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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 limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1122)

TERMINATION OF CONTINUING CONNECTED TRANSACTION

This announcement is made by Qingling Motors Co. Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14A.35 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 26 November 2019 (the “**Announcement**”) in relation to the continuing connected transactions of the Group during the period from 2020 to 2022. Unless otherwise specified in this announcement, terms used herein shall have the same meanings as those defined in the Announcement.

TERMINATION OF THE NEW SALES JV LEASE

On 9 November 2021, the Company and the Sales JV Company entered into the termination agreement (the “**Termination Agreement**”) with respect to the termination of the New Sales JV Lease. Pursuant to the Termination Agreement, the rights and obligations of both parties as agreed between the Company and the Sales JV Company in the New Sales JV Lease shall cease from the month in which the Company entered into a compensation and relocation agreement with the government.

REASONS FOR TERMINATION OF THE NEW SALES JV LEASE

In June 2018, the Company received a letter from 重慶市九龍坡區房屋管理局 (translated as the Housing Management Bureau of Jiulongpo District, Chongqing) (the “**Housing Management Bureau**”), which stated that the Sales JV Leased Land and the Sales JV Premises were located within the area of land resumption for its urban redevelopment project.

After several rounds of negotiation, the Company and the Housing Management Bureau have reached a consensus that the Company shall return and the Housing Management Bureau shall recover the Sales JV Leased Land and the Sales JV Premises, and entered into the compensation and relocation agreement on 9 November 2021. As a result, the Company will be unable to continue to lease the Sales JV Leased Land and the Sales JV Premises to the Sales JV Company pursuant to the terms of the New Sales JV Lease, and accordingly the New Sales JV Lease will have to be terminated in advance.

The Sales JV Company will seek suitable new land and premises separately. The Board is of the view that the entering into of the Termination Agreement will not have material and adverse impact on the business and operation activities of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Termination Agreement was entered into on normal commercial terms after arm's length negotiations and its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

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

The Sales JV Company is principally engaged in the sales of vehicles, assembly and the parts of maintenance and provision of after-sales service.

By Order of the Board
QINGLING MOTORS CO. LTD
LUO Yuguang
Chairman

Chongqing, the PRC, 9 November 2021

As at the date of this announcement, the Board comprises 11 Directors, of which Mr. LUO Yuguang, Mr. YASUTA Tatsuya, Mr. MASUDA Yoichi, Mr. YAGI Naoto, Mr. LI Juxing, Mr. XU Song and Mr. LI Xiaodong are executive Directors and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei are independent non-executive Directors.