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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)

REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS

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Reference is made to (i) the announcement of the Company dated 30 December 2022 in relation to, among other things, the entering into of the Existing CQACL Agreement between the Company and CQACL and the continuing connected transactions thereunder for the period from 1 January 2023 to 31 December 2025; and (ii) the circular of the Company dated 31 March 2023 in relation to, among other things, the continuing connected transactions.

The Board hereby announces that the Board has reviewed and assessed the continuing connected transactions under the Existing CQACL Agreement and expects that the actual amount of the transactions under the Existing CQACL Agreement will exceed its previous forecast such that the existing annual cap for the transactions under the Existing CQACL Agreement for the year ending 31 December 2025 will be insufficient to satisfy the business needs of the Group. Accordingly, on 19 August 2025, the Company entered into the Supplemental Agreement with CQACL to amend the annual cap for the year ending 31 December 2025 for the continuing connected transactions under the Existing CQACL Agreement. Save for the revision of the annual cap, all other terms of the Existing CQACL Agreement remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CQACL is owned as to 72.43% by Qingling Group, 13% by Isuzu, 10% by Isuzu China and 4.57% by Chongqing Yu Gao Tech Industry (Group) Co. Ltd* (重慶渝高科技產業(集團)股份有限公司), an independent third party, and therefore CQACL is an associate of Qingling Group. CQACL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company anticipates that the continuing connected transactions under the Existing CQACL Agreement will exceed the previously announced annual cap, the Company shall be required to re-comply with the applicable requirements in relation to such transactions before the annual cap is exceeded.

As one or more of the applicable percentage ratios calculated pursuant to the Revised Annual Cap under the Existing CQACL Agreement (as amended by the Supplemental Agreement) is more than 0.1% but less than 5%, the Revised Annual Cap amounts of the continuing connected transactions under the Existing CQACL Agreement and the continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) are subject to the reporting and announcement requirements set out in Rules 14A.49 and 14A.35 and the annual review requirements set out in Rules 14A.55 to 14A.59 of the Listing Rules but are exempted from the independent Shareholders' approval requirement set out in Rule 14A.36 of the Listing Rules.

BACKGROUND

Reference is made to (i) the announcement of the Company dated 30 December 2022 in relation to, among other things, the entering into of the Existing CQACL Agreement between the Company and CQACL and the continuing connected transactions thereunder for the period from 1 January 2023 to 31 December 2025; and (ii) the circular of the Company dated 31 March 2023 in relation to, among other things, the continuing connected transactions.

The Board hereby announces that the Board has reviewed and assessed the continuing connected transactions under the Existing CQACL Agreement and expects that the actual amount of the transactions under the Existing CQACL Agreement will exceed its previous forecast such that the existing annual cap for the transactions under the Existing CQACL Agreement for the year ending 31 December 2025 will be insufficient to satisfy the business needs of the Group. Accordingly, on 19 August 2025, the Company entered into the Supplemental Agreement with CQACL to amend the annual cap for the year ending 31 December 2025 for the continuing connected transactions under the Existing CQACL Agreement.

SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are set out below:

Date:	19 August 2025
Parties:	(i) the Company; and (ii) CQACL
Revision of annual cap:	The annual cap for the year ending 31 December 2025 was revised from RMB20,450,000 to RMB76,800,000 (the "**Revised Annual Cap**").

Save for the above revision, all other terms of the Existing CQACL Agreement remain unchanged.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

Since the signing of the Existing CQACL Agreement, the Company has been purchasing cast aluminium automobile parts and other related parts and components from CQACL, including gearbox housings for the assembly of gearbox subassemblies sold to various customers.

On 13 May 2024, the Company entered into the Sales Agreement with Bosch in relation to the sale of the gearbox subassemblies by the Company to Bosch. Please refer to the announcement dated 13 May 2024 and the circular dated 12 June 2024 of the Company for details of the Sales Agreement. Since the second half of 2024, the Company commenced the sale of the gearbox subassemblies to Bosch.

