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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Qingling Motors Co. Ltd.**, you should at once hand this circular and the accompanying amended proxy form to the purchaser or to the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**(1) PROPOSED RE-ELECTION AND ELECTION OF DIRECTORS  
FOR THE NEXT TERM**  
**(2) PROPOSED ELECTION OF SUPERVISORS FOR THE NEXT TERM**  
**(3) PROPOSED CHANGE OF AUDITORS**  
**(4) CONTINUING CONNECTED TRANSACTION  
AND**  
**(5) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
溢博資本有限公司

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A supplemental notice of annual general meeting (the “AGM”) of the Company, which will be held at the New Conference Hall of the Company, 1st Floor, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China (the “PRC”) on Thursday, 27 June 2024 at 10:00 a.m., is set out on pages 46 to 50 of this circular.

This circular and the accompanying amended proxy form of holder(s) of H shares for use at the AGM have been published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.qingling.com.cn](http://www.qingling.com.cn)).

12 June 2024

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company to be convened on Thursday, 27 June 2024 at 10:00 a.m.
“Announcement”	the announcement of the Company regarding, among other matters, the postponement of the AGM and extension of period for closure of the register of shareholders dated 31 May 2024
“Articles of Association”	the articles of association of the Company as may be amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bosch”	Bosch Hydrogen Powertrain Systems (Chongqing) Co. Ltd., a company established in the PRC with limited liability
“CCT Announcement”	the announcement of the Company dated 13 May 2024 in relation to the Sale Agreement and the transactions contemplated thereunder
“Company”	Qingling Motors Co. Ltd, a Sino-foreign joint venture joint stock limited company incorporated in the PRC, the issued 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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB1.00 each in the ordinary share capital of the Company
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei) established for the purpose of reviewing the Sale Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Types 1 and 6 (dealing in securities and advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the connected person(s) who is/are interested in the relevant transactions
“Independent Third Parties”	independent third parties which are not connected with the chief executive, directors, supervisors and substantial shareholder(s) of the Company or any of its subsidiaries and their respective associates, and each of them is an “Independent Third Party”
“Isuzu”	Isuzu Motors Limited, a company incorporated in Japan and listed on the Tokyo Stock Exchange and a substantial shareholder of the Company
“Latest Practicable Date”	4 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing”	listing of H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of AGM”	the notice of the AGM dated 18 April 2024 as set out in the 2023 annual report of the Company

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## DEFINITIONS

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“Part(s)”	gearbox sub-assemblies (comprising three types of gearbox sub-assemblies)
“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 circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Qingling Group”	慶鈴汽車(集團)有限公司(Qingling Motors (Group) Company Limited*), a state-owned company established in the PRC with limited liability and the controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Agreement”	the sale agreement dated 13 May 2024 entered into between the Company and Bosch in relation to the sales of the Parts by the Company to Bosch
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	collectively, the Domestic Shares and the H Shares and (where applicable) any other foreign shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the member(s) of Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Supplemental Notice of AGM”	the supplemental notice of the AGM dated 12 June 2024 as set out on pages 46 to 50 in this circular
“%”	per cent

\* For identification purpose only

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. LUO Yuguang (*Chairman*)

Mr. YASUTA Tatsuya

(*Vice Chairman and General Manager*)

Mr. NAKAMURA Osamu

Mr. KIJIMA Katsuya

Mr. XU Song

Mr. LI Juxing

Mr. LI Xiaodong

*Independent Non-executive Directors:*

Mr. LONG Tao

Mr. SONG Xiaojiang

Mr. LIU Tianni

Mr. LIU Erh Fei

*Legal Address:*

1 Xiexing Cun

Zhongliangshan

Jiulongpo District

Chongqing

PRC

*Principal Place of Business in Hong Kong:*

Office 1601, 16/F

LHT Tower

31 Queen's Road Central

Central

Hong Kong

12 June 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RE-ELECTION AND ELECTION OF DIRECTORS  
FOR THE NEXT TERM**

**(2) PROPOSED ELECTION OF SUPERVISORS FOR THE NEXT TERM**

**(3) PROPOSED CHANGE OF AUDITORS**

**(4) CONTINUING CONNECTED TRANSACTION**

**AND**

**(5) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

References are made to (i) the Announcement, (ii) the Supplemental Notice of AGM, which sets out the re-scheduled date, time and venue of the AGM and the additional resolutions to be proposed at the AGM for the approval of the Shareholders, and (iii) the announcement dated 4 June 2024 in relation to the proposed re-election and election of Directors for the next term, the proposed election of Supervisors for the next term and the proposed change of auditors of the Company.

Reference is also made to the CCT Announcement. Pursuant to the requirements under Chapter 14A of the Listing Rules, the Company will seek the approval of the Independent Shareholders in relation to the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps.

The purpose of this circular is to provide you with details of matters pertaining to the proposed re-election and election of Directors for the next term, proposed election of Supervisors for the next term and proposed change of auditors, and further details of the Sale Agreement, the transactions contemplated thereunder and the proposed annual caps as well as any other information as required to be contained in this circular under the Listing Rules, and to seek your approval of the ordinary resolutions relating to these matters at the AGM.

The Independent Board Committee has been formed to advise the Independent Shareholders as to, among other things, whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM, having taken into account the recommendations of the Independent Financial Adviser. A letter from the Independent Board Committee is set out on pages 25 to 26 of this circular.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser of the Company to give recommendations to the Independent Board Committee and the Independent Shareholders as to, among other things, whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM. A letter from the Independent Financial Adviser is set out on pages 27 to 41 of this circular.

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## LETTER FROM THE BOARD

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### 2. PROPOSED RE-ELECTION AND ELECTION OF DIRECTORS

In accordance with the Articles of Association, the current term of office of each of the Directors will expire on the date of the AGM and each Director will be eligible for re-election.

Mr. YASUTA Tatsuya and Mr. NAKAMURA Osamu, being executive Directors and Mr. LIU Erh Fei, an independent non-executive Director, have all informed the Company of their intention to retire as executive Directors and an independent non-executive Director, respectively, on expiry of their term of office on the date of the AGM and not to seek for re-election due to the change of their work arrangement. Before the expiry of their term of office, Mr. YASUTA Tatsuya, Mr. NAKAMURA Osamu and Mr. LIU Erh Fei will continue to perform their duties as executive Directors and an independent non-executive Director, respectively. They have confirmed that they had no disagreement with the Board and there is no other matter with respect to their retirements which needs to be brought to the attention of the Shareholders.

Isuzu has given written notice to the Company stating its intention to propose the nomination of Mr. NAKAMURA Koji and Mr. TSUKUI Mikio as candidates of Directors (collectively referred to as the “**Candidates of Directors**”) for a term commencing from the date of the AGM and ending on the date of the annual general meeting of the Company in the year 2027 (the “**Next Term**”).

With reference to the recommendation of the nomination committee of the Company, the Board has nominated Mr. LUO Yuguang, Mr. KIJIMA Katsuya, Mr. XU Song, Mr. LI Juxing, Mr. LI Xiaodong, Mr. LONG Tao, Mr. SONG Xiaojiang and Mr. LIU Tianni, all being retiring Directors, and Mr. NAKAMURA Koji, Mr. TSUKUI Mikio and Ms. CHEN Yen Yung, being new Directors, as Candidates of Directors for the Next Term. The nomination committee of the Company has assessed the suitability of the above Candidates of Directors with reference to the Shareholders’ nomination, the policy on diversity of the Board and the independence criteria as set out in Rule 3.13 of the Listing Rules, and considers them to be suitable candidates for the directorship of the Company.

Mr. LONG Tao, Mr. SONG Xiaojiang and Mr. LIU Tianni have served as independent non-executive Directors for more than 9 years and their re-election will be subject to a separate resolution to be reviewed and approved by the Shareholders. As independent non-executive Directors with in-depth understanding of the Company’s operations and business, Mr. LONG Tao, Mr. SONG Xiaojiang and Mr. LIU Tianni have expressed objective views and given independent guidance to the Company over the years, and they continue to demonstrate a firm commitment to their role. The Board considers that the long service of them would not affect their exercise of independent judgement and is satisfied that they have the required character, integrity and experience to continue to fulfil the role of an independent non-executive Director. As such, the Board considers that Mr. LONG Tao, Mr. SONG Xiaojiang and Mr. LIU Tianni are still independent and believes that the re-election of them as independent non-executive Directors is in the best interest of the Company and Shareholders as a whole.

A separate resolution will be proposed at the AGM to re-elect or elect the Candidates of Directors for the Next Term, to authorise the Board to determine the remunerations of Directors and to authorise the Board to enter into a service contract or an appointment letter with each of the newly elected Directors.



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## LETTER FROM THE BOARD

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### Details of Candidates of Directors

#### *Executive Directors*

**LUO Yuguang**, aged 54, has been an executive Director, the Chairman, a member of the remuneration committee and the chairman and a member of the nomination committee of the Company since 22 December 2016. He graduated from Beijing Agricultural Engineering University (北京農業工程大學) in 1992, specialized in Construction and Environmental Engineering (建築與環境工程) with a Bachelor's degree in engineering. Mr. LUO also completed and graduated from an undergraduate program in Chongqing Normal University (重慶師範大學) in 2008, majoring in Accounting. He joined the Company after obtaining his bachelor's degree and has more than 20 years of consecutive experience in the car industry. At the early stage, Mr. LUO underwent an internship at the Assemble Workshop (總裝車間), Repair Workshop (機修車間), Infrastructure Department (基建部) and Procurement Department (採購部) of the Company. Later he was the Deputy Head of the Planning and Construction Department (規劃建設部副部長), Deputy Head of Secondary Pressing Vehicles Workshop (二沖壓車間副主任), Deputy Head of the Finance Department (財務部副部長) and Deputy Head of the Integrated Planning Department (綜合計劃部副部長). In 2009, he joined the management team of the Company and was the Deputy Chief Economist and the Head of Procurement Department (副總經濟師兼採購部部長), and the Deputy General Manager of Qingling Group, a substantial shareholder of the Company, responsible for the production, logistics, domestic support and import, etc.. He took up the post of the Director and the General Manager of Qingling Group in September 2016. Mr. LUO studied abroad for several times, including the Advanced Course in Corporate Governance organized by the Hong Kong Institute of Chartered Secretaries and Studies on Special Topics such as production, quality, development and sales organized by Japan Isuzu. Mr. LUO has been the Chairman of the Qingling Isuzu (Chongqing) Engine Co., Ltd. from April 2015 to 30 November 2016.

**NAKAMURA Koji**, aged 56, graduated from the College of Foreign Languages of Dokkyo University. Mr. NAKAMURA joined Isuzu in April 1991 and has held various positions in various departments, including head and chairman of the board of directors. From October 1991 to April 2017, he was assigned to work in the Malaysia-Pakistan team and the Malaysia-Vietnam team of the Overseas Business Department, as well as Isuzu Motors (Thailand) Co., Ltd. (泰國五十鈴自動車株式會社). From October 2017 to 2024, Mr. NAKAMURA served as the chairman of the board of directors, a director of head office of the Regional Coordination Office II, an executive officer and the vice president and senior vice president of the Business Department of Isuzu Malaysia SBN • BHD (五十鈴馬來西亞SBN • BHD).

