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慶鈴汽車股份有限公司

QINGLING MOTORS CO. LTD.

(a Sino-foreign joint venture joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1122)

ANNOUNCEMENT

CONNECTED TRANSACTION CAPITAL CONTRIBUTION INTO QINGLING ISUZU SALES

On 7 August 2015, the Company and Isuzu entered into a Capital Contribution Agreement, pursuant to which the registered capital of Qingling Isuzu Sales will be increased from USD4.6 million to USD20.9 million, and the Company and Isuzu will each make a capital contribution of USD8.15 million into Qingling Isuzu Sales. After the Capital Contribution, the shareholding percentage of the Company and Isuzu in Qingling Isuzu Sales will remain unchanged.

Isuzu is a substantial shareholder of the Company holding approximately 20% of the entire issued share capital of the Company, and Qingling Isuzu Sales is an associate (as defined in Chapter 14A of the Listing Rules) of Isuzu, and therefore Qingling Isuzu Sales is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Capital Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Capital Contribution are more than 0.1% but less than 5%, the Capital Contribution is subject to the announcement and reporting requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the voluntary announcement of the Company dated 13 May 2015 regarding the letter of intent in relation to the capital contribution to Qingling Isuzu Sales. On 7 August 2015, the Company and Isuzu entered into a Capital Contribution Agreement, the details of which are set out below.

1. CAPITAL CONTRIBUTION AGREEMENT

Date

7 August 2015

Parties

- (1) the Company; and
- (2) Isuzu.

Capital Contribution

Pursuant to the Capital Contribution Agreement, the registered capital of Qingling Isuzu Sales will be increased from USD4.6 million to USD20.9 million and the Company and Isuzu will each make an additional capital contribution of USD8.15 million into Qingling Isuzu Sales. The Company will contribute the Renminbi equivalent of USD8.15 million whereas Isuzu will make capital contribution in USD. Such amount of Capital Contribution was negotiated and determined by the Company and Isuzu after consideration of factors such as the investments on software and hardware for project construction, the operational objective and the working capital requirement after the project has come into operation.

The Capital Contribution Agreement will become effective after obtaining the approval from the competent department of the PRC government. The Capital Contribution shall be made by the Company and Isuzu before the modification of the operation licence of Qingling Isuzu Sales is completed. After the Capital Contribution, the shareholding percentage of the Company and Isuzu in Qingling Isuzu Sales will remain unchanged.

2. INFORMATION ON QINGLING ISUZU SALES

Qingling Isuzu Sales is a Sino-foreign joint-venture company owned as to 50% and 50% respectively by the Company and Isuzu and is principally engaged in the sale of Isuzu brand and Qingling brand automobiles, assemblies and parts and the provision of after-sales services of vehicles.

For the year ended 31 December 2014, the audited net asset value of Qingling Isuzu Sales was approximately RMB22.29 million. The net loss of Qingling Isuzu Sales (before and after taxation) was approximately RMB3.44 million and approximately RMB4.65 million respectively for the year ended 31 December 2013 and for the year ended 31 December 2014. The Company and Isuzu are of the view that the Capital Contribution and the expansion of business will be beneficial to the improvement of the operation of Qingling Isuzu Sales.

3. REASONS FOR, AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

In view of the anticipated expansion of the sales of Isuzu brand cars which will lead to an increased demand in aftersales automobile parts and components, the role of Qingling Isuzu Sales being a global distributor of these automobile parts and components will be further enhanced, thereby giving rise to the need for an increased investment for the expansion of business of Qingling Isuzu Sales.

No Director had a material interest in the Capital Contribution which required him to abstain from voting on the board resolution approving the terms of the Capital Contribution Agreement and the Capital Contribution. Mr. Keiichiro MAEGAKI, Mr. Makoto TANAKA and Mr.

Naoto HAKAMATA are Directors recommended by Isuzu and had voluntarily abstained from voting on the resolutions in relation to the Capital Contribution Agreement and the Capital Contribution. The Directors (including independent non-executive Directors) believe that the Capital Contribution Agreement has been entered in the ordinary course of business of the Company and is on normal commercial terms, and that its terms are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

4. LISTING RULES IMPLICATIONS

Isuzu is a substantial shareholder of the Company holding approximately 20% of the entire issued share capital of the Company, and Qingling Isuzu Sales is an associate (as defined in Chapter 14A of the Listing Rules) of Isuzu, and therefore Qingling Isuzu Sales is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Capital Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Capital Contribution are more than 0.1% but less than 5%, the Capital Contribution is subject to the announcement and reporting requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

5. GENERAL

The Company is principally engaged in the production and sales of Isuzu trucks, multipurpose vehicles, pick-up trucks, other vehicles and automobile parts and accessories.

Isuzu is principally engaged in the production and sale of commercial vehicles and diesel engines.

DEFINITIONS

“Board”	the board of Directors
“Company”	Qingling Motors Co. Ltd., a Sino-foreign joint venture joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Capital Contribution”	the contribution of additional capital to Qingling Isuzu Sales in accordance with the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement dated 7 August 2015 entered into between the Company and Isuzu, pursuant to which the Company and Isuzu will each make an additional capital contribution of USD8.15 million into Qingling Isuzu Sales
“Directors”	the director(s) of the Company

“Isuzu”	Isuzu Motors Limited, a company incorporated in Japan and listed on the Tokyo Stock Exchange and a substantial shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profits ratio and equity capital ratio
“PRC”	People’s Republic of China
“Qingling Isuzu Sales”	Qingling Isuzu (Chongqing) Automobile Sales and Service Co., Ltd, which is owned as to 50% and 50% respectively by the Company and Isuzu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“USD”	US Dollars, the lawful currency of the United States of America

By Order of the Board
QINGLING MOTORS CO. LTD
ZENG JIANJIANG
Executive Director and Company Secretary

Chongqing, the PRC, 7 August 2015

As at the date of this announcement, the Board comprises 11 Directors, of which Mr. HE Yong, Mr. Keiichiro MAEGAKI, Mr. GAO Jianmin, Mr. Makoto TANAKA, Mr. ZENG Jianjiang, Mr. Naoto HAKAMATA and Mr. LI Juxing are executive Directors and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei are independent non-executive Directors.