In order to supply the gearbox subassemblies to Bosch, the Company needs to purchase gearbox housings and assemble them with other parts to form the gearbox subassemblies. In order to satisfy Bosch's demand for the gearbox subassemblies under the Sales Agreement, the Company purchases gearbox housings from CQACL and assembles them into gearbox subassemblies. The quantity of the gearbox housings to be purchased by the Company from CQACL mainly depends on the demand of Bosch for the gearbox subassemblies and is estimated based on the annual procurement plan of Bosch for the gearbox subassemblies. In view of the new demand for gearbox housings arising from the entering into of the Sales Agreement, the existing annual cap for the continuing connected transactions under the Existing CQACL Agreement for the year ending 31 December 2025 will no longer be sufficient and therefore need to be revised to ensure that the relevant transactions will continue to meet the needs of the Company's business operations and revenue growth.

Furthermore, the Company considers that the entering into of the Supplemental Agreement to increase the annual cap for the continuing connected transactions under the Existing CQACL Agreement for the year ending 31 December 2025 is based on the actual business needs of the Group, in particular, to cater for its market expansion and business strategies. These continuing connected transactions will help enhance the market coverage of the Group's products and facilitate its business expansion in the field of new energy vehicles, which is expected to have a positive impact on the Group's revenue and profit.

The Directors (including the independent non-executive Directors) are of the view that the terms (including the Revised Annual Cap amount) of the Supplemental Agreement are fair and reasonable and the continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) are in the ordinary and usual course of business of the Group and on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

HISTORICAL TRANSACTION AMOUNTS AND REVISED ANNUAL CAP

As previously disclosed, the original annual cap of the Existing CQACL Agreement for each of the three years ending 31 December 2025 is RMB14,360,000, RMB16,280,000 and RMB20,450,000 respectively.

The following table sets out the historical transaction amounts under the Existing CQACL Agreement for the two years ended 31 December 2024 and for the seven months ended 31 July 2025:

For the year ended 31 December 2023 *(RMB) (Approximately)*	For the year ended 31 December 2024 *(RMB) (Approximately)*	For the seven months ended 31 July 2025 *(RMB) (Approximately)*
8,860,634	14,771,352	19,881,959

As at the date of this announcement, the continuing connected transactions between the Company and CQACL under the Existing CQACL Agreement have not exceeded the existing annual cap under the Existing CQACL Agreement.

Based on the reasons set out in the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT" in this announcement, and after taking into account that the new demand for the gearbox subassemblies from Bosch arising from the entering into of the Sales Agreement will substantially increase the projected transaction amount under the Existing CQACL Agreement for the year ending 31 December 2025, the Board expects that the cumulative transaction amount under the Existing CQACL Agreement will reach RMB76,800,000 in the coming five months ending 31 December 2025.

The following table sets out the Revised Annual Cap of the Existing CQACL Agreement (as amended by the Supplemental Agreement) for the year ending 31 December 2025:

	For the year ending 31 December 2025 *(RMB)*
Revised Annual Cap	76,800,000

BASIS OF DETERMINATION OF THE REVISED ANNUAL CAP

The Revised Annual Cap was determined with reference to, among other things, (i) the historical trading volume of cast aluminium automobile parts and other related parts and components (including but not limited to gearbox housings) for the seven months ended 31 July 2025; (ii) the projected trading volume of cast aluminium automobile parts and other related parts and components (including but not limited to gearbox housings) for the coming five months ending 31 December 2025; (iii) the price at which CQACL sold the gearbox housings to the Company for the assembly of the gearbox subassemblies, which was based on the actual cost incurred plus a profit margin ranging from approximately 1.3% to 2.2%, and such price was lower than the comparable market price; (iv) the demand of Bosch for the gearbox subassemblies based on its 2025 annual procurement plan and the estimated quantity of gearbox housings to be purchased from CQACL based on the demand; and (v) the cumulative projected transaction amounts under the Existing CQACL Agreement (as amended by the Supplemental Agreement) for the coming five months ending 31 December 2025.

