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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)

(Stock Code: 1122)

**SUPPLEMENTAL
AND
CLARIFICATION ANNOUNCEMENT**

**CONNECTED TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of Qingling Motors Co. Ltd (the “**Company**”) dated 13 March 2024 (the “**Announcement**”). Unless otherwise defined, terms defined in this announcement shall have the same meanings as those defined in the Announcement.

A. SUPPLEMENTAL INFORMATION

The Company wishes to provide the shareholders and the potential investors of the Company the following additional information in relation to the Technology Usage Agreement:

Notwithstanding that as disclosed in the Announcement, Isuzu licensed the Company to use the technical information and intellectual property provided by Isuzu to produce, assemble and/or sell the Licensed Vehicles and/or their parts to brand dealers in the PRC on a non-exclusive basis, the Company is of the view that it is not unreasonable for the Company to account for all the development costs of the technical information and intellectual property relating to the Licensed Vehicles incurred by Isuzu under the Technology Usage Agreement for the following reasons:

- (a) Based on previous dealings with Isuzu, it has been a usual business practice between the Company and Isuzu that Isuzu grants licence to the Company for use of its technical information and intellectual property on a non-exclusive basis, while Isuzu retains all the rights and ownership in such technical information and intellectual property.

- (b) All the rights in the technical information and intellectual property relating to the Licensed Vehicles have been expressly reserved by Isuzu in the Technology Usage Agreement and shall belong to Isuzu. For instance, without the prior written consent of Isuzu, the Company shall not, and shall ensure the brand dealers in the PRC not to, directly or indirectly, export any of the Licensed Vehicles to any region outside the PRC.
- (c) It is the common intention of the Company and Isuzu that the Licensed Vehicles project is co-developed by Isuzu and the Company exclusively for the Group's manufacturing and sales of the Licensed Vehicles in the PRC. In particular, the specification of the RGQ Carrying Vehicles is designed to only suit those engines exclusively manufactured by the Company. With such limitation, the Licensed Vehicles would be, in substance, an exclusive product of the Group in the PRC. Even if Isuzu has expressly reserved all its rights in the technical information and intellectual property and only grants a licence to the Company to use such technical information and intellectual property on a non-exclusive basis, it is basically impracticable for Isuzu to license the same to any other automobile manufacturer in the PRC for manufacturing and sales of the Licensed Vehicles.
- (d) In contemplating that the sales of the Licensed Vehicles will commence in the second quarter of 2024, the Company is considered to have the first mover advantage to use Isuzu's technical information and intellectual property to manufacture and sell RGQ series pick-up vehicles in the PRC.
- (e) The Company and Isuzu have established a long-term business relationship, and it is commercially desirable and essential for the Company to maintain such a long-term relationship with Isuzu, especially the use of Isuzu's trademarks could enhance the market recognition of the Group's automobile products.

To the best knowledge of the Directors, as at the date of this announcement, Isuzu has currently no intention to license its rights to use the technical information and intellectual property relating to the Licensed Vehicles under the Technology Usage Agreement to any automobile manufacturer other than the Group for manufacturing and sales of the Licensed Vehicles.

Furthermore, the Company wishes to provide the shareholders and the potential investors of the Company the following additional information in relation to the Quality Evaluation Agreement:

Under the Quality Evaluation Agreement, Isuzu will provide quality evaluation services on the sample vehicles of two specific models of the RGQ Carrying Vehicles and their respective automobile parts.

B. CLARIFICATION

The Company wishes to clarify on the basis of consideration in relation to each of the Technology Usage Agreement and the Quality Evaluation Agreement:

The Company would like to clarify that under the sub-section headed “Basis of Consideration” of section headed “Technology Usage Agreement” on page 3 of the Announcement, the consideration payable under the Technology Usage Agreement was determined after arm’s length negotiation between the parties with reference to “, among others, costs and expenses incurred by Isuzu in developing and providing the technical information and intellectual property relating to the Licensed Vehicles to the Company, the Group’s estimated costs of developing its own technical information and intellectual property for comparable pick-up vehicles products in the PRC on its own, the progressiveness of technologies related to the production of the Licensed Vehicles, the market prospect of the Licensed Vehicles products and the then market conditions of the PRC automobile industry” instead of “the relevant licence fees charged by Isuzu to overseas manufacturers for the use of technical information and intellectual property provided by Isuzu, the progressiveness of technologies related to the production of the Licensed Vehicles and the market prospect of the Licensed Vehicles products”.

The Company would like to further clarify that under the sub-section headed “Basis of Consideration” of section headed “Quality Evaluation Agreement” on page 4 of the Announcement, the consideration payable under the Quality Evaluation Agreement was determined after arm’s length negotiation between the parties with reference to “, among others, costs and expenses incurred or to be incurred by Isuzu in providing quality evaluation services to the Company under the Quality Evaluation Agreement and the then market conditions of the PRC automobile industry” instead of “the relevant service fees charged by Isuzu to overseas manufacturers for the provision of quality evaluation services”.

This announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

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

Chongqing, the PRC, 12 April 2024

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.