lower than the average prices of those with same model and configuration sold to non-related parties during the same year. Based on regular statistics made by the Group's Sales Department, the list of average prices for the Products sold to non-related parties for a given period will be prepared as per model and configuration and regularly updated for review by the management, which shall serve as the price reference for similar products sold to Refined Machinery to ensure that each transaction is entered into on a fair and reasonable basis and on normal commercial price terms.

## **Annual cap**

The Directors estimate that the aggregate sales amount of the Wheel Loader Products to Shanghai Refined Machinery pursuant to the transactions under the Master Sales Agreement for the financial year ending 31 December 2014 will not exceed RMB 8 million (including value added tax) (equivalent to approximately HK\$14 million), the aggregate sales amount of the Wheel Loader Products, the Skid Steer Loader Products and the Excavator Products to Shanghai Refined Machinery pursuant to the transactions under the Master Sales Agreement for the financial year ending 31 December 2015 will not exceed RMB50 million (including value added tax) (equivalent to approximately HK\$62 million), RMB40 million (including value added tax) (equivalent to approximately HK\$50 million) and RMB130 million (including value added tax) (equivalent to approximately HK\$162 million) respectively. The annual cap was determined by the Company with reference to the anticipated production capacity and sales volume of the Company and the anticipated demand of the Products by Shanghai Refined Machinery.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SALES AGREEMENT**

By accepting the OEM orders from Refined Machinery for various construction machinery products supplied to overseas customers, the Group may fully utilize its existing production capacity and also generate profits.

## **INFORMATION ON THE GROUP AND SHANGHAI REFINED MACHINERY**

The Group is a leading manufacturer of wheel loaders and one of the major manufacturers of engineering machineries in the PRC. Its core business is the design, manufacture and sale of wheel loaders, excavators, forklifts and road rollers.

Shanghai Refined Machinery is a manufacturer and distributor of engineering machineries and components, including the Products, in the PRC. It is primarily engaged in the development, design and production of engineering machineries, construction machineries, diesel engines and their components, as well as the sale of self-manufactured products and the provision of after-sales services and technical consulting services.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as Shanghai Refined Machinery is a company wholly owned by Refined Holdings, which is in turn wholly owned by Mr. Li Bin, the son of Mr. Li San Yim, an executive Director, the chairman and the controlling shareholder of the Company, it is an associate of Mr. Li San Yim. Thus, Shanghai Refined Machinery is a connected person of the Company under the Listing Rules. Accordingly, the Master Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

As each of the applicable ratios (other than the profits ratio) in respect of the continuing connected transactions contemplated under the Master Sales Agreement is on an annual basis expected to exceed more than 0.1% but less than 5%, such transactions constitute continuing connected transactions under Rule 14A.76(2) of the Listing Rules and are thus subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held to approve the Master Sales Agreement, Mr. Li San Yim, who is a controlling shareholder of the Company, an executive Director and the chairman of the Group, and Ms. Ngai, who is the spouse of Mr. Li San Yim and a non-executive Director and the deputy chairman of the Group, are considered to be interested in the transactions contemplated under the Master Sales Agreement and have abstained from voting in respect of the resolutions proposed to approve the Master Sales Agreement. Save for Mr. Li San Yim and Ms. Ngai who have abstained from voting for the resolutions because of their interests in the transactions, the Board, including all the independent non-executive Directors, have unanimously voted in favour of the resolutions proposed to approve the Master Sales Agreement.

The Directors (excluding Mr. Li San Yim and Ms. Ngai who have abstained from voting on the resolutions of the Board approving the Master Sales Agreement and the transactions contemplated thereunder, but including the independent non-executive Directors) consider that the transactions under the Master Sales Agreement are entered into in the usual and ordinary course of business of the Company, and the terms of the Master Sales Agreement have been negotiated and will be conducted on an arm's length basis and on normal commercial terms between the Company and Shanghai Refined Machinery. The Directors (excluding Mr. Li San Yim and Ms. Ngai who have abstained from voting on the resolutions of the Board approving the Master Sales Agreement and the transactions contemplated thereunder, but including the independent non-executive Directors) are of the view that, as far as the Company and the Shareholders are concerned, the Master Sales Agreement and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement.

“associate”	has the meanings as given to it in the Listing Rules;
“Board”	the board of Directors;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li Bin”	李斌 (Li Bin*), the son of Mr. Li San Yim and Ms. Ngai;
“Mr. Li San Yim”	李新炎 (Li San Yim*), the spouse of Ms. Ngai, a controlling shareholder of the Company, an executive Director, the chairman and the controlling shareholder of the Company;
“Ms. Ngai”	倪銀英 (Ngai Ngan Ying*), a non-executive Director and the spouse of Mr. Li San Yim;
“PRC”	the People’s Republic of China, and, for the purposes of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region;
“Products”	Wheel Loader Products, Skid Steer Loader Products and Excavator Products;
“Wheel Loader Products”	Wheel loaders are multi-purpose construction machinery that can shovel, load and deliver bulky materials which can perform tasks such as loading and unloading, bulldozing, scooping, digging, dumping and carrying and can be used in a variety of industries including infrastructure, construction, mining and real estate development.

“Skid Steer Loader”	Skid steer loader is a kind of special wheeled chassis equipment employing linear velocity difference between the wheels at two sides to achieve motor vehicle steering. Featuring a wheeled running mechanism for all-wheel drive and skid steering, it is used in field operations for random quick replacement or mounting of various devices to cater for different operational environments and assignments. Mainly addressing narrow fields with uneven ground and frequently-changing assignments, it is widely used at infrastructure construction sites, industrial applications, terminal handling, urban streets, residences, barns, animal houses, airport runways, etc., and can be utilized as auxiliary equipment for large-scale construction machinery.
“Excavator Products”	Excavators are heavy equipment consisting of a boom, a bucket arm, a bucket, an undercarriage and a cab on a rotating platform, or house, to dig and move earth below and above the worksite, which are widely used to dig or move large objects in infrastructure construction, mining, real estate development and various other industries.
“Master Sales Agreement”	the framework sales agreement dated 30 December 2014 entered into by the Company and Shanghai Refined Machinery, pursuant to which the Company agreed to sell or procure its subsidiaries to sell the Products to Shanghai Refined Machinery and Shanghai Refined Machinery agreed to purchase the Products from the Company or its subsidiaries for the period from 30 December 2014 to 31 December 2015;
“Refined Holdings”	Refined Holdings Limited, a company incorporated in Hong Kong, and is wholly owned by Mr. Li Bin;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Refined Machinery”	上海銳帆德機械有限公司 (Shanghai Refined Machinery Co. Ltd.*), a company established under the laws of the PRC, and is wholly owned by Refined Holdings;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB1.00=HK\$1.246, being the exchange rate prevailing on 30 December 2014. The translations should 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**  
**Qiu De Bo**  
*Executive Director*

Hong Kong, 30 December 2014

*As at the date of this announcement, Mr. Li San Yim, Mr. Qiu Debo, Mr. Chen Chao, Mr. Luo Jianru, Mr. Zheng Ke Wen, Mr. Yin Kun Lun and Mr. Lin Zhong Ming are the executive Directors, Ms. Ngai Ngan Ying is the non-executive Director and Dr. Qian Shizheng, Mr. Jin Zhi Guo, Mr. Wu Jian Ming and Mr. Chen Zhen are the independent non-executive Directors.*