INTERNAL CONTROL MEASURES AND PROCEDURES

In order to ensure that the continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) are conducted in accordance with the terms of the Agreement (including but not limited to the pricing terms stipulated in the Agreement) and do not exceed the Revised Annual Cap amount, the Company has developed and adopted the following internal control measures and procedures:

(1) the Company has developed 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 Existing CQACL Agreement (as amended by the Supplemental Agreement) and the transactions thereunder;

(2) the Board and the Company's internal departments (including but not limited to the finance department, the procurement department and other relevant operation departments) are jointly responsible for evaluating the terms of the Existing CQACL Agreement (as amended by the Supplemental Agreement), in particular, the fairness and reasonableness of the pricing terms, to ensure that the price and relevant terms are no less favourable to the Company than those offered by independent third parties for similar transactions;

(3) the independent non-executive Directors have reviewed the Existing CQACL Agreement (as amended by the Supplemental Agreement) and will continue to review and monitor the conduct of the continuing connected transactions under such agreement to ensure that such agreement was entered into and is being conducted on normal commercial terms that are fair and reasonable, that the transactions are being carried out in accordance with the terms of the relevant agreement as well as the Company's pricing policy, and that the actual transaction amount will not exceed the Revised Annual Cap; and

(4) the auditor of the Company will conduct an annual review of the Existing CQACL Agreement (as amended by the Supplemental Agreement) and the transactions thereunder to ensure that the transactions contemplated thereunder are carried out in accordance with the relevant pricing terms and as agreed therein, and that the actual transaction amount will not exceed the Revised Annual Cap.

In addition, in determining the actual price for the supply of relevant automobile parts to the Company under the Existing CQACL Agreement (as amended by the Supplemental Agreement), CQACL will first provide the Company with a proposed price. As mentioned above, in order to ensure that the pricing terms under the Existing CQACL Agreement (as amended by the Supplemental Agreement) are fair and reasonable, the Company's finance department and other relevant operation departments will review the proposed price provided by CQACL based on following procedure:

(1) if comparable market price is available, the proposed price will be compared with the market price to ensure that such proposed price is not higher than the selling price of the automobile parts with similar specifications, technology and quality requirements, etc. provided by any other third party manufacturer or vendor in the market;

(2) if no comparable market price is available, whether or not the proposed price is fair and reasonable will be determined based on the total cost of the automobile parts, which is estimated with reference to (i) the market price of the raw materials or semi-finished products forming the automobile parts; and (ii) the cost estimated to be required for manufacturing such automobile parts based on requirements in relation to the nature, functionality, technology and quality standards, etc., plus a profit margin of not more than the maximum profit margin level (i.e. a profit margin of not more than 8%) as stipulated under the Existing CQACL Agreement (as amended by the Supplemental Agreement), depending on the complexity of technologies and quality control procedures involved; and

(3) the proposed price will be further reviewed to ensure that it is in line with the pricing terms of the Existing CQACL Agreement (as amended by the Supplemental Agreement) and the terms provided to the Company are no less favourable than those offered by CQACL to an independent third party.

In order to facilitate the abovementioned reviewing procedures, the planning department of the Company has a professional team which possesses market intelligence, knowledge and experience regarding the relevant technology, quality, pricing and profit margin level of automobile parts (including statistics obtained from the China Automotive Industry Yearbook). Meanwhile, with the assistance of the relevant procurement experience of its procurement department, the Company is able to gather information on market prices and profit margin levels of different parts (such as gearbox housings) as well as their raw materials in the industry through industrial associations and independent automobile suppliers in the PRC, which could then be used by the Company for comparison.

In view of the above, the Board is of the view that adequate internal control measures and procedures have been put in place to ensure that such transactions are in compliance with the relevant requirements under the Listing Rules, in accordance with the terms of the Existing CQACL Agreement (as amended by the Supplemental Agreement) and in the interests of the Company and the Shareholders as a whole.

