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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)**

**PROFIT WARNING ANNOUNCEMENT**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the consolidated results of the Group for the year ended 31 December 2011 is expected to record a decline in the net profit after deducting the fair value changes in the derivative financial instruments relating to the convertible loan notes as compared with the corresponding period last year.

**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

This announcement is made by Lonking Holdings Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group, the consolidated results of the Group for the year ended 31 December 2011 is expected to record a decline in the net profit after deducting the fair value changes in the derivative financial instruments relating to the convertible loan notes as compared with corresponding period last year. The change is primarily attributable to the following reasons:

- I the increase in overall operating costs due to the impact of macro-economic policies and the increasing cost pressure in the industry;
- II the decrease in gross profit margin due to the adjustment of operating mode after having considered the market risk of excavators by the management.

\* *For identification purposes only*

As the Company is still in the process of preparing the audited consolidated annual results of the year ended 31 December 2011, the information contained in this announcement can only be deemed as the preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group which is not based on any data or information audited or reviewed by the Company's auditors. Investors should carefully read the results announcement for the year ended 31 December 2011, which will be published when appropriate.

**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 22 February 2012

*As at the date of this announcement, Mr. Li San Yim, Mr. Qiu Debo, Mr. Luo Jianru, Mr. Chen Chao, Mr. Lin Zhong Ming, Ms. Fang Deqin are the executive directors of the Company, Ms. Ngai Ngan Ying is the non-executive director of the Company and Mr. Pan Longqing, Dr. Qian Shizheng and Mr. Han Xuesong are the independent non-executive directors of the Company.*