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## LETTER FROM THE BOARD

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**TSUKUI Mikio**, aged 56, graduated from the Faculty of Economics of Dokkyo University. Mr. TSUKUI joined Isuzu in April 1992 and has worked in the Overseas Business Department in China, Korea and Turkey. From April 2014 to 2018, he was sent to work in Isuzu Malaysia (五十鈴馬來西亞) and Isuzu Motors International (Europe) (五十鈴自動車國際歐洲)). From 2020 to 2021, Mr. TSUKUI was the director of Qingling Isuzu (Chongqing) Automobile Sales and Service Co., Ltd. and Isuzu (China) Engine Co., Ltd. respectively. Mr. TSUKUI is currently the general manager of the Regional Coordination Office II of the China Business Department.

**KIJIMA Katsuya**, aged 61, has been an executive Director since 25 August 2022. He graduated from the Faculty of Engineering of Chiba University. Mr. KIJIMA joined Isuzu in April 1987, and held number of important positions in various departments such as certain technical units and vehicle body engineering units in Isuzu. He was assigned to work in various departments for Isuzu Motors America, LLC and Isuzu Motors Co., (Thailand) Ltd. (泰國五十鈴汽車股份有限公司). Mr. KIJIMA currently serves as the executive officer of the Vehicle Public Works Department and the Vehicle Quality Management Department of Isuzu. As at the Latest Practicable Date, he is interested in 3,200 shares of Isuzu, representing approximately 0.0004% of the issued shares of Isuzu.

**XU Song**, aged 56, has been an executive Director since 15 June 2016. He is a senior engineer. Mr. XU joined the Chinese Communist Party in June 1988. He graduated from the Faculty of Engineering Machinery of Jilin University of Technology in July 1989, majoring in crane transport and engineering machinery. Mr. XU was awarded a bachelor degree in Engineering and a master degree in Business Administration. He worked in the equipment department of Chongqing Automobile Manufacturing Plant as an internship in 1989 and successively served as an assistant engineer and the deputy head of manufacturing factory. From 1995 to 2004, he worked at the Company and successively served as the deputy head, the head of manufacturing factory and the head of the product development department. Since 2004, Mr. XU served as an assistant to general manager of Qingling Group and the Company, and successively served as the head of the business planning department of Qingling Group and the Company and the director of chief engineer office of the Company. Since 2005, he served as an assistant to general manager of Qingling Group and the vice general manager of the Company, and also served as the head of the business planning department of Qingling Group and the Company. He also served as the head of the procurement department of Qingling Group in November 2005. From 2009 to 2012, he successively served as the deputy general manager and a member of the Party Committee of Qingling Group, the general manager, the secretary and a member of the Party Committee of Chongqing Qingling Casting Company Limited. Mr. XU serves as the general manager and a member of the Party Committee of Qingling Group. Mr. XU ceased to serve as the deputy general manager of the Company since 25 February 2020.

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## LETTER FROM THE BOARD

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**LI Juxing**, aged 58, has been an executive Director since 28 May 2015. He graduated from Harbin Institute of Technology, majoring in casting. He holds a bachelor degree of engineering and is a senior engineer. Mr. LI successively served as a technician of a foundry of Chongqing Automobile Manufacturing Plant (重慶汽車製造總廠), a head of the biotechnology department, a head of the quality department, a deputy chief engineer and a deputy general manager of Chongqing Qingling Casting Company Limited (重慶慶鈴鑄造有限公司) since July 1990. He became a deputy chief engineer of Qingling Group since 2005 and concurrently served as the general managers of Chongqing Qingling Aluminium Casting Co. Ltd. (重慶慶鈴鑄鋁有限公司) and Chongqing Qingling Forging Co. Ltd. (重慶慶鈴鍛造有限公司). Since 2010, he has been working as a deputy general manager of Qingling Group and he also serves as the chairman of Chongqing Qingling Forging Co. Ltd. and vice chairman of Isuzu (China) Engine Co., Ltd.. During the period from 26 September 2016 to 22 December 2016, Mr. LI served as the acting Chairman of the Company.

**LI Xiaodong**, aged 57, has been an executive Director since 30 May 2019. He is a member of the Communist Party of China and holds a university degree. He joined the Company in September 1986. From September 1986 to October 2017, he was successively a teacher at the Technical School, Youth League officer, deputy secretary of Youth League, director of the engine manufacturing department and deputy head of the coating workshop of Chongqing Automobile Manufacturing Plant (during his tenure, he graduated from Chongqing Radio & TV University (majoring in law)); a deputy head of the coating workshop, a deputy director of coating and manufacturing department, deputy head and head of No. 2 welding workshop, director of car body welding and manufacturing department of the Company; vice general manager and general manager of Chongqing Qingling Forging Co. Ltd; assistant to general manager of Qingling Group; general manager of Chongqing Qingling Automobile Manufacture and Assembly Co. Ltd.; person-in-charge of Northeast China and North China Sales Region of the Company and chairman of Qingling Isuzu (Chongqing) Automobile Sales and Service Co., Ltd. Mr. LI currently serves as a vice general manager and member of the Party Committee of Qingling Group (during his tenure, he obtained a bachelor's degree in mechanical design and manufacturing and automation from Chongqing University and a bachelor's degree in business administration from China Central Radio & TV University), chairman and secretary of the Party Committee of Chongqing Qingling Casting Company Limited. Mr. LI ceased to serve as the deputy general manager of the Company since 25 February 2020.

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## LETTER FROM THE BOARD

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### ***Independent Non-executive Directors***

**LONG Tao**, aged 72, has been an independent non-executive Director since 28 April 1994. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. LONG graduated from Research Institute for Fiscal Science, Ministry of Finance, majoring in accounting. Mr. LONG holds a master's degree in economics. He had served at Accountancy Division of Central University of Finance and Economics, and New York office of KPMG Peat Marwick. Mr. LONG had acted as a member of Securities Issue and Approval Committee of China Securities Regulatory Commission and member of Chinese technology expert panel for China-Hong Kong Securities Team. Mr. LONG also served as the independent director of Luoyang Glass Company Limited, Beijing Hua'er Company Limited (北京化二股份有限公司), Beijing Capital International Airport Co., Ltd., Baotou Iron and Steel Co. Ltd., China Asset Management Co., Ltd., Beijing Bashi Company Limited, Jiangxi Copper Company Limited, Beijing North Star Company Limited, Wangfujing Department Store Co., Ltd. (王府井百貨大樓股份有限公司) and the chairman of Beijing Haiwen Investment Consulting Co., Ltd. (北京海問投資諮詢有限公司). Mr. LONG has extensive knowledge and experience in corporate finance, accounting, audit, assets appraisal, restructuring of enterprise and listing. Mr. LONG currently serves as the chairman of Beijing Haiwen Entrepreneurship New Technology Investment Management Co., Ltd. (北京海問創業新技術投資管理有限公司), an independent director of Beijing Whoswho Culture and Media Co., Ltd., UBS SDIC Fund Management Co., Ltd., Crown International Corporation Limited and Aimer Co., Ltd. (愛慕股份有限公司).

**SONG Xiaojiang**, aged 73, has been an independent non-executive Director since 28 April 1994. He is also the chairman and a member of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. SONG is the general manager of Chongqing Ping Zheng Law Office, a member of the China Economic Law Association and the China Lawyers Association. Mr. SONG has been a lawyer and notary for 30 years. Mr. SONG graduated from South West Institute of Political Science and Law and also studied international law in the China University of Political Science and Law and foreign economic law at Shenzhen University. He was formerly vice chairman of Chongqing Notary Office and vice chairman of Chongqing Foreign Law Office.

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## LETTER FROM THE BOARD

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**LIU Tianni**, aged 60, has been an independent non-executive Director since 31 May 2011. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. LIU is also the executive director, the chairman and the chief executive officer of Wonderful Sky Financial Group Holdings Limited (the shares of which are listed on the Stock Exchange, Stock Code: 1260), the chairman of The Listed Companies Council of Chinese Enterprises Association (Hong Kong) (香港中企協上市公司委員會), a Hong Kong member of Chongqing Municipal Committee of the Chinese People's Political Consultative Conference (重慶市政協香港委員), executive vice chairman of the Hong Kong Island Federation (香港島聯合會), the honorary chairman of Shandong Hong Kong Overseas Investment and Financing Association (魯港企業投融資聯合會), and vice chairman of China Mergers and Acquisition Association (Kong Kong) (香港中國併購公會). Mr. LIU graduated from Beijing Normal University with a master degree in science.

**CHEN Yen Yung**, aged 52, has over 20 years' experience in the accounting and finance. She is a member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. CHEN studied in the Hong Kong Polytechnic University for higher certificate in accountancy and holds a bachelor's degree in commerce (accounting) from the Curtin University of Technology, Western Australia. From February 1995 to February 2001, she was employed by K.L. Lee & Partners CPA Limited (subsequently known as KLL Associates CPA Ltd. and merged with BDO Limited in 2005), a certified practicing accountancy firm in Hong Kong, with her last position as an assistant manager. From February 2001 to June 2002, she was employed by B&M Consultants Limited (currently known as BMI Consultants Limited), a business consultancy company in Hong Kong, with her last position as director. Ms. CHEN is currently the company secretary of Zhejiang Yongan Rongtong Holdings Co., Ltd\* (浙江永安融通控股股份有限公司) (stock code: 8211), a joint stock limited company incorporated in the People's Republic of China, whose H shares are listed on GEM of the Stock Exchange, and the independent non-executive director of National United Resources Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 254).

Ms. CHEN Yen Yung has confirmed that (i) she meets the independence criteria as set out in Rule 3.13 of the Listing Rules; (ii) she has not had nor has any financial or other interests in the business of the Group or any connection with any of the Company's core connected persons (as defined in the Listing Rules); and (iii) there are no other factors that may affect her independence if she is appointed.

Save as disclosed above, the Candidates of Directors did not hold any directorship in other listed public companies in the past three years or any other position with the Company and other members of the Group; the Candidates of Directors do not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; the Candidates of Directors have no interest in the Shares within the meaning of Part XV of the SFO; and the Candidates of Directors do not have other major appointments and professional qualification.

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## LETTER FROM THE BOARD

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The Company will enter into service contracts or appointment letters with each of the Candidates of Directors who are elected at the AGM. Their terms of office will commence on the date of the AGM and end on the date of the annual general meeting of the Company in the year of 2027. The Company will seek approval from the Shareholders at the AGM for the grant of authorization to the Board to determine the remuneration of each of the Candidates of Directors. The remuneration of the Candidates of Directors will be determined in accordance with the terms and conditions of the said service contracts or appointment letters having regard to their duties and responsibilities with the Company, the Company's remuneration policy and the Company's performance and profitability.

