
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Rundong Auto Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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润东汽车

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 CIRCULAR TO THE CIRCULAR DATED 19 JUNE 2020
IN RESPECT OF THE PROPOSED CHANGE OF AUDITOR
AND
SUPPLEMENTARY NOTICE OF ANNUAL GENERAL MEETING**

This supplemental circular should be read together with the circular to the shareholders of the Company (the “**Shareholders**”) dated 19 June 2020 (the “**Original Circular**”).

A supplementary notice convening the annual general meeting (the “**AGM**”) of China Rundong Auto Group Limited to be held at No. 1 Meeting Room, 9F, Shenzhou Wisdom Plaza, No. 567, West Tianshan Road, Changning District, Shanghai, the PRC on Friday, 31 July 2020 at 10:00 a.m. is set out on page 5 of this supplemental circular. A second form of proxy (the “**Second Form of Proxy**”) for use at the AGM is also enclosed. Unless otherwise defined, capitalised terms in this supplemental circular shall have the same meanings as those defined in the Original Circular.

Whether or not you are able to attend the AGM, please complete and sign the enclosed Second Form of Proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. (Hong Kong time) on Wednesday, 29 July 2020 or not less than 48 hours before the time appointed for holding of the AGM or any adjourned meeting (as the case may be). Completion and return of the Second Form of Proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meeting (as the case may be) if they so wish.

16 July 2020

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LETTER FROM THE BOARD



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)

Executive Director:

Mr. Yang Peng (*Chairman and
Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Mei Jianping

Mr. Lee Conway Kong Wai

Mr. Xiao Zhengsan

Mr. Li Xin

Registered Office:

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head Office:

9F, Shenzhou Wisdom Plaza
No. 567, West Tianshan Road
Changning District
Shanghai, PRC

Principal Place of Business in Hong Kong:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

16 July 2020

To the Shareholders

Dear Sir/Madam,

**SUPPLEMENTAL CIRCULAR TO THE CIRCULAR DATED 19 JUNE 2020
IN RESPECT OF THE PROPOSED CHANGE OF AUDITOR
AND
SUPPLEMENTARY NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

This supplemental circular should be read together with the Original Circular. The purpose of this supplemental circular is to give you (i) further information regarding the proposed change of auditor; and (ii) the supplementary notice of the AGM and the Second Form of Proxy.

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITOR

The Board of Directors of the Company hereby announces that, considering management cost control initiatives over professional fees, the Company has reached a mutual understanding with Ernst & Young (“EY”) on the non-renewal of its appointment and EY will thereby retire as the auditor of the Company upon expiration of its current term of office at the conclusion of the forthcoming AGM of the Company to be held on 31 July 2020.

The Board further announces that the Board had resolved with the recommendation from the audit committee of the Company (the “**Audit Committee**”) to propose the appointment of BDO Limited as the new auditor of the Company for the financial year ending 31 December 2020 following the retirement of EY and to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting of the Company after the AGM subject to the approval by the Shareholders at the AGM.

EY has confirmed in writing that there are no matters connected with its retirement that need to be brought to the attention of the Shareholders.

The Board and the Audit Committee confirmed that there is no disagreement between EY and the Company, and there are no matters in respect of the proposed change of auditor that need to be brought to the attention of the Shareholders. As EY has not yet commenced any audit work on the accounts of the Group for the financial year ending 31 December 2020, the Board expects that the proposed change of auditor of the Company will not have any impact on the annual audit of the Group for the financial year ending 31 December 2020.

SUPPLEMENTARY NOTICE AND THE SECOND FORM OF PROXY

Since the notice of AGM and the original form of proxy (the “**First Form of Proxy**”) sent together with the Original Circular do not contain the resolution for the proposed appointment of BDO Limited as the auditor of the Company following the retirement of EY as set out in this supplemental circular, a supplementary notice of AGM is set out on page 5 of this supplemental circular and the Second Form of Proxy is enclosed with this supplemental circular for the amended resolution for the proposed appointment of BDO Limited as the new auditor.

Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the Second Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM (i.e. not later than 10:00 a.m. (Hong Kong time) on Wednesday, 29 July 2020) or any adjournment thereof (the “**Closing Time**”). Shareholders who have appointed or intend to appoint proxies to attend the AGM are requested to pay particular attention to the following arrangements in relation to the completion and submission of the Second Form of Proxy:

1. A Shareholder who has not yet lodged the First Form of Proxy with the branch share registrar and transfer office of the Company in Hong Kong is requested to lodge the Second Form of Proxy if he/she wishes to appoint proxy to attend the AGM on his/her behalf. In this case, the First Form of Proxy should not be lodged with the branch share registrar and transfer office of the Company in Hong Kong.

