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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)

CONNECTED TRANSACTION

THE MARKETING FEE AGREEMENT

The Board hereby announces that on 16 December 2022, the Company entered into the Marketing Fee Agreement with Isuzu, pursuant to which Isuzu agreed to pay to the Company, and the Company agreed to receive from Isuzu, a Marketing Fee of RMB94,000,000 for the conducting of advertising and promotional activities of the Isuzu brand, including market development, product trials, exhibitions, advertising and other promotional activities by the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Isuzu is a substantial shareholder of the Company holding approximately 20% of the total issued share capital of the Company. Therefore, Isuzu is a connected person of the Company, and the transactions contemplated under the Marketing Fee Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Marketing Fee Agreement will be more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE MARKETING FEE AGREEMENT

Principal terms of the Marketing Fee Agreement are set out below:

Date : 16 December 2022

Parties : (i) The Company; and
(ii) Isuzu

Nature of the transaction : Isuzu will pay the Company a Marketing Fee of RMB94,000,000 for the Company to conduct advertising and promotional activities of the Isuzu brand.

The Company agrees to provide Isuzu with the sales expansion policy and information relating to actual performance as requested by Isuzu as soon as after the signing of the Marketing Fee Agreement.

Payment : The Marketing Fee, together with its value-added tax, totaling RMB100 million will be payable by Isuzu to the Company after the signing of the Marketing Fee Agreement by the parties thereto by the end of the next following month upon the receipt of the Company's payment request.

Basis of Consideration

The consideration of the Marketing Fee Agreement was determined after arm's length negotiation between the Company and Isuzu with reference to the prevailing market prices for conducting similar advertising and promotional activities. Among other things, in determining the consideration, the parties have also taken into account the estimated scale and costs of the advertising and promotional activities to be conducted under the Marketing Fee Agreement (including but not limited to the Company's utilising of the Marketing Fee to develop the market itself or together with the authorised distributors; conducting product trials, exhibitions and door-to-door advertising activities; carrying out customer training activities; maintaining relationships with loyal customers and settlement of payment of promotion fee, market development fee and vehicle storage and transportation fee to distributors), which include but not limited to the manpower and resources to be utilised by the Company in conducting such advertising and promotional activities.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARKETING FEE AGREEMENT

The Isuzu brand vehicles manufactured by the Company have been authorised by Isuzu to be manufactured and sold in the PRC. Over the years, the Company has put in substantial amount of manpower and resources to promote the Isuzu brand vehicles and has been continuously carrying out advertising and promotional activities for the sale of the Isuzu brand vehicles, thereby enhancing Isuzu's brand awareness and expanding the sales of the Isuzu brand vehicles manufactured by the Company from which both the Company and Isuzu are benefited. As the

brand owner of Isuzu and the beneficiary of the expansion of the sales of Isuzu brand vehicles, Isuzu is aware of its responsibility to continue to make appropriate input in the PRC market and continue to support the conducting of advertising and promotional activities of the Isuzu brand by the Company. The Directors believe that strengthening the marketing of the Isuzu brand will be beneficial to the Company in stabilising its production and operation and achieving sustainable development amidst the prevailing market environment of the COVID-19 pandemic and declining sales volume of vehicles in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the Marketing Fee Agreement is on normal commercial terms in the ordinary and usual course of business of the Company, and that its terms (including the consideration) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE COMPANY AND ISUZU

The Company is principally engaged in the production and sale of Isuzu light, medium and heavy-duty trucks, pick-up trucks, automobile parts and accessories.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Isuzu is a substantial shareholder of the Company holding approximately 20% of the total issued share capital of the Company. Therefore, Isuzu is a connected person of the Company, and the transactions contemplated under the Marketing Fee Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Marketing Fee Agreement will be more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

As Mr. KIJIMA Katsuya, a Director, holds 3,200 shares of Isuzu, representing approximately 0.0004% of the total number of issued shares of Isuzu as at the date of this announcement, he has voluntarily abstained from voting on the Board resolutions in relation to the Marketing Fee Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Marketing Fee Agreement and the transactions contemplated thereunder or has abstained from voting on the Board resolutions in relation to the Marketing Fee Agreement.

DEFINITIONS

“Board”	the board of Directors
“Company”	Qingling Motors Co. Ltd, a sino-foreign joint venture joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1122)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	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
“Marketing Fee”	a marketing fee of RMB94,000,000 payable by Isuzu to the Company in accordance with the terms of the Marketing Fee Agreement
“Marketing Fee Agreement”	the agreement dated 16 December 2022 entered into between the Company and Isuzu as described under the section headed “THE MARKETING FEE AGREEMENT”
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules (other than the profits ratio and equity capital ratio)
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

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

Chongqing, the PRC, 16 December 2022

As at the date of this announcement, the Board comprises 11 Directors, of which Mr. LUO Yuguang, Mr. YASUTA Tatsuya, Mr. NAKAMURA Osamu, Mr. KIJIMA Katsuya, 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.