For the year ended 31 December 2023, Mr. LUO Yuguang, Mr. XU Song, Mr. LI Juxing, Mr. LI Xiaodong, Mr. LONG Tao, Mr. SONG Xiaojiang and Mr. LIU Tianni received Directors' emoluments of RMB570,636, RMB456,973, RMB456,973, RMB456,973, RMB120,000, RMB120,000 and RMB120,000, respectively; while Mr. KIJIMA Katsuya has waived his emoluments as an executive Director. It is expected that Ms. CHEN Yen Yung will receive a Director's fee of RMB120,000 per annum as an independent non-executive Director. Pursuant to the agreement between the Company and Isuzu, each of Mr. NAKAMURA Koji and Mr. TSUKUI Mikio will waive his remuneration as an executive Director.

Save as disclosed above, there is no other matter relating to the re-election or election of the Candidates of Directors that needs to be brought to the attention of the Shareholders and there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

### **3. PROPOSED ELECTION OF SUPERVISORS**

In accordance with the Articles of Association, the current term of office of each of the Supervisors will expire on the date of the AGM and each Supervisor will be eligible for re-election.

Ms. MIN Qing has informed the Company of her intention to retire as a Supervisor representing the Shareholders on expiry of her term of office on the date of the AGM and not to seek for re-election due to the change of her work arrangement. Before the expiry of her term of office, Ms. MIN Qing will continue to perform her duties as a Supervisor. Ms. MIN Qing has confirmed that she had no disagreement with the Board and the Supervisory Committee and there is no other matter with respect to her retirement which needs to be brought to the attention of the Shareholders.

The Supervisory Committee has nominated Mr. XIAN Feng, being a new Supervisor, as a candidate of Supervisor representing the Shareholders for the Next Term. Ms. PU Qing, being the retiring Supervisor, has been re-elected as a Supervisor representing the staff and workers of the Company by the staff and workers of the Company at the staff representative meeting.

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## LETTER FROM THE BOARD

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A separate resolution will be proposed at the AGM to elect the Supervisor representing the Shareholders for the Next Term, to authorise the Board to determine the remuneration of the Supervisors and to authorise the Board to enter into an appointment letter with each of the newly elected Supervisors.

### **Details of the Candidate of Supervisor Representing the Shareholders**

**XIAN Feng**, aged 42, studied in Traffic and Transportation from the College of Mechanical and Electronic Engineering of Taiyuan University of Science and Technology, and obtained a bachelor's degree of Engineering. Mr. XIAN joined the Company in 2005. He had worked for the Group as a technician in the Assemble Workshop (總裝車間) and Car-frame Workshop, a technician in the Product Development Department, a technician in the Test and Inspection Center, a person in charge of the Production Department, a deputy director and a director of the Third Assemble Workshop. Mr. XIAN is currently the head of the Comprehensive Operation Management Department of the Qingling Group. Mr. XIAN was awarded as "2008–2009 Chongqing Youth Position Expert".

### **Details of the Candidate of Supervisor Representing the Staff and Workers of the Company**

**PU Qing**, aged 51, has been a Supervisor representing the staff and workers of the Company since 15 December 2021. She graduated from Chongqing University with a bachelor's degree in thermal power engineering and as a master in business administration. Ms. PU joined the Company in 1996 and worked in the Equipment Department, Kinetic Energy Department and Sales Department of the Group. From March 2003 to October 2021, Ms. PU served as the person in charge of the Personnel Department of Qingling Group, a substantial shareholder of the Company, and the person in charge of the Secondary Pressing Vehicles Workshop (二沖壓車間) of the Company; the assistant of general manager and deputy secretary of the Party branch of Chongqing Qingling Mould Company Limited; the deputy head of the Planning Department of Qingling Group and the Company, the deputy head of the Finance Department, the head of the Finance Department of the Company and the secretary of Party Branch for General Management. Ms. PU is currently the head of the Audit Department and the director of Supervisors Office of Qingling Group.

Save as disclosed above, the candidates of Supervisors did not hold any directorship in other listed public companies in the past three years or any other position with the Company and other members of the Group; the candidates of Supervisors do not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; the candidates of Supervisors have no interest in the Shares within the meaning of Part XV of the SFO; and the candidates of Supervisors do not have other major appointments and professional qualification.



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## LETTER FROM THE BOARD

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The Company will enter into appointment letters with each of the newly elected Supervisors. Their terms of office will commence on the date of the AGM and end on the date of the annual general meeting of the Company in the year of 2027. The Company will seek approval from the Shareholders at the AGM for the grant of authorization to the Board to determine the remuneration of each of the Supervisors. The remuneration of the Supervisors will be determined in accordance with the terms and conditions of the said appointment letters having regard to their duties and responsibilities with the Company, the Company's remuneration policy and the Company's performance and profitability.

It is expected that Mr. XIAN Feng, as a Supervisor representing the Shareholders, will receive a Supervisor's remuneration of RMB152,934 per annum. For the year ended 31 December 2023, Ms. PU Qing received a Supervisor's remuneration of RMB140,730.

Save as disclosed above, there is no other matter relating to the re-election and election of the candidates of the Supervisors that needs to be brought to the attention of the Shareholders and there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

#### 4. PROPOSED CHANGE OF AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively known as "**Deloitte**"), the Company's PRC and international auditors, have been providing audit services to the Company upon Listing since 1994, which last for around 30 years. Pursuant to the "Administrative Measures on Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies" 《國有企業、上市公司選聘會計師事務所管理辦法》 issued by the PRC, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission on 20 February 2023 in relation to the appointment of accounting firms by state-owned enterprises, there is a limitation on the length of years for which an accounting firm may provide continuous audit services to a state-owned enterprise and its subsidiaries (i.e. in principle, not exceeding 8 years). Subject to these relevant regulations and after a comprehensive assessment and careful study, the Company has decided to change its auditors.

The service term of Deloitte will expire at the conclusion of the AGM. Deloitte has confirmed that it has no disagreement with the Board and there is no other matter in relation to its retirement that needs to be brought to the attention of the Shareholders. Neither the Board nor the audit committee of the Company (the "**Audit Committee**") is aware of any matters in relation to the proposed change of auditors that need to be brought to the attention of the Shareholders. The Board and the Audit Committee have also confirmed that there are no disagreement or outstanding matters between the Company and Deloitte.



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## LETTER FROM THE BOARD

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Pursuant to the open selection process and with reference to the recommendation of the Audit Committee, the Board has resolved to appoint Pan-China Certified Public Accountants LLP as PRC and international auditors of the Company for the year of 2024 and to authorise the Board to fix the remuneration of the auditors. Such appointment is subject to the approval of the Shareholders at the AGM.

### 5. CONTINUING CONNECTED TRANSACTION

#### The Sale Agreement

Principal terms of the Sale Agreement are summarised below:

Date	:	13 May 2024
Parties	:	(i) Bosch; and (ii) the Company
Term	:	Subject to and conditional upon the obtaining of the approval of the Independent Shareholders at general meeting, from the date of signing of the Sale Agreement to 31 December 2025, and renewable upon expiry if agreed by the parties and (if necessary) having obtained the approval of the Independent Shareholders (subject to the requirements of the Stock Exchange and/or the Listing Rules)
Transaction	:	Sales of the Parts by the Company to Bosch
Pricing principles	:	The pricing of the products under the Sale Agreement is determined by reference to the actual or reasonable costs incurred by the Company (including but not limited to raw material costs and assembly costs) plus a reasonable profit margin as there are no sufficient comparable transactions.

The Company and Bosch agree that the relevant sales terms of the products (including but not limited to the pricing principles) shall be arrived at after arm's length negotiations between the parties and on normal commercial terms or, if there are no sufficient comparable transactions to assess whether they are on normal commercial terms, such terms shall be fair and reasonable so far as the Company is concerned. The Company shall ensure that the relevant sales terms under the Sale Agreement are fair and reasonable so far as the Company is concerned whether or not there are any sufficient comparable transactions.

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## LETTER FROM THE BOARD

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The Sale Agreement is a master agreement which sets out the principles and requirements in relation to the sales of the Parts between the Company and Bosch. Pursuant to the Sale Agreement, the Company may enter into separate definitive agreement(s) with Bosch from time to time to provide for detailed terms of each single transaction in accordance with the principles and requirements set out in the Sale Agreement. Such detailed terms include, without limitation, price, payment terms, quantity, standard of quality and other terms and conditions.

As there is no available public information on any comparable transactions to ascertain whether the sales terms of the products (including the pricing terms) under the Sale Agreement are on normal commercial terms, the Company will conduct the following measures to ensure such terms are fair and reasonable and on normal commercial terms:

- (a) Upon receipt of a purchaser order from Bosch, the Company's finance department and other relevant operation departments will obtain quotations from various third party suppliers for raw materials that form the Parts and have similar specification and quality standard, whereby the relevant departments will compare the quotations against each other and any historical purchase costs of such raw materials if they were previously purchased by the Company.
- (b) The Company will select a supplier who offers the lowest quoted price of such raw material and propose to Bosch the estimated purchase costs based on such quoted price.
- (c) The Company's relevant operation departments will estimate the manpower to be involved in the purchaser order and charge Bosch based on the estimated number of hours spent at a fixed hourly wage rate.
- (d) The Company's finance department will gather all historical or estimated cost information relating to the Parts (including but not limited to the raw material costs and the labor costs) and compile a table, which is to be proposed to Bosch for its evaluation and confirmation. If Bosch considers that the estimated cost of any of the substantial raw materials (such as gear shaft) is higher than the market price, the Company will negotiate with the suppliers to obtain a discounted price and revert to Bosch for further confirmation.
- (e) The Company will provide Bosch with a proposed price for each type of gearbox sub-assembly based on the estimated costs confirmed by Bosch as mentioned in (d) above plus a profit margin of around 5%, such profit margin may be subject to adjustment depending on, inter alia, the difficulty of sourcing the relevant raw materials forming the Parts and the length of the production lead time and other factors as Bosch and the Company may negotiate from time to time.
- (f) The Company's finance department will also from time to time look for any up-to-date public information in relation to the profit margin levels of new energy vehicles companies in the industry for comparison and will be prepared to negotiate with Bosch.

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## LETTER FROM THE BOARD

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- (g) The Company will arrange meetings to discuss and negotiate the price of each type of gearbox sub-assembly with Bosch with reference to the cost information and other information as mentioned in (e) and (f) above.
- (h) Despite it is the first time for the Company to provide purely sourcing and assembly services to a customer and there are currently no comparable transactions entered into by the Company with an Independent Third Party, the Company's planning department will review and compare the proposed price with the relevant terms offered by the Company to an Independent Third Party in any applicable future comparable transactions from time to time during the term of the Sale Agreement, to ensure that the proposed price is no less favourable than that offered by the Company to an Independent Third Party.

