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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, among others, delay in publication of the annual results of the Group and delay in dispatch of the 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 Exchange of resumption of trading in the shares of the Company on the Stock Exchange (the “**Resumption Guidance**”); (iii) the two announcements of the Company dated 31 May 2021 in relation to, among others, further delay in publication of the annual results of the Group and delay in dispatch of the annual report for the year ended 31 December 2020, and substantive consolidated restructuring of the PRC subsidiaries; (iv) the announcement of the Company dated 30 June 2021 in relation to quarterly update on resumption progress; (v) the announcement of the Company dated 21 July 2021 in relation to further delay in publication of the annual results of the Group and delay in dispatch of the annual report for the year ended 31 December 2020; (vi) the announcement of the Company dated 13 August 2021 in relation to the entering into of memorandum of understanding with potential investor; (vii) the announcements of the Company dated 16 August 2021 and 17 August 2021 in relation to winding-up petition and application for appointment of joint provisional liquidators for restructuring purposes; (viii) the announcement of the Company dated 20 August 2021 in relation to delay in publication of the interim results and dispatch of the interim report for the six months ended 30 June 2021; and (ix) the two announcements of the Company dated 26 August 2021 in relation to convening the first creditors’ meeting for restructuring of the PRC subsidiaries of the Company, and in relation to the update on the

winding-up petition and application for appointment of joint provisional liquidators for restructuring purposes (together, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

UPDATE ON BUSINESS OPERATION

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

As at the date of this announcement, the Group continues to carry out its daily operations. The PRC subsidiaries of the Group are actively cooperating with the Court and the Manager to conduct a review of the declaration of creditors’ rights and to draft the restructuring plan. The Company also actively seeks external potential investors to explore and seek possible cooperation opportunities, so as to further promote the operation of the Company. As disclosed in the announcement dated 13 August 2021, on 12 August 2021, the Company and Lanhai International Trading Limited entered into a memorandum of understanding on potential investment in the Company’s shares and participation in the Group’s affairs in relation to the restructuring and resumption of trading of the Company’s shares (the “**Potential Transaction**”). If a substantive agreement can be concluded for the purpose of the Potential Transaction, it would alleviate the Group’s financial situation and form part of the Resumption Conditions imposed by the Stock Exchange to the resumption of trading of the Company’s shares. As at the date of this announcement, the Company and Lanhai International are in the process of negotiation and no definitive agreement has been concluded.

UPDATE ON RESUMPTION PROGRESS

The Board hereby announces that the audit process to provide auditors with all necessary data and documents for the performance and completion of the 2020 annual results is still in progress. The Company continues to cooperate with the auditors to accelerate the publication of the 2020 annual results and the dispatch of the 2020 annual report. Meanwhile, the Company will continue to prepare for the compliance of Resumption Conditions.

WINDING-UP PETITION

As disclosed in the announcements dated 16 August 2021, 17 August 2021 and 26 August 2021, a winding-up petition against the Company was presented to the Grand Court of the Cayman Islands (the “**Grand Court**”) by a creditor (the “**Petition**”) on 13 August 2021 (Cayman Islands time). In the same proceedings as the Petition, the Company filed a summons seeking the appointment of joint provisional liquidators (“**JPLs**”) of the Company on a light touch basis for the purpose of restructuring on the grounds that the Company is unable to pay its debts and it intends to present a compromise or arrangement to the creditor (the “**JPL Application**”). The hearing of the JPL Application was held on 29 September 2021 at 10:00 a.m. (Cayman Islands time) at the Grand Court. According to the latest outcome of the hearing, the JPL Application was passed by the Grand Court. As at the date of this announcement, the Company has not received any formal decision from the

Grand Court. If relevant decision is received from the Grand Court, further announcement(s) will be made by the Company in due course. As at the date of this announcement, the hearing date of the Winding-up Petition has yet to be fixed by the Grand Court.

PROGRESS OF SUBSTANTIVE CONSOLIDATED RESTRUCTURING OF PRC SUBSIDIARIES OF THE COMPANY

As disclosed in the announcements dated 26 August 2021 and 17 September 2021, the first creditors' meeting regarding the restructuring of Rundong Group Enterprises was held on 25 August 2021 in the form of online meeting. The voting matters proposed on the first creditors' meeting have been passed.

In order to promote the restructuring of the Rundong Group Enterprises, the Manager has also commenced the open recruitment of strategic investors in accordance with the provisions of the Bankruptcy Law. Until now, the Manager has secured Shanghai Lanhai Automobile Development Co., Ltd. as the potential strategic investor (the **"Potential Strategic Investor"**). Rundong Group Enterprises and the Manager will accelerate the negotiation and communication with each interest-related party such as the Potential Strategic Investor and the creditors in accordance with the restructuring process.

The Board hereby reminds that, the Manager is currently negotiating and communicating with the Potential Strategic Investor in respect of its participation in restructuring investment, and no definitive investment agreement has been signed. It remains uncertain whether the Potential Strategic Investor will participate in the restructuring eventually.

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 September 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 of the Company are Mr. Mei Jianping, Mr. Chow Ming Sang, Mr. Xiao Zhengsan and Mr. Li Xin.