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潤東汽車

China Rundong Auto Group Limited

中國潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1365)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE DELAY IN PUBLICATION OF
AUDITED ANNUAL RESULTS ANNOUNCEMENT
AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to (i) the announcement of China Rundong Auto Group Limited (the “**Company**”) dated 31 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019; and (ii) the announcement of the Company dated 29 April 2020 in relation to the delay in publication of its audited annual results announcement (the “**2019 Audited Annual Results Announcement**”) and annual report (the “**2019 Annual Report**”) for the year ended 31 December 2019.

The board (“**Board**”) of directors (the “**Directors**”) of the Company would like to provide the shareholders and potential investors of the Company with latest information in relation to the delay in publication of the 2019 Audited Annual Results Announcement and 2019 Annual Report.

**DELAY IN PUBLICATION OF 2019 AUDITED ANNUAL RESULTS ANNOUNCEMENT
AND 2019 ANNUAL REPORT**

In the wake of the on-going outbreak of the novel coronavirus (the “**COVID-19 Outbreak**”), restrictions are still in force in Mainland China by the relevant authorities of the People’s Republic of China (“**PRC**”) attempting to contain the COVID-19 Outbreak which caused difficulties on the auditing and reporting process, in particular:

1. the relevant PRC authorities imposed strict preventive measures such as social-distancing and quarantine control measures, travel restrictions and crowd-control measures with an aim to contain the COVID-19 Outbreak and prevent further spreading of COVID-19 in the PRC, which has directly imposed strict restrictions or difficulties for the Group’s employees and the officers to travel back to their worksites physically. The employees and officers of the Company

stationed at the Shanghai headquarter, offices of subsidiaries and branch offices in other provinces in the PRC (including Jiangsu Province and Shandong Province) were only able to resume work gradually from middle and late March 2020. While the Company has implemented a strict staff healthy controls and special working arrangement to enable staff to adhere for flexible working hours and adopt “work from home” approach, only approximately 80% of employees and officers (including staff members of financial department) of the Company being able to report duty as the absentees were still unable to commute to worksites due to the imposed travel restrictions or health issues of themselves and/or their family members as the result of the COVID-19 Outbreak, all of which rendered the Group’s daily business operation in the PRC has yet resumed fully.

2. As mentioned above, the overall Company operations was putting on a halt temporarily, before it got resumed gradually from mid to late March 2020 that some of our staff could commute to work. The above restrictions and outbreak situation has resulted in consequential workload effect towards handling the requests for the external audit process, which was cumulative and piled up during the outbreak period from January 2020 to March 2020. The Company’s ability to gather and make available all necessary documents, information and required supporting documents, such as vouchers, invoices, receipts, contracts, bank statements and other accounting documents, etc (the “**Audit Supporting Documents**”), and resolve the outstanding documents (the “**Outstanding Documents**”) as requested by the auditor of the Company (the “**Auditor**”) or to provide further details and information to the Auditor was prolonged and the audit progress has inevitably been affected.

In light of the aforementioned situation, the audit procedures for the annual results for the year ended 31 December 2019 had not yet been completed by 15 May 2020. The Company therefore could not publish its 2019 Annual Report within four months after the end of its financial year (i.e. 30 April 2020), pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), nor could it adhere to the “Further Guidance on the Joint Statement in relation to Results Announcements in light of the Covid-19 Pandemic” (the “**Further Guidance**”), released on 16 March 2020 by the Securities and Futures Commission and the Stock Exchange, to publish its 2019 Annual Report on or before 15 May 2020, being the extended deadline as stipulated in the Further Guidance.

Consequent upon the delay of the publication of the 2019 Annual Report, it is practically impossible for the Company to lay its consolidated audited financial statements for the year ended 31 December 2019 for its shareholders’ approval at its annual general meeting (the “**AGM**”) on or before 30 June 2020, which is required to be held within six months after the relevant financial year end pursuant to the Listing Rules.

WAIVER APPLICATION APPROVAL FOR DELAY IN PUBLICATION OF THE 2019 ANNUAL REPORT AND HOLDING OF ANNUAL GENERAL MEETING

The Company has made a waiver application to the Stock Exchange earlier for the approval for the delay in publication of the 2019 Annual Report and holding the AGM (the “**Waiver**”). The Stock Exchange has granted the Waiver on 29 May 2020 and agreed to extend the publication of the 2019 Annual Report and holding the AGM to 20 June 2020 and 31 July 2020 respectively. The Directors confirmed that the Waiver is and will not be in contravention of any laws and regulations governing the Company and the Company’s memorandum and articles of association.

Given that: (a) the current manpower, in particular the staff of the financial department, of the Company which enable the Company to compile the Outstanding Documents and make available the Audit Supporting Documents by mid of May 2020; (b) the gradual relieve of the quarantine measures and travel restrictions in the PRC; (c) the gradual resumption of work of the relevant government and tax authorities, customers and banks of the Company based in the PRC, which enables the formal replies of the outstanding audit confirmations and bank confirmations by the intended recipients and makes it feasible for the Auditor to receive these confirmations and resolve all outstanding matters by mid of May 2020, the overall audit process was completed on 29 May 2020. The 2019 Audited Annual Results Announcement has been published on the websites of the Stock Exchange and the Company on 29 May 2020. The Company estimates that the 2019 Annual Report will be published on or before 19 June 2020.

Further announcement(s) will be issued by the Company as and when necessary if there are other material development in publication of the 2019 Annual Report.

By Order of the Board
China Rundong Auto Group Limited
Yang Peng
Chairman

Shanghai, the People’s Republic of China, 29 May 2020

As at the date of this announcement, the executive Director is Mr. Yang Peng; and the independent non-executive Directors are Mr. Mei Jianping, Mr. Lee Conway Kong Wai, Mr. Xiao Zhengsan and Mr. Li Xin.