### **Basis of consideration**

The pricing of the products under the Sale Agreement is determined by reference to the actual or reasonable costs incurred by the Company (including but not limited to raw material costs and assembly costs) plus a reasonable profit margin as there are no sufficient comparable transactions. The price of the raw materials (including but not limited to gear shaft, synchronizer components, bearings, seals and bolts) will be determined by reference to the market price of such raw materials in a sufficiently comparable market or the actual cost of such raw materials purchased by the Company.

The above profit margin shall be determined after arm's length negotiations between the parties after taking into account, among other things, the sound cooperative relationship between the Company and Bosch, the Company currently being the sole supplier of the Parts to Bosch, the Company's production and assembly technology and standard of quality for commercial vehicles parts, the domestic market demand for the parts of electric drive gearboxes, and with reference to the average profit margins of new energy vehicles sector in the domestic market in 2022 and 2023 in the range of approximately 2% to 5% as derived from the profit margins of a non-exhaustive list of 4 public companies engaging in the new energy vehicles sector listed on the Stock Exchange as reflected in their respective annual reports for the years of 2022 and 2023 excluding those relevant public companies which recorded negative profit margins in 2022 and/or 2023.

It is expected that the profit margin(s) to be charged under the Sale Agreement will be around 5% and such profit margin is considered to be fair and reasonable given that (i) Bosch will provide all necessary intellectual properties in relation to the manufacturing of the Parts to the Company, while the Company only needs to source raw materials and provides assembly services and does not perform any processing services under the Sale Agreement; (ii) the process of assembling the Parts is relatively standard and can be coped with by the existing technology and technical personnel of the Group; (iii) the Company does not own the intellectual properties of the Parts, which weakens its ability to command a higher price premium; (iv) the Company is currently the sole supplier of the Parts to Bosch and has established sound cooperative relationship with Bosch; (v) the raw materials forming the Parts (such as gear shaft, synchronizer components, bearings, seals and bolts)

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## LETTER FROM THE BOARD

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are currently available in the domestic market and can be used in assembling and manufacturing other autoparts and components for the Group's vehicles products; (vi) the Group can leverage its existing supplier network to easily acquire those raw materials at a bulk-purchase discounted price; (vii) the Group expects not to hire any additional manpower to deal with Bosch's purchase orders under the Sale Agreement based on the procurement plan provided by Bosch in relation to the Parts; and (viii) the Parts sold by the Company are relatively standardised, and it is a generally acceptable market practice for the vendors to charge a relatively lower premium for assembling standardised products. Based on the above factors, the Company considers that the pricing terms of the Parts to be sold by the Company to Bosch under the Sale Agreement (including the profit margin) are fair and reasonable so far as the Company is concerned and are no less favourable than those offered by the Company to an Independent Third Party in the domestic market (if available).

### **Proposed annual caps**

Pursuant to the Sale Agreement, it is expected that the aggregate amounts of the consideration payable by Bosch to the Company for the two years ending 31 December 2025 will not exceed the following amounts of proposed annual caps:

	<b>Proposed annual caps (in RMB)</b>	
	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>
The Sale Agreement	395,000,000	850,000,000

There were no previous transactions relating to the sales of the Parts by the Company to Bosch and therefore there was no historical transaction amount incurred.

### **Basis of proposed annual caps**

The above proposed annual caps for the transactions contemplated under the Sale Agreement were determined by the Board with reference to, among other things, (i) the historical purchase costs of raw materials (including but not limited to gear shaft, synchronizer components, bearings, seals and bolts) for the Parts and their trend; (ii) the expected labor required for assembling the Parts and historical salary; (iii) the procurement and assembly capabilities of the Company and its subsidiaries; and (iv) the expected demand for the Parts by Bosch since the Sale Agreement having become effective to the end of 2025 based on the procurement plan provided by Bosch in relation to the Parts. Such expected demand is supported by (i) that the gearbox sub-assemblies purchased by Bosch from the Company will be embedded to Bosch's heavy-duty electrified rigid electric axles, which are adaptable for use with either fuel-cell power modules or battery-electric systems in heavy-duty commercial vehicles and are expected to be sold to different new energy automobile

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## LETTER FROM THE BOARD

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manufacturers in the PRC; (ii) the expected growth in the new energy heavy-duty truck market capacity in the PRC by 247% from 20,189 vehicles in 2021 to 70,000 vehicles in 2025 and that electric heavy-duty trucks will reach a penetration rate of 18% by 2030 in the PRC, according to an electric heavy-duty truck industry report issued by Kearney, a global management consulting firm, in May 2022 ([https://www.kearney.com/document s/1258856/291822398/%E9%87%8D%E5%8D%A1%EF%BC%9A%E7%94%B5%E5%8A%A8%E5%8C%96%E7%9A%84%E6%96%B0%E5%8A%9B%E9%87%8F\\_VF.pdf/bc7988b3-096e-ba60-d4d0-83f424a191ca](https://www.kearney.com/document s/1258856/291822398/%E9%87%8D%E5%8D%A1%EF%BC%9A%E7%94%B5%E5%8A%A8%E5%8C%96%E7%9A%84%E6%96%B0%E5%8A%9B%E9%87%8F_VF.pdf/bc7988b3-096e-ba60-d4d0-83f424a191ca)); (iii) the growth in revenue of Bosch group in the mobility business sector by 6.9% to 56.2 billion euros from 2022 to 2023 as well as the expected growth in such revenue by 7% to 9% in 2024; and (iv) Bosch's increased investment in the new energy vehicles industry in the PRC by way of inauguration of its new plant in the Chongqing City in November 2023 to accommodate functions including engineering development, testing, manufacturing and sales management for implementing its electrification strategy in the PRC.

For illustration, in determining the proposed annual caps for each of the two years ending 31 December 2025, the Group has adopted (i) the estimated sales volume of 30,000 units of Type A gearbox sub-assembly for each of the two years ending 31 December 2025, 35,000 units of Type B gearbox sub-assembly and 5,500 units of Type C gearbox sub-assembly for the year ending 31 December 2025 to be sold to Bosch after having reviewed the procurement plan provided by Bosch in relation to the Parts; and (ii) the respective estimated selling prices of Type A gearbox sub-assembly, Type B gearbox sub-assembly and Type C gearbox sub-assembly of approximately RMB13,166 per unit, RMB10,055 per unit and RMB18,472 per unit, which were determined with reference to the estimated raw material costs, estimated assembling costs and other estimated costs and expenses to be incurred by the Company in manufacturing a unit of each type of gearbox sub-assembly as well as an estimated profit margin of approximately 5% per unit.

### **Reasons for and benefits of entering into the Sale Agreement**

Bosch is principally engaged in the research and development, production, sales and provision of related service of hydrogen-powered systems. Bosch intends to manufacture products (including but not limited to electric drive gearbox) that are compatible with its hydrogen-powered systems, and has begun to identify the supply of gearbox sub-assemblies available in the market that can cope with Bosch's specifications and quality standards.

With the emergence of the new energy vehicle industry, the demand for traditional fuel vehicle gearboxes is gradually weakening, while the demand for electric drive gearboxes is gradually increasing. By virtue of the similarities between traditional fuel vehicle gearboxes and electric drive gearboxes, the Company can leverage its relatively comprehensive technology in traditional fuel vehicle gearboxes to gradually transform and upgrade its gearboxes, thereby expanding the Company's electric drive product industry.

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## LETTER FROM THE BOARD

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Since the end of 2021, the Company has been purchasing from Bosch hydrogen-powered modules produced by it and has established a sound cooperative relationship with Bosch. On one hand, Bosch possesses strong development capabilities in hydrogen-powered systems and has a strong brand influence in the new energy vehicle market. On the other hand, the Company has technological advantages in mass production of high-quality automotive parts and has a vast supplier network of raw materials for automotive parts. The cooperation between the Company and Bosch is able to achieve complementary advantages and a win-win situation, particularly, the Company is currently the sole supplier of electric drive gearbox sub-assemblies to Bosch, enabling the Company to fully utilise its existing equipment and personnel technical experience to produce gearbox sub-assemblies that meet the quality standards of Bosch while obtaining reasonable returns.

In addition, through the cooperation with Bosch, the Company can acquire the technology for producing electric drive gearboxes and cultivate talents in the research and development, manufacturing, sales and other aspects of electric drive gearboxes, which lays a foundation for the Company to develop electric drive products that meet the demands of the new energy vehicle market, and seize the opportunity of the growing domestic market demand for electric drive components to maximise the profits. Accordingly, the Company has entered into the Sale Agreement with Bosch.

The Directors (including the independent non-executive Directors) are of the view that the terms (including the pricing principles) of the Sale Agreement are fair and reasonable and on normal commercial terms, and that the relevant transactions will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **Internal control**

The Company has adopted the following internal control measures and procedures to ensure that (i) the terms of the Sale Agreement are fair and reasonable, on normal commercial terms (or, where applicable, on terms no less favourable than those offered by the Company to an Independent Third Party), and in line with the pricing policy of the Company; and (ii) the transactions are conducted in accordance with the terms of the Sale Agreement:

- (1) the Company has adopted and implemented a management system on connected transactions. According to such system, the planning department of the Company is responsible for conducting reviews on compliance with relevant laws, regulations, company policies and the Listing Rules of the Sale Agreement and the transactions contemplated thereunder. In addition, the finance department and other relevant operation departments of the Company are jointly responsible for evaluating the terms of the Sale Agreement, in particular, the fairness and reasonableness of the pricing terms under the Sale Agreement; and

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## LETTER FROM THE BOARD

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- (2) the Independent Financial Adviser has reviewed the Sale Agreement pursuant to Chapter 14A of the Listing Rules. The independent non-executive Directors have also reviewed the Sale Agreement and will continue to review and monitor the transactions thereunder to ensure such agreement is entered into on normal commercial terms, on terms that are fair and reasonable, and the transactions contemplated thereunder are carried out pursuant to the terms of the Sale Agreement. The auditors of the Company will also conduct an annual review on the pricing and annual caps of the transactions contemplated under the Sale Agreement.

For illustrative purpose, when determining the actual price of a Part to be sold to Bosch under the Sale Agreement, the Company will provide Bosch with a proposed price of such Part upon receipt of the purchaser order(s) from Bosch. As mentioned above, in order to ensure that the pricing terms under the Sale Agreement are fair and reasonable and on normal commercial terms, the Company's finance department and other relevant operation departments will determine the proposed price in the following manner:

- (a) as there is no available comparable market price, whether or not the proposed price is fair and reasonable and on normal commercial terms will be determined based on the total costs of the Parts, which are estimated with reference to (i) the market price of the raw materials forming the Parts; and (ii) the estimated cost required for assembling such Parts based on the technologies and manpower involved in the assembling process and quality control procedures involved, plus a reasonable profit margin, depending on the difficulty of sourcing the relevant raw materials forming the Parts, the size of the purchase order and the length of the production lead time as well as requirements in relation to the nature, functionality, technology and quality standards, etc. of the Parts; and
- (b) the proposed price will be further reviewed to ensure that it is in line with the pricing terms of the Sale Agreement and, where applicable, the terms offered by the Company to Bosch are no less favourable than those offered by the Company to an Independent Third Party.