LETTER FROM THE BOARD

2. A Shareholder who has already lodged the First Form of Proxy with the branch share registrar and transfer office of the Company in Hong Kong should note that:
- (i) if no Second Form of Proxy is lodged with the branch share registrar and transfer office of the Company in Hong Kong before the Closing Time, the First Form of Proxy will be treated as a valid form of proxy lodged by him/her if correctly completed. The proxy so appointed by the Shareholder will be entitled to vote at his/her discretion or to abstain from voting on any resolution properly put to the AGM, other than those referred to in the notice convening the AGM and the First Form of Proxy, including the resolution for the proposed appointment of BDO Limited as the auditor of the Company following the retirement of EY set out in this supplemental circular;
 - (ii) if the Second Form of Proxy is lodged with the branch share registrar and transfer office of the Company in Hong Kong before the Closing Time, the Second Form of Proxy will revoke and supersede the First Form of Proxy previously lodged by him/her. The Second Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed; and
 - (iii) if the Second Form of Proxy is lodged with the branch share registrar and transfer office of the Company in Hong Kong after the Closing Time or if lodged before the Closing Time but is incorrectly completed, the Second Form of Proxy will be deemed invalid. The First Form of Proxy will be treated as a valid form of proxy lodged by him/her if correctly completed. The proxy so appointed by the Shareholder will be entitled to vote at his/her discretion or to abstain from voting on any resolution properly put to the AGM, other than those referred to in the notice convening the AGM and the First Form of Proxy, including the resolution for the proposed appointment of BDO Limited as the auditor of the Company following the retirement of EY set out in this supplemental circular. Accordingly, Shareholders are advised not to lodge the Second Form of Proxy after the Closing Time. If such Shareholders wish to vote at the AGM, they will have to attend in person and vote at the AGM.

Shareholders are reminded that completion and delivery of the First Form of Proxy and/or the Second Form of Proxy will not preclude Shareholders from attending and voting in person at the AGM or at any adjourned meeting should they so wish.

RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

In addition to the recommendation contained in the Original Circular, the Directors consider that the proposed appointment of BDO Limited as the auditor of the Company following the retirement of EY as set out in the AGM notice is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the AGM.

Yours faithfully,
By order of the Board
China Rundong Auto Group Limited
Yang Peng
Chairman

SUPPLEMENTARY NOTICE OF ANNUAL GENERAL MEETING



润东汽车

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(Incorporated in the Cayman Islands with limited liability)

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Reference is made to the notice of the annual general meeting (the “AGM”) dated 19 June 2020 (the “Notice”) of China Rundong Auto Group Limited (the “Company”) to be held at No. 1 Meeting Room, 9F, Shenzhou Wisdom Plaza, No. 567, West Tianshan Road, Changning District, Shanghai, the People’s Republic of China on Friday, 31 July 2020 at 10:00 a.m.. Details of the proposed resolutions to be considered at the AGM were stated in the Notice.

SUPPLEMENTARY NOTICE IS HEREBY GIVEN THAT the AGM will be held as originally scheduled. The AGM will be convened for the purpose of considering and, if thought fit, with or without modification, passing the resolutions set out in the Notice with the resolution No. 3 amended as follows due to the matters as set out in the supplemental circular (the “**Supplemental Circular**”) of the Company dated 16 July 2020:

3. To appoint BDO Limited as the auditor of the Company following the retirement of Ernst & Young and to authorise the board of directors of the Company to fix their remuneration.

Save as set out above, all resolutions contained in the Notice will remain in full force and effect.

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

Shanghai, the PRC, 16 July 2020

Notes:

1. A second form of proxy (the “**Second Form of Proxy**”) is enclosed with the Supplemental Circular. Please refer to pages 2 to 3 of the Supplemental Circular for special arrangements on completion and submission of the Second Form of Proxy.
2. Except for the above proposed amended resolution, all other matters of the AGM remain unchanged. For details of other ordinary resolutions to be considered and approved at the AGM, eligibility for attending the AGM, proxy arrangement, registration procedures, closure of register of members and other relevant matters, please refer to the circular of the AGM dated 19 June 2020 and the Notice.
3. As at the date of this supplementary notice, the executive director of the Company is Mr. Yang Peng; and the independent non-executive directors of the Company are Mr. Mei Jianping, Mr. Lee Conway Kong Wai, Mr. Xiao Zhensan and Mr. Li Xin.