IMPACT OF THE REVISED ANNUAL CAP ON THE COMPANY

The continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) will continue to be conducted on a fair and reasonable basis and in accordance with the Company's established internal control and approval procedures. These transactions will not have any material adverse impact on the Company's financial position or operating results, nor will they affect the Company's independence.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CQACL is owned as to 72.43% by Qingling Group, 13% by Isuzu, 10% by Isuzu China and 4.57% by Chongqing Yu Gao Tech Industry (Group) Co. Ltd* (重慶渝高科技產業(集團)股份有限公司), an independent third party, and therefore CQACL is an associate of Qingling Group. CQACL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company anticipates that the continuing connected transactions under the Existing CQACL Agreement will exceed the previously announced annual cap, the Company shall be required to re-comply with the applicable requirements in relation to such transactions before the annual cap is exceeded.

As one or more of the applicable percentage ratios calculated pursuant to the Revised Annual Cap under the Existing CQACL Agreement (as amended by the Supplemental Agreement) is more than 0.1% but less than 5%, the Revised Annual Cap amounts of the continuing connected transactions under the Existing CQACL Agreement and the continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) are subject to the reporting and announcement requirements set out in Rules 14A.49 and 14A.35 and the annual review requirements set out in Rules 14A.55 to 14A.59 of the Listing Rules but are exempted from the independent Shareholders' approval requirement set out in Rule 14A.36 of the Listing Rules.

INFORMATION ON THE COMPANY AND CQACL

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.

CQACL is principally engaged in the manufacturing and sales of cast aluminum automobile parts and other cast aluminum parts and components.

GENERAL

Mr. LUO Yuguang, an executive Director and the chairman of the Company, also being a director of Qingling Group, has abstained from voting on the resolution proposed to the Board in relation to the entering into of the Supplemental Agreement and the revision of the annual cap on the continuing connected transactions under the Existing CQACL Agreement. Save as disclosed above, none of the Directors has a material interest in the continuing connected transactions under the Existing CQACL Agreement (as amended by the Supplemental Agreement) and accordingly, no other Director is required to abstain from voting when the relevant resolution is proposed to the Board for approval.

DEFINITIONS

"Board"	the board of Directors
"Bosch"	Bosch Hydrogen Powertrain Systems (Chongqing) Co. Ltd. (博世氫動力系統(重慶)有限公司), a company established in the PRC with limited liability
"Company"	Qingling Motors Co. Ltd, a sino-foreign joint venture joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange (stock code: 1122)
"CQACL"	重慶慶鈴鑄鋁有限公司(Chongqing Qingling Aluminium Casting Co. Ltd.*), a sino-foreign joint venture company established in the PRC with limited liability
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Directors"	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
"Existing CQACL Agreement"	the agreement dated 30 December 2022 entered into between CQACL and the Company relating to the supply of certain automobile parts by CQACL to the Company
"Group"	the Company and its subsidiaries from time to time

"H Share(s)"	overseas listed foreign share(s) 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
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Isuzu"	Isuzu Motors Limited, a company incorporated in Japan and listed on the Tokyo Stock Exchange and a substantial shareholder of the Company
"Isuzu China"	Isuzu (China) Holding Co., Ltd., a company established in the PRC with limited liability, which is wholly owned by Isuzu
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profit ratio and equity capital ratio
"PRC"	the People's Republic of China, which shall, for the purpose of this announcement, 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) Co. Ltd*), 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
"Sales Agreement"	the sales agreement dated 13 May 2024 entered into between the Company and Bosch relating to the sales of gearbox subassembly by the Company to Bosch
"Share(s)"	the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Supplemental Agreement"	the supplemental agreement to the Existing CQACL Agreement dated 19 August 2025 entered into between the Company and CQACL to amend the existing annual cap for the year ending 31 December 2025
"%"	per cent

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

Chongqing, the PRC, 19 August 2025

As at the date of this announcement, the Board comprises 11 Directors, of which Mr. LUO Yuguang, Mr. NAKAMURA Koji, Mr. KIJIMA Katsuya, Mr. TSUKUI Mikio, Mr. XU Song, Mr. LI Juxing and Mr. LI Xiaodong are executive Directors, and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Ms. CHEN Yen Yung are independent non-executive Directors.

* *For identification purposes only*