In order to facilitate the abovementioned reviewing procedures, the finance department and other departments of the Company have a professional team which possesses market intelligence, knowledge and experience regarding the relevant technology, quality and pricing of different parts (including but not limited to electric drive gearboxes) as well as the profit margin levels of new energy vehicles companies in the industry. Meanwhile, with the assistance of the relevant procurement experience of its procurement department, the Company is able to gather up-to-date information on market prices of different raw materials forming the Parts in the industry, which could then be used by the Company for comparison.



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## LETTER FROM THE BOARD

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### Information on the Company and Bosch

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

Bosch is principally engaged in the research and development, production, sales and provision of related service of hydrogen-powered systems.

As at the Latest Practicable Date, Bosch is owned as to 40% by Qingling Group and 60% by Bosch (China) Investment Ltd. (“**Bosch China**”), respectively. Qingling Group is wholly owned by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會) and is principally engaged in the manufacturing, sales and development of new products in relation to motor vehicles and their spare parts and accessories, and the provision of technical advisory services. Bosch China is an investment company established and wholly owned by a Dutch company, namely, Robert Bosch Investment Nederland B.V. (“**Robert Bosch Netherlands**”), To the best knowledge and information of the Company, Robert Bosch Netherlands is wholly owned by a German Company, namely, Robert Bosch GmbH, which is, in turn, owned by Robert Bosch Stiftung GmbH (Robert Bosch Foundation) (“**RB Foundation**”), a German foundation having managed the philanthropic bequest of company founder Robert Bosch to conduct and finance social, cultural and scientific projects in accordance with the wishes of Robert Bosch, as to 92%. Bosch China is principally engaged in developing, managing and coordinating all investment and manufacturing businesses of Bosch in the PRC. Bosch China, Robert Bosch Netherlands, Robert Bosch GmbH and RB Foundation are Independent Third Parties.

### Implications under the Listing Rules

As at the Latest Practicable Date, Qingling Group is the controlling shareholder of the Company holding approximately 50.10% of the entire issued share capital of the Company. Qingling Group also holds 40% equity interests in Bosch and thus Bosch is an associate of Qingling Group and also a connected person of the Company. Accordingly, the transactions contemplated under the Sale Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the proposed annual caps for the continuing connected transaction contemplated under the Sale Agreement are, on an annual basis, more than 5%, therefore, such continuing connected transaction is subject to the reporting and announcement requirements as set out in Rules 14A.49 and 14A.35, the annual review requirements as set out in Rules 14A.55 to 14A.59, and the Independent Shareholders’ approval requirements set out in Rule 14A.36, of the Listing Rules.

Prior to the obtaining of the Independent Shareholders’ approval, the Company will carry out the transactions contemplated under the Sale Agreement during the period from the date of signing of the Sale Agreement to the date of the AGM. However, the Directors anticipate that the transaction



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## LETTER FROM THE BOARD

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amount of the transactions contemplated under the Sale Agreement during such relevant period will not exceed the de minimis threshold of the applicable percentage ratios, and therefore the transactions would be exempt from the circular (including the independent financial opinion) and the Independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules. The Company will take necessary steps to ensure compliance with all applicable requirements under Chapter 14A of the Listing Rules.

If the aggregate annual amount of the transactions contemplated under the Sale Agreement is likely to exceed the proposed annual caps set out in this circular pursuant to Chapter 14A of the Listing Rules or should there be any material change to the terms of the Sale Agreement, the Company will take necessary steps to ensure compliance with all applicable requirements under Chapter 14A of the Listing Rules.

### **General**

The Company will seek the approval of the Independent Shareholders in respect of, among other things, the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps. An ordinary resolution will be proposed at the AGM to be voted by the Independent Shareholders by way of poll to approve the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps. At the AGM, any Shareholder with a material interest in the Sale Agreement and the transactions contemplated thereunder as set out in the ordinary resolution is required to abstain from voting on such resolution approving the Sale Agreement, the transactions contemplated thereunder and related matters.

The Independent Board Committee has been formed to advise the Independent Shareholders as to, among other matters, whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM, having taken into account the recommendations of the Independent Financial Adviser.

Rainbow Capital (HK) Limited has been appointed by the Company as the Independent Financial Adviser to give recommendations to the Independent Board Committee and the Independent Shareholders as to, among other things, whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Qingling Group is the controlling shareholder of the Company holding approximately 50.10% of the entire issued share capital of the Company. Qingling Group also holds 40% equity interests in Bosch, Qingling Group will be required to abstain from voting on the ordinary resolution to be proposed at the AGM in respect of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps.

Mr. LUO Yuguang, the chairman of the Board and the executive Director, also being a director of Qingling Group, has abstained from voting on the resolution in relation to the Sale Agreement and the transactions contemplated thereunder proposed to the Board. Save as disclosed above, none of the Directors has a material interest in the Sale Agreement and the transactions contemplated thereunder and therefore none of them is required to abstain from voting on the relevant Board resolutions approving the same.

### 6. AGM

The relevant ordinary resolutions proposed above are set out in the Supplemental Notice of AGM.

Since the proxy form (the “**Original Proxy Form**”) issued along with the 2023 annual report of the Company did not set out the additional resolutions as set out in the Supplemental Notice of AGM, an amended proxy form (the “**Amended Proxy Form**”) will be despatched together with this circular.

Shareholders who have not lodged the Original Proxy Form in accordance with the instructions set out in the Notice of AGM are requested to lodge the Amended Proxy Form, if he/she intends to appoint a proxy to attend the AGM on his/her behalf. Under such circumstances, the Shareholder should not lodge the Original Proxy Form.

In order to be valid, the Amended Proxy Form and, if such Amended Proxy Form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company at 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the PRC (in the case of proxy form of holder(s) of Domestic Share(s)) or at the Company’s H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (in the case of proxy form of holder(s) of H Share(s)) not less than 24 hours before the time for holding the AGM (i.e. not later than 26 June 2024 at 10:00 a.m. (Hong Kong time)) or 24 hours before the time appointed for taking the poll.

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## LETTER FROM THE BOARD

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Shareholders who have lodged the Original Proxy Forms in accordance with the instructions set out in the Notice of AGM should note that:

- (i) If no Amended Proxy Form is lodged, the Original Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote at the AGM in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on the resolutions proposed in the Notice of AGM, and vote at his/her discretion on the additional resolutions set out in the Supplemental Notice of AGM; and
- (ii) If an Amended Proxy Form is lodged before the deadline set out in the Supplemental Notice of AGM, the Amended Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed and the Original Proxy Form will be revoked. The proxy appointed under the Amended Proxy Form will be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM, including the resolutions as set out in the Notice of AGM as well as the additional resolutions as set out in the Supplemental Notice of AGM.

Completion and return of the Original Proxy Form and/or the Amended Proxy Form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish. For the details of resolutions to be proposed at the AGM for approval, the qualification to attend the AGM, the appointment of proxies, the registration procedures and closure of the register of Shareholders and other issues, please refer to the Announcement, the Notice of AGM and the Supplemental Notice of AGM.

### **7. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

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## LETTER FROM THE BOARD

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### 8. RECOMMENDATION

The Independent Board Committee, having taken into account the recommendations from Rainbow Capital (HK) Limited, the Independent Financial Adviser, considers that the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, and such transactions are conducted on normal commercial terms in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM to approve the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable, and such transactions are conducted on normal commercial terms in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM to approve the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps.

The Directors believe that the other proposed resolutions are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the other relevant resolutions as set out in the Notice of AGM and the Supplemental Notice of AGM.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps and the letter from the Independent Financial Adviser set out on pages 27 to 41 of this circular containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps, together with the principal factors and reasons considered by them in arriving at such recommendations.

By Order of the Board  
**Qingling Motors Co. Ltd**  
**LUO Yuguang**  
*Executive Director and Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

*The Independent Board Committee:*

Mr. LONG Tao

Mr. SONG Xiaojiang

Mr. LIU Tianni

Mr. LIU Erh Fei

12 June 2024

*To the Independent Shareholders:*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company to its shareholders dated 12 June 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them in the section headed “Definition” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, whether such transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM.

Having taken into account the recommendations from Rainbow Capital (HK) Limited, the Independent Financial Adviser, and, in particular, the principal factors and reasons considered by the Independent Financial Adviser as set out in the letter from the Independent Financial Adviser, we consider that the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, such transactions are

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the AGM to approve the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps.

The letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at such recommendations is set out on pages 27 to 41 of the Circular.

Yours faithfully,  
The Independent Board Committee of  
**Qingling Motors Co. Ltd**  
**Mr. LONG Tao, Mr. SONG Xiaojiang,**  
**Mr. LIU Tianni, Mr. LIU Erh Fei**  
*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Rainbow Capital (HK) Limited to the Independent Board Committee and the Independent Shareholders in respect of the Sale Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*

**Rainbow Capital (HK) Limited**

12 June 2024

*To the Independent Board Committee and the Independent Shareholders*

Qingling Motors Co., Ltd.  
1 Xiexing Cun, Zhongliangshan  
Jiulongpo District, Chongqing, the PRC

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 12 June 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 13 May 2024, the Company entered into the Sale Agreement with Bosch, pursuant to which the Company sells the Part to Bosch.

As of the Latest Practicable Date, Qingling Group is the controlling shareholder of the Company holding approximately 50.10% of the entire issued share capital of the Company. Qingling Group also holds 40% equity interests in Bosch and thus Bosch is an associate of Qingling Group and also a connected person of the Company. Accordingly, the transactions contemplated under the Sale Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the proposed annual caps for the continuing connected transaction contemplated under the Sale Agreement are, on an annual basis, more than 5%, therefore, such continuing connected transaction is subject to the reporting and announcement requirements as set out in Rules 14A.49 and 14A.35, the annual review requirements as set out in Rules 14A.55 to 14A.59, and the Independent Shareholders’ approval requirements as set out in Rule 14A.36, of the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Sale Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the AGM. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As of the Latest Practicable Date, we did not have any relationships or interests with the Group, Bosch and Qingling Group that could reasonably be regarded as relevant to our independence. There was no engagement or connection between the Group, Bosch or Qingling Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, Bosch or Qingling Group. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and therefore are qualified to give independent advice in respect of the Sale Agreement and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as of the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as of the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Bosch, Qingling Group or their respective substantial shareholders, subsidiaries or associates.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Sale Agreement and the transactions contemplated thereunder, we have taken into account the principal factors and reasons set out below:

### 1. Information of the Group

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

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2021, 2022 and 2023 (“FY2021”, “FY2022” and “FY2023”, respectively) as extracted from the annual reports of the Company for FY2022 and FY2023 (“2022 Annual Report” and “2023 Annual Report”, respectively):

#### *Financial performance*

	FY2021	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
<b>Revenue</b>	4,828,237	3,248,080	3,596,535
Cost of sales	(4,273,893)	(3,132,923)	(3,373,181)
<b>Gross profit</b>	554,344	115,157	223,354
<i>Gross profit margin</i>	11.48%	3.55%	6.21%
Other income	463,350	385,405	295,743
Other expenses	(9,560)	(7,295)	(8,026)
Impairment losses under expected credit loss model, net of reversal	614	(9,529)	(277)
Other gains and losses, net	85,653	13,705	13,586
Distribution and selling expenses	(244,464)	(78,260)	(189,768)
Administrative expenses	(232,801)	(213,745)	(205,456)
Research expenses	(269,928)	(243,132)	(177,802)
Finance costs	(1,374)	(4,717)	(1,680)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	FY2021	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Share of results of associates	(5,616)	(7,339)	570
Share of results of joint ventures	4,306	10,131	2,504
<b>Loss before tax</b>	344,524	(39,619)	(47,252)
<b>Loss and total comprehensive expenses</b>			
<b>attributable to owners of the Company</b>	322,080	(14,575)	(54,269)

### *FY2022 vs FY2021*

The Group's revenue decreased by approximately 32.73% from approximately RMB4,828 million for FY2021 to approximately RMB3,248 million for FY2022, mainly due to the continuous sporadic outbreak of the novel coronavirus, coupled with factors such as rising raw material prices, power rationing due to high temperature and suspension of power and work, etc., which has brought certain negative impact on the market sentiment and business environment, affecting the overall performance of the Group for FY2022.

