

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**慶鈴汽車股份有限公司**

**QINGLING MOTORS CO. LTD**

*(a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1122)**

## **ANNOUNCEMENT CONNECTED TRANSACTION**

The Board hereby announces that, on 2 August 2019, the Company and Isuzu entered into the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement, pursuant to which the Company engages Isuzu to carry out design alteration related development business for NPR75 basic vehicles so as to allow equipping such vehicles with 4JZ1 diesel engines and ensure compliance with the relevant National VIb emission regulations and relevant regulations required for certification as well as CAN (Control Area Network) communication specifications and the design alteration related development business for basic vehicles to achieve the CAN communication function, carry out design alteration related development business for NPR sample vehicles and provide technical guidance or research services.

As at the date of this announcement, Isuzu is a substantial shareholder of the Company holding approximately 20% of the entire issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the connected transaction contemplated under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement will be more than 0.1% but less than 5%, such connected transaction is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## I. CONNECTED TRANSACTION

The Company entered into the following agreement with Isuzu on 2 August 2019:

### **700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement**

Date	:	2 August 2019
Parties	:	(a) The Company  (b) Isuzu
Term	:	Effective from 27 June 2017 until the date of completion of payment of consideration under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement
Content of the transaction	:	The Company engages Isuzu to carry out design alteration related development business for the NPR75 basic vehicles so as to allow equipping such vehicles with 4JZ1 diesel engines and ensure compliance with the relevant National VIb emission regulations, certifications on model (announcement), oil consumption certifications (relevant certifications under GB30510–2018 and relevant certifications required by phase IV of JT/T719–2016), relevant regulations required by CCC certifications and CAN (Control Area Network) communication specifications, to carry out design alteration related development business for basic vehicles to achieve the CAN communication function, to carry out design alteration related development business for NPR sample vehicles and to provide technical guidance or research services.
Consideration	:	An aggregate of JPY580,370,000 (equivalent to approximately RMB37,247,566)
Time of payment	:	The Company shall pay the consideration to Isuzu in the following manner:  (a) Payment of JPY232,148,000 (equivalent to approximately RMB14,899,026) within 30 days from the date of entering into of the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement;

- (b) Payment of JPY232,148,000 (equivalent to approximately RMB14,899,026) within 30 days from the completion of Isuzu's provision of the relevant technological development information to the Company as confirmed by both parties in writing;
- (c) Payment of JPY116,074,000 (equivalent to approximately RMB7,449,513) within 30 days from the date of commencement of mass manufacturing and assembling of vehicles using the relevant technological development information by the Company or the collaborative enterprises of the Company as confirmed by both parties in writing.

The above payments shall be made by the Company to Isuzu in JPY after deduction of taxes payable by Isuzu to the PRC government.

### **Basis for Consideration**

The consideration payable under the 700P3X (with 4JZ1 150 horsepower National VIB) Technology Development Agreement is determined based on the technical advancement and market prospect of products and with reference to the consideration under the technology licence agreements of other companies in the industry.

## **II. REASONS FOR ENTERING INTO THE 700P3X (WITH 4JZ1 150 HORSEPOWER NATIONAL VIB) TECHNOLOGY DEVELOPMENT AGREEMENT**

The Company is principally engaged in the production and sales of Isuzu trucks, multipurpose vehicles, pick-up trucks, other vehicles and automobile parts and accessories. Isuzu is principally engaged in the production and sales of commercial vehicles and diesel engines.

### **700P3X (with 4JZ1 150 horsepower National VIB) Technology Development Agreement**

The Company has been endeavoured to specialize and continue to expand its vehicle production business. As the Company mainly manufactures various automobiles and components under the brand name "Isuzu", the Company requires the provision of technology and technical knowhow by Isuzu for its business from time to time to meet the standards and requirements of Isuzu for such productions. 700P3X is a medium-duty truck series products of Isuzu with 150 horsepower. As a new vehicle platform, the Company is required to introduce, absorb and adopt internationally advanced medium-duty trucks technology of Isuzu and therefore, the Company intended to enter into the 700P3X (with 4JZ1 150 horsepower National VIB) Technology Development Agreement to enhance the performance and price competitiveness of Qingling's medium-duty vehicles, participate in the market competition of medium-duty vehicles in China and expand the market scale.

Each of the Directors (including the independent non-executive Directors) believes that the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms and negotiated on an arm's length basis between the Company and Isuzu. Each of the Directors considers that the terms of 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors has significant interests in the transaction contemplated under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement. Therefore, none of the Directors had to abstain from voting on the relevant Board resolutions on approving the transaction. However, Mr. HAYASHI Shuichi and Mr. MAEGAKI Keiichiro are Directors nominated by Isuzu. These Directors had voluntarily agreed to abstain from voting on the resolutions in relation to the approval of the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement.

### **III. REQUIREMENTS UNDER THE LISTING RULES**

As at the date of this announcement, Isuzu is a substantial shareholder of the Company holding approximately 20% of the entire issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the connected transaction contemplated under the 700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement will be more than 0.1% but less than 5%, such connected transaction is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

### **IV. DEFINITIONS**

“700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement”	the agreement entered into between Isuzu and the Company on 2 August 2019 in relation to the Company's entrustment of Isuzu to carry out design alteration related development business for NPR75 basic vehicles, details of which are set out in the section headed “700P3X (with 4JZ1 150 horsepower National VIb) Technology Development Agreement”
“Board”	the board of directors of the Company

“Company”	慶鈴汽車股份有限公司(Qingling Motors Co. Ltd), a Sino-foreign joint venture joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“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
“JPY”	Japanese yen, the lawful currency of Japan
“Listing Rules”	The Rules Governing the Listing of Securities of the Stock Exchange
“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 and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

*Translation of JPY into RMB is based on the exchange rate of JPY1.00 = RMB0.064179.*

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

Chongqing, the PRC, 2 August 2019

*As at the date of this announcement, the Board comprises 11 Directors, of which Mr. LUO Yuguang, Mr. HAYASHI Shuichi, Mr. MAEGAKI Keiichiro, Mr. ADACHI Katsumi, Mr. LI Juxing, Mr. XU Song and Mr. LI Xiaodong are executive Directors and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei are independent non-executive Directors.*