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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)

QUARTERLY UPDATE ON RESUMPTION PROGRESS AND CONTINUED SUSPENSION OF TRADING

This announcement is made by China Rundong Auto Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcement of the Company dated 28 March 2021 in relation to, amongst others, delay in publication of annual results of the Group and delay in dispatch of annual report for the year ended 31 December 2020; (ii) the announcement of the Company dated 18 May 2021 in relation to the guidance issued by the Stock of Exchange of resumption of trading in the shares of the Company on the Stock Exchange (the “**Resumption Guidance**”); and (iii) the two announcements of the Company dated 31 May 2021 in relation to, amongst others, further delay in publication of annual results of the Group and delay in dispatch of annual report for the year ended 31 December 2020, and substantive consolidated restructuring of PRC subsidiaries (the “**Announcements**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Announcements.

BUSINESS OPERATION

The Company is an investment holding company, and the Company and its subsidiaries are mainly engaged in automobile sales and services in Mainland China.

As disclosed in the announcement dated 31 May 2021, the Court ruled that 103 subsidiaries of the Company in the PRC (the “**Rundong Group Enterprises**”) shall undergo the Substantive Consolidated Restructuring, and designated the Manager of Rundong Automobile as the Manager

of the Rundong Group Enterprises for the Substantive Consolidated Restructuring. Upon entering into the Substantive Consolidated Restructuring, the Manager has comprehensively commenced the declaration, registration and inspection work for creditors' rights pursuant to the requirements of the Bankruptcy Law of the People's Republic of China (the "**Bankruptcy Law**"). The expiration date of declaration of the creditors' rights is 10 August 2021. The first creditors' meeting will be convened on 25 August 2021.

In order to promote the Substantive Consolidated Restructuring of the Rundong Group Enterprises, the Manager also has commenced open recruitment of strategic investors in accordance with the provisions of the Bankruptcy Law. On 17 June 2021, the Notice of the Manager of China Rundong Auto Group Limited on Recruiting Strategic Investors was issued, which clarified the recruitment conditions and process of strategic investors. In principle, the potential strategic investors should submit the application materials by 30 June 2021, and the Manager also has the right to decide whether to extend the registration time as the case to be.

As at the date of this announcement, the Group is conducting its daily business operations as usual. The Group will continue to review its existing business from time to time and commit to improve its business operation and financial condition. The Group will proactively explore the potential of its existing business and seek for potential business and investment opportunities, with an aim to broaden its sources of revenue and maximize shareholders' returns.

RESUMPTION GUIDANCE

According to the Resumption Guidance, the Company shall:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (iii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

RESUMPTION PLAN OF THE GROUP AND PROGRESS OF THE RESUMPTION PLAN

The quarterly update on progress of resumption of trading in the shares of the Company is as follows:

Significant events

Timetable

Publication of the annual results announcement for the year ended 31 December 2020

Expected to be the end of July 2021

Resumption of trading in the shares of the Company

Pending further assessment by the Board

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Shanghai, the People's Republic of China, 30 June 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Yang Peng and Mr. Pei Yuanhe; and the independent non-executive Directors are Mr. Mei Jianping, Mr. Chow Ming Sang, Mr. Xiao Zhengsan and Mr. Li Xin.