The Group's gross profit decreased by approximately 79.23% from approximately RMB554 million for FY2021 to approximately RMB115 million for FY2022. Gross profit margin of the Group for FY2022 was 3.55% as compared with 11.48% for FY2021.

The Group recorded net loss attributable to the Shareholders of approximately RMB15 million for FY2022 while the Group had net profit attributable to the Shareholders of approximately RMB322 million for FY2021, which was mainly due to the decrease in gross profit.

### *FY2023 vs FY2022*

The Group's revenue increased by approximately 10.73% from approximately RMB3,248 million for FY2022 to approximately RMB3,597 million for FY2023, mainly due to the increase of sales volume. The Group's gross profit increased by approximately 93.96% from approximately RMB115 million for FY2022 to approximately RMB223 million for FY2023, while the gross profit margin increased from 3.55% for FY2022 to 6.21% for FY2023.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's net loss attributable to the Shareholders increased by approximately 272.34% from approximately RMB15 million for FY2022 to approximately RMB54 million for FY2023, which was mainly due to (i) the increase in distribution and selling expenses from approximately RMB78 million for FY2022 to approximately RMB190 million for FY2023; and (ii) the decrease in income tax credit from approximately RMB35 million for FY2022 to approximately RMB2 million for FY2023.

### ***Financial position***

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
<b>Non-current assets, including:</b>	4,988,506	3,471,601	<b>4,608,047</b>
– Property, plant and equipment	1,047,558	1,153,221	<b>1,212,392</b>
– Time deposits	3,132,775	1,499,018	<b>2,569,260</b>
<b>Current assets, including:</b>	5,917,405	6,877,575	<b>5,376,443</b>
– Inventories	1,035,550	1,418,835	<b>1,318,413</b>
– Trade, bills and other receivables and prepayments	2,597,025	1,557,481	<b>1,531,029</b>
– Time deposits	599,083	2,915,887	<b>1,486,295</b>
– Cash and cash equivalents	1,673,977	972,924	<b>1,027,775</b>
<b>Current liabilities, including:</b>	2,829,614	2,530,693	<b>2,223,542</b>
– Trade, bills and other payables	2,119,936	1,973,545	<b>1,775,320</b>
<b>Non-current liabilities, including:</b>	9,075	32,486	<b>23,687</b>
– Lease liabilities	1,923	27,361	<b>19,404</b>
<b>Equity attributable to owners of the Company</b>	<b>7,739,697</b>	<b>7,452,072</b>	<b>7,397,803</b>

As at 31 December 2023, total assets of the Group were approximately RMB9,984 million, which mainly consisted of (i) property, plant and equipment of approximately RMB1,212 million; (ii) time deposits of approximately RMB4,056 million with a term from more than 3 months to 36 months and carrying interest at rates ranging from 2.15% to 3.99% per annum; (iii) inventories of approximately RMB1,318 million; (iv) trade, bills and other receivables and prepayments of approximately RMB1,531 million; and (v) cash and cash equivalents of approximately RMB1,028 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2023, total liabilities of the Group were approximately RMB2,247 million, which mainly consisted of trade, bills and other payables of approximately RMB1,775 million.

The Group's equity attributable to the Shareholders decreased by approximately 0.7% from approximately RMB7,452 million as at 31 December 2022 to approximately RMB7,398 million as at 31 December 2023.

### **2. Reasons for and benefits of entering into the Sale Agreement**

Bosch is principally engaged in the research and development, production, sales and provision of related service of hydrogen-powered systems. Bosch intends to manufacture products (including but not limited to electric drive gearbox) that are compatible with its hydrogen-powered systems, and has begun to identify the supply of gearbox sub-assembly available in the market that can cope with Bosch's specifications and quality standards.

With the emergence of the new energy vehicle industry, the demand for traditional fuel vehicle gearboxes is gradually weakening, while the demand for electric drive gearboxes is gradually increasing. By virtue of the similarities between traditional fuel vehicle gearboxes and electric drive gearboxes, the Company can leverage its relatively comprehensive technology in traditional fuel vehicle gearboxes to gradually transform and upgrade its gearboxes, thereby expanding the Company's electric drive product industry.

Since the end of 2021, the Company has been purchasing from Bosch hydrogen-powered modules produced by it and has established a sound cooperative relationship with Bosch. On one hand, Bosch possesses strong development capabilities in hydrogen-powered systems and has a strong brand influence in the new energy vehicle market. On the other hand, the Company has technological advantages in mass production of high-quality automotive parts and has a vast supply network of raw materials for automotive parts. The cooperation between the Company and Bosch is able to achieve complementary advantages and a win-win situation, particularly, the Company is currently the sole supplier of electric drive gearbox to Bosch, enabling the Company to fully utilise its existing equipment and personnel technical experience to produce gearboxes that meet the quality standards of Bosch while obtaining reasonable returns.

In addition, through the cooperation with Bosch, the Company can acquire the technology for producing electric drive gearboxes and cultivate talents in the research and development, manufacturing, sales and other aspects of electric drive gearboxes, which lays a foundation for the Company to develop electric drive products that meet the demands of the new energy vehicle industry, and seize the opportunity of the growing domestic market demand for electric drive components to maximise the profits. Accordingly, the Company has entered into the Sale Agreement with Bosch.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the 2023 Annual Report, the Group has expanded its pure electric product range. The Group completed the development of 8.9T, 18T environmental sanitation chassis, and pre-research of 4K hybrid engines. The Group's research and development in hydrogen-powered vehicles and the cultivation of industrial ecology are making steady progress. Breakthroughs have been made in the cultivation of key components for new energy vehicles, with batch delivery of electric drive gearboxes and continuous improvement in electric drive axle technology, which has been initially applied in commerce.

In line with the Group's strategy to expand into the new energy industry, we consider entering into the Sale Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the Sale Agreement

Details of the terms of the Sale Agreement are set out in the Letter from the Board. Set out below are the principal terms of the Sale Agreement:

Date : 13 May 2024

Parties : (i) Bosch; and  
(ii) the Company

Term : Subject to and conditional upon the obtaining of the approval of the Independent Shareholders at general meeting, from the date of signing of the Sale Agreement to 31 December 2025, and renewable upon expiry if agreed by the parties and (if necessary) having obtained the approval of the Independent Shareholders (subject to the requirements of the Stock Exchange and/or the Listing Rules)

Transaction : Sales of the Part by the Company to Bosch

Pricing principles : The pricing of the products under the Sale Agreement is determined by reference to the actual or reasonable costs incurred by the Company (including but not limited to raw material costs and assembly costs) plus a reasonable profit margin as there are no sufficient comparable transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As there is no available public information on comparable transactions to ascertain whether the sales terms of the products (including the pricing terms) under the Sale Agreement are on normal commercial terms, the Company will conduct the following measures to ensure such terms are fair and reasonable and on normal commercial terms:

- (a) upon receipt of a purchaser order from Bosch, the Company's finance department and other relevant operation departments will obtain quotations from various third party suppliers of those raw materials forming the Part of similar specification and quality standard, whereby the relevant departments will compare the quotations against each other and any historical purchase costs of such raw materials if they were previously purchased by the Company;
- (b) the Company will select a supplier who offers the lowest quoted price of such raw material and propose to Bosch the estimated purchase costs based on such quoted price;
- (c) the Company's relevant operation departments will estimate the manpower to be involved in the purchaser order and charge Bosch based on the estimated number of hours spent at a fixed hourly wage rate;
- (d) the Company's finance department will gather all estimated cost information relating to the Part (including but not limited to the raw material costs and the labor costs) and compile a table, which is to be proposed to Bosch for its evaluation and confirmation. If Bosch considers that the estimated cost of any of the substantial raw materials (such as gear shaft) is higher than the market price, the Company will negotiate with the suppliers to obtain a discounted price and revert to Bosch for further confirmation;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (e) the Company will provide Bosch with a proposed price for each type of gearbox subassembly based on the estimated costs confirmed by Bosch as mentioned in (d) above plus a profit margin of around 5%, such profit margin may be subject to adjustment depending on, inter alia, the difficulty of sourcing the relevant raw materials forming the Parts and the length of the production lead time and other factors as Bosch and the Company may negotiate from time to time;
- (f) the Company's finance department will also from time to time look for any up-to-date public information in relation to the profit margin levels of new energy vehicles companies in the industry for comparison and will be prepared to negotiate with Bosch;
- (g) the Company will arrange meetings to discuss and negotiate the price of each type of gearbox sub-assembly with Bosch with reference to the cost information and other information as mentioned in (e) and (f) above; and
- (h) despite it is the first time for the Company to provide purely sourcing and assembly services to a customer and there are currently no comparable transactions entered into by the Company with an Independent Third Party, the Company's planning department will review and compare the proposed price with the relevant terms offered by the Company to an Independent Third Party in any applicable future comparable transactions from time to time during the term of the Sale Agreement, to ensure that the proposed price is no less favourable than that offered by the Company to an Independent Third Party.

As set out in the Letter from the Board, the above profit margin shall be determined after arm's length negotiations between the parties after taking into account, among other things, the sound cooperative relationship between the Company and Bosch, the Company currently being the sole supplier of the Part to Bosch, the Company's production and assembly technology and standard of quality for commercial vehicles parts, the domestic market demand for the parts of electric drive gearboxes, and with reference to the average profit margins of new energy vehicles industry in the domestic market in 2022 and 2023 in the range of approximately 2% to 5%. We have independently searched and identified an exhaustive list of six companies which are engaged in the new energy vehicles sector and are listed on the Stock Exchange (the "**NEV Companies**"). We noted the NEV Companies which recorded net profits for FY2022 and FY2023 had profit margins ranging from approximately 2.96% to 4.99%. We consider it is fair and reasonable to use a range of 2% to 5% as a reference.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It is expected that the profit margin(s) to be charged under the Sale Agreement will be around 5%. Given that (i) Bosch will provide all necessary intellectual properties in relation to the manufacturing of the Part to the Company and the Company only needs to purchase raw materials and assemble the Part, where the existing technology and technical personnel of the Group can cope with the manufacturing process; (ii) the Company does not own the intellectual properties of the Part, which weakens its ability to command a high price premium; (iii) it is a generally acceptable market practice for the vendors to charge a relatively lower premium for standardised products. Based on our review of the annual reports of the Company, the Group's revenue generated from sales of automobile parts, accessories and others had decreased from RMB321,833,000 in 2018 to RMB270,346,000 in 2023, mainly due to the increasingly fierce competition in the industry. For parts that are standardised and require little processing by the suppliers, buyers can easily find alternative suppliers. According to an automobile parts industry report issued by McKinsey & Company, a global management consulting firm, in May 2022 (<https://www.mckinsey.com.cn/%e5%a6%82%e4%bd%95%e6%8d%a2%e9%81%93%e8%b6%85%e8%bd%a6%ef%bc%9a%e4%b8%ad%e5%9b%bd%e6%b1%bd%e8%bd%a6%e9%9b%b6%e9%83%a8%e4%bb%b6%e4%bc%81%e4%b8%9a%e7%9a%84%e6%9c%ba%e9%81%87%e4%b8%8e%e6%8c%91%e6%88%98/>), downstream vehicle manufacturers need to concentrate their funding on new energy technologies and intelligent driving. As their capital requirements continue to rise, the pressure on suppliers to reduce product prices is also increasing. Based on our review of the annual reports of the NEV Companies, most new energy vehicle companies are loss-making or have low profit margins. We consider it is reasonable for the Company to charge a lower premium for the Part to maintain the competitiveness of its products; (iv) the raw materials forming the Part are currently available in the domestic market and can be used in assembling and manufacturing other autoparts and components for the Group's vehicles products. The Group can leverage its existing supplier network to easily acquire those raw materials at a bulk-purchase discounted price; (v) the Group expects not to hire any additional manpower to deal with Bosch's purchase orders under the Sale Agreement based on the procurement plan provided by Bosch in relation to the Part; and (vi) since the Company mainly provides assembly services and does not perform any processing, it is reasonable that the profit margin of the Part is relatively lower than that of the Company's other products, we consider the estimated profit margin of the Part of around 5% is fair and reasonable.

As confirmed by the management of the Group, the Group did not sell the Part to Bosch or any Independent Third Party in the past, so comparable transactions are not available. Given that (i) the selling price of the Part is determined by reference to the actual or reasonable costs incurred by the Company (including but not limited to raw material costs and assembly costs) plus a reasonable profit margin; (ii) as discussed in the section headed "5. Assessment of the annual caps under the Sale Agreement", the estimated selling price for each type of the Part is justifiable; and (iii) the Group has adopted internal control measures to ensure that the transactions contemplated under the Sale Agreement will be appropriately monitored and conducted on commercial terms, we consider the terms of the Sale Agreement (including the pricing policies) are on normal commercial terms which are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Internal control measures of the Group

In order to protect the interests of the Shareholders, the Group has adopted the following internal control measures to regulate the respective individual transactions to be conducted under the Sale Agreement:

- (i) the Company has adopted and implemented a management system on connected transactions. According to such system, the planning department of the Company is responsible for conducting reviews on compliance with relevant laws, regulations, company policies and the Listing Rules of the Sale Agreement and the transactions contemplated thereunder. In addition, the finance department and other relevant operation departments of the Company are jointly responsible for evaluating the terms of the Sale Agreement, in particular, the fairness and reasonableness of the pricing terms under the Sale Agreement;
- (ii) the auditors of the Company will also conduct an annual review on the pricing and annual caps of the transactions contemplated under the Sale Agreement;
- (iii) as there is no available comparable market price, whether or not the proposed price is fair and reasonable and on normal commercial terms will be determined based on the total costs of the Part, which are estimated with reference to (a) the market price of the raw materials forming the Part; and (b) the estimated cost required for assembling such Part based on the technologies and manpower involved in the assembling process and quality control procedures involved, plus a reasonable profit margin, depending on the difficulty of sourcing the relevant raw materials forming the Parts, the size of the purchase order and the length of the production lead time as well as requirements in relation to the nature, functionality, technology and quality standards, etc. of the Part; and
- (iv) the Company's finance department and other relevant operation departments will review the proposed price of the Part to ensure that it is in line with the pricing terms of the Sale Agreement.

We have obtained and reviewed the Group's internal control measures for connected transactions. We noted that the pricing of connected transactions follows the market price principle and can also be based on cost-plus pricing or agreement pricing. After the negotiation between the business department of the Company with the connected parties, the transaction price must be reviewed by the comprehensive planning department of the Company. The finance department of the Company is responsible for monitoring the amounts of connected transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing whether the internal control measures are put in place and effectively implemented, we have further obtained summary reports of the Group's continuing connected transactions conducted in FY2021, FY2022 and FY2023 and noted the monthly transaction amounts had been closely monitored and the annual caps were not exceeded. As set out in the circular dated 31 March 2023 of the Company, the Company supplies automobile chassis and related components to Qingling Group from time to time under the new chassis supply agreement. We have randomly selected and obtained 5 sample invoices issued by the Company to Qingling Group and compared to 5 invoices issued by the Company to the Independent Third Parties in relation to the similar chassis products. We noted that the selling prices offered by the Company to Qingling Group were not less favorable than the selling prices offered by the Company to the Independent Third Parties. As such, we consider that the Company had effectively implemented internal control measures to ensure the transaction prices between connected persons and the Company are fair and reasonable and in accordance with the pricing terms of the master agreement.

Having considered (i) the selling price of the Part is determined by reference to the actual or reasonable costs incurred by the Company (including but not limited to raw material costs and assembly costs) plus a reasonable profit margin; (ii) as discussed in the section headed "5. Assessment of the annual caps under the Sale Agreement", the estimated selling price for each type of the Part is justifiable; (iii) the ongoing monitoring of the transactions under the Sale Agreement; and (iv) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Sale Agreement and the proposed annual caps thereunder, we are of the view that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Sale Agreement will be appropriately monitored and conducted on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 5. Assessment of the proposed annual caps under the Sale Agreement

Pursuant to the Sale Agreement, it is expected that the aggregate amounts of the consideration payable by Bosch to the Company for the two years ending 31 December 2025 ("FY2024" and "FY2025") will not exceed the following amounts:

	Proposed annual caps (in RMB)	
	FY2024	FY2025
The Sale Agreement	395,000,000	850,000,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the reasonableness of the proposed annual caps under the Sale Agreement, we have discussed with the management of the Group on the basis of determination of the above proposed annual caps and reviewed the estimation breakdown of the Parts to be sold by the Company to Bosch under the Sale Agreement. The details are set out below:

	FY2024	FY2025
Type A gearbox sub-assembly:		
Estimated selling price ( <i>RMB per unit</i> )	13,166	13,166
Estimated sales volume	30,000	30,000
Estimated sales amount ( <i>RMB</i> )	394,980,000	394,980,000
Type B gearbox sub-assembly:		
Estimated selling price ( <i>RMB per unit</i> )	–	10,055
Estimated sales volume	–	35,000
Estimated sales amount ( <i>RMB</i> )	–	351,925,000
Type C gearbox sub-assembly:		
Estimated selling price ( <i>RMB per unit</i> )	–	18,472
Estimated sales volume	–	5,500
Estimated sales amount ( <i>RMB</i> )	–	101,596,000
Total estimated sales amount ( <i>RMB</i> )	394,980,000	848,501,000
Buffer ( <i>RMB</i> )	20,000	1,499,000
Proposed annual caps ( <i>RMB</i> )	395,000,000	850,000,000

The estimated selling prices of Type A, Type B and Type C gearbox sub-assemblies are RMB13,166, RMB10,055 and RMB18,472, respectively. The Group expects to sell 30,000 units of Type A gearbox sub-assembly to Bosch for each of FY2024 and FY2025, and sell 35,000 units of Type B gearbox sub-assembly and 5,500 units of Type C gearbox sub-assembly to Bosch for FY2025. As advised by the Company, three types of gearboxes (of which three types of gearbox sub-assemblies will form Part respectively) are mainly used in different types of trucks. Bosch has not launched Type B and Type C gearboxes which are still in the research and development test production stage. Therefore, the Company expects to start supplying Bosch with Type B and Type C gearbox sub-assembly in 2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the pricing principles of the Sale Agreement, the selling price is determined by reference to the actual or reasonable costs plus a reasonable profit margin. We have further obtained and reviewed the cost estimation of each type of the Part. We noted the Group has estimated the cost based on the historical purchase cost of raw materials, expected labor required for assembly and historical salary. In assessing the fairness and reasonableness of the estimated cost of raw materials which is the major component of the total cost, we have obtained and reviewed five sets of invoices from the Company for the purchase of raw materials for Type A gearbox sub-assembly. When discussing the cooperation with Bosch, the Company has started trial production of Type A gearbox sub-assembly. We noted the estimated purchase cost of raw materials for Type A gearbox sub-assembly is in line with the Company's actual purchase cost. As Bosch has not launched Type B and Type C gearboxes, the Company has estimated the cost based on the actual cost of Type A gearbox sub-assembly and the differences in product composition. Taking into account of the above, we consider the estimated cost of the Part is fair and reasonable.

With regard to the profit margin, the Part's profit margin is estimated to be approximately 5%. As discussed in the section headed "3. Principal terms of the Sale Agreement", we consider the estimated profit margin of the Part of around 5% is fair and reasonable.

As advised by the management of the Group, the sales volume is estimated based on Bosch's procurement plan. According to an electric heavy-duty truck industry report issued by Kearney, a global management consulting firm, in May 2022 ([https://www.kearney.com/documents/1258856/291822398/%E9%87%8D%E5%8D%A1%E5%BC%9A%E7%94%B5%E5%8A%A8%E5%8C%96%E7%9A%84%E6%96%B0%E5%8A%9B%E9%87%8F\\_VF.pdf/bc7988b3-096e-ba60-d4d0-83f424a191ca](https://www.kearney.com/documents/1258856/291822398/%E9%87%8D%E5%8D%A1%E5%BC%9A%E7%94%B5%E5%8A%A8%E5%8C%96%E7%9A%84%E6%96%B0%E5%8A%9B%E9%87%8F_VF.pdf/bc7988b3-096e-ba60-d4d0-83f424a191ca)), electric heavy-duty trucks will reach a penetration rate of 18% by 2030 in China. The new energy heavy-duty truck market capacity in China is expected to grow by 247% from 20,189 vehicles in 2021 to 70,000 vehicles in 2025. As stated in the 2023 annual report of Bosch Group, Bosch Group's revenue in the mobility business sector rose nominally by 6.9% to 56.2 billion euros. Adjusted for exchange-rate effects, the increase amounted to 10.9%. Bosch Group expects to grow by 7% – 9% in mobility business sector in 2024. China is the biggest market for all-electric vehicles and hybrid vehicles and Bosch Group expects growth in China will remain largely constant in 2024. Bosch has introduced the heavy-duty electrified rigid electric axle which is a unit that integrates the gearbox, electric motor, and differential into a common housing. It is adaptable for use with either fuel-cell power modules or battery-electric systems in heavy-duty commercial vehicles. By providing assembly services for the Part to Bosch, the Company will participate in Bosch's manufacturing of the gearbox of the heavy-duty electrified rigid electric to promote the transformation of the Company's business. Based on our review of the website of Bosch, its new plant in Chongqing City was officially inaugurated in November 2023 as an important base for Bosch's electrification strategy. The site encompasses approximately 240,000 square meters and accommodates various functions, including engineering development, testing, manufacturing, and sales management. Bosch aims to seize future opportunities and contribute to sustainable mobility in the PRC through strategic investment and active collaboration with

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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local partners. Considering the growing electric heavy-duty truck market in China and Bosch's increased investment in the new energy vehicles industry, we consider the expected sales volume is acceptable.

Having taking into account (i) the selling price is determined by reference to the actual or reasonable costs plus a reasonable profit margin; (ii) the expected cost is estimated based on the historical cost, salary and expected labor required for assembly; (iii) the estimated profit margin is fair and reasonable based on the complexity of assembling the Part and the Group's historical gross profit margins; and (iv) Bosch's procurement plan is in line with its increased investment in the new energy vehicles industry, we consider the proposed annual caps under the Sale Agreement are fair and reasonable.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Sale Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the AGM to approve the Sale Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Danny Leung**  
*Managing Director*

*Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****(a) Directors' interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

Mr. LUO Yuguang is a director, the general manager and the deputy secretary of the Party Committee of Qingling Group, Mr. LI Juxing and Mr. LI Xiaodong are the deputy general managers and members of the Party Committee of Qingling Group, Mr. XU Song is the general manager and a member of the Party Committee of Qingling Group, Mr. NAKAMURA Osamu is an executive officer of Isuzu, an executive officer of the Head Office of Business Department, the GR Domestic Coordination Department, the GR Domestic Business Development Department, the GR Domestic Commodity Policy Department and the Program Business Development Department as well as a managerial staff in the head office of the China Business Department, and Mr. KIJIMA Katsuya is an executive officer of the Vehicle Public Works Department and the Vehicle Quality Management Department of Isuzu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company that had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Persons or corporations who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

So far as was known to each Director or chief executive of the Company, as at the Latest Practicable Date, the following persons or corporations had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's/corporate's interest in such securities, together with particulars of any options in respect of such capital:

Long positions in the Shares:

Name of Shareholder	Class of Shares	No. of Shares	Capacity	% of share capital of the relevant class	% of entire share capital
Qingling Group	Domestic Shares	1,243,616,403	Beneficial Owner	100%	50.10%
Isuzu	H Shares	496,453,654	Beneficial Owner	40.08%	20.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

### 3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).



**4. COMPETING INTEREST**

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors nor their respective close associates had any interests which competed or may compete, directly or indirectly, with the Company's business.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial and trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Rainbow Capital (HK) Limited	A licensed corporation to carry out Types 1 and 6 (dealing in securities and advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Rainbow Capital (HK) Limited was not interested beneficially or non-beneficially in any Shares or shares in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, Rainbow Capital (HK) Limited did not have any direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 12 June 2024 and reference to its name and logo in the form and context in which they respectively appear.

## **8. DOCUMENTS ON DISPLAY**

Electronic copy of the following document is on display and is published on the website of the Stock Exchange ([www.hkexnews.com](http://www.hkexnews.com)) and the website of the Company ([www.qingling.com.cn](http://www.qingling.com.cn)) for a period of 14 days from the date of this circular:

- (i) the Sale Agreement.

## **9. GENERAL**

Save as otherwise stated in this circular, the English text of this circular shall prevail over the Chinese text in the event of inconsistency.

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## SUPPLEMENTAL NOTICE OF AGM

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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 NOTICE OF ANNUAL GENERAL MEETING

This notice is supplement to the notice of the annual general meeting (the “AGM”) of Qingling Motors Co. Ltd (the “Company”) dated 18 April 2024 (the “Original Notice”) and the announcement of the Company (the “Announcement”) regarding the postponement of the AGM and extension of period for closure of register of shareholders to convene the AGM to be held at the New Conference Hall of the Company, 1st Floor, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China (the “PRC”) on Thursday, 27 June 2024 at 10:00 a.m. as re-scheduled.

Details of the proposed resolutions nos. 1 to 3 to be considered at the AGM were stated in the Original Notice. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 12 June 2024 (the “Circular”).

This **SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT** in addition to the resolutions set out in the Original Notice, the following resolutions will be considered and, if though fit, to pass, with or without modification, by the shareholders of the Company at the AGM:

4. Each as a separate resolution, to re-elect or elect each of the following persons as a Director for the next term of office commencing from the date of the AGM to the date of the annual general meeting of the Company in 2027 (the “Next Term”):
  - (1) To re-elect Mr. LUO Yuguang as an executive Director for the Next Term;
  - (2) To elect Mr. NAKAMURA Koji as an executive Director for the Next Term;
  - (3) To elect Mr. TSUKUI Mikio as an executive Director for the Next Term;
  - (4) To re-elect Mr. KIJIMA Katsuya as an executive Director for the Next Term;

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## SUPPLEMENTAL NOTICE OF AGM

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- (5) To re-elect Mr. XU Song as an executive Director for the Next Term;
  - (6) To re-elect Mr. LI Juxing as an executive Director for the Next Term;
  - (7) To re-elect Mr. LI Xiaodong as an executive Director for the Next Term;
  - (8) To re-elect Mr. LONG Tao as an independent non-executive Director for the Next Term;
  - (9) To re-elect Mr. SONG Xiaojiang as an independent non-executive Director for the Next Term;
  - (10) To re-elect Mr. LIU Tianni as an independent non-executive Director for the Next Term; and
  - (11) To elect Ms. CHEN Yen Yung as an independent non-executive Director for the Next Term.
- 5. To authorise the Board to determine the remuneration of Directors.
  - 6. To authorise the Board to enter into a service contract or an appointment letter with each of the newly elected executive Directors and independent non-executive Directors respectively on such terms and conditions as it may think fit and to do all such acts and things to give effect to such matters.
  - 7. To elect Mr. XIAN Feng as a Supervisor representing the Shareholders of the Company for the Next Term.
  - 8. To authorise the Board to determine the remuneration of Supervisors of the Company.
  - 9. To authorise the Board to enter into an appointment letter with each of the newly elected Supervisors of the Company on such terms and conditions as it may think fit and to do all such acts and things to give effect to such matters.
  - 10. To consider the appointment of Pan-China Certified Public Accountants LLP as the Company's PRC and international auditors for the year of 2024 and to authorise the Board to determine its remuneration and to enter into a service agreement and other related documents with the new auditors.

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## SUPPLEMENTAL NOTICE OF AGM

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11. THAT:

- (a) the conditional agreement dated 13 May 2024 entered into between Bosch Hydrogen Powertrain Systems (Chongqing) Co. Ltd. (博世氫動力系統(重慶)有限公司) (“**Bosch**”) and the Company in respect of the sales of the parts, namely, gearbox sub-assemblies, by the Company to Bosch (the “**Sale Agreement**”, a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the relevant annual caps for each of the two years ending 31 December 2025 (as set out in the Circular) be and are hereby approved;

and any one Director, company secretary or the authorised person(s) of the Company be and is (are) hereby authorised on behalf of the Company to sign, seal and execute all such other documents and agreements and to do all such acts and things as he/she may in his/her discretion consider necessary or desirable or expedient to implement and/or to give effect to the Sale Agreement and the transactions thereby contemplated as well as the proposed annual caps.

By Order of the Board  
**QINGLING MOTORS CO. LTD**  
**LEI Bin**  
*Company Secretary*

Chongqing, the PRC, 12 June 2024

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## SUPPLEMENTAL NOTICE OF AGM

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*Notes:*

1. This notice is supplement to the Original Notice and should be read in conjunction with the Original Notice. Details of the proposed resolutions nos. 1 to 3 are stated in the Original Notice, while the details of the above resolutions nos. 4 to 11 are set out in the Circular.
2. Since the proxy form (the “**Original Proxy Form**”) issued along with the 2023 annual report of the Company did not set out the additional resolutions as set out in this supplemental notice, an amended proxy form (the “**Amended Proxy Form**”) will be despatched together with the Circular.
3. Shareholders who have not lodged the Original Proxy Form in accordance with the instructions set out in the Original Notice, are requested to lodge the Amended Proxy Form if he/she intends to appoint a proxy to attend the AGM on his/her behalf. Under such circumstances, the Shareholder should not lodge the Original Proxy Form.
4. In order to be valid, the Amended Proxy Form and, if such Amended Proxy Form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company at 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the PRC (in the case of proxy form of holder(s) of Domestic Share(s)) or at the Company’s H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (in the case of proxy form of holder(s) of H Share(s)) not less than 24 hours before the time for holding the AGM (i.e. not later than 26 June 2024 at 10:00 a.m. (Hong Kong time)) or 24 hours before the time appointed for taking the poll.
5. Shareholders who have lodged the Original Proxy Forms in accordance with the instructions set out in the Original Notice should note that:
  - (i) If no Amended Proxy Form is lodged, the Original Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote at the AGM in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on the resolutions proposed in the Original Notice, and vote at his/her discretion on the additional resolutions set out in this supplemental notice; and
  - (ii) If an Amended Proxy Form is lodged before the deadline set out in the supplemental notice, the Amended Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed and the Original Proxy Form will be revoked. The proxy appointed under the Amended Proxy Form will be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolutions properly put to the AGM, including the the resolutions as set out in the Original Notice as well as the additional resolutions as set out in this supplemental notice.
6. Completion and return of the Original Proxy Form and/or the Amended Proxy Form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

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## SUPPLEMENTAL NOTICE OF AGM

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7. To ascertain the H shareholders' entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Monday, 6 May 2024 to Thursday, 27 June 2024 (both dates inclusive), during which period no transfer of shares will be registered and no transfer of shares of the Company may be registered during such period. Shareholders whose names appear on the register of shareholders of the Company on Monday, 6 May 2024 are entitled to attend and vote at the AGM.
8. Shareholders who intend to attend the AGM shall complete and lodge the amended reply slip for attending the AGM at the Company's legal address at 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the PRC on or before Friday, 7 June 2024. The amended reply slip may be delivered to the Company by hand, by post, by cable or by fax (at fax no.: (86) 23-6883 0397).
9. As at the date of this supplemental notice, the Board comprises 11 Directors, of which Mr. LUO Yuguang, Mr. YASUTA Tatsuya, Mr. NAKAMURA Osamu, Mr. KIJIMA Katsuya, Mr. XU Song, Mr. LI Juxing 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.