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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)

(1) WINDING-UP PETITION

AND

(2) APPLICATION FOR APPOINTMENT OF JOINT PROVISIONAL LIQUIDATORS FOR RESTRUCTURING PURPOSES

This announcement is made by China Rundong Auto Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.25(1) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

A winding up petition was presented in the Grand Court of the Cayman Islands (the “**Grand Court**”) by a creditor for the winding up of the Company (the “**Petition**”) on 13 August 2021 (Cayman Islands time). As at the date of this announcement, the Company has not received formal documents relating to the Petition. 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 only on the grounds that the Company is unable to pay its debts and it intends to present a compromise or arrangement to its creditors (the “**JPL Application**”). As at the date of this announcement, both the date of hearing of the Petition and JPL Application have not been fixed.

Under the JPL Application, the Company has requested that, should JPLs be appointed and until further order of the Grand Court, the board of directors of the Company (the “**Board**”) shall retain all of its powers of business management of the Company, subject to the JPLs’ supervision, for the purpose of proposing a restructuring of the Company. This would allow the management of the Company to work with the JPLs to oversee the implementation of a restructuring and resumption proposal that seeks to preserve the value and business operations of the Company. Accordingly, the Board believes it is in the interests of the Company, its shareholders and creditors as a whole that JPLs are appointed pursuant to the JPL Application.

POTENTIAL IMPACT OF THE PETITION

Under article 99 of the Cayman Islands Companies Law (2021 Revision), “when a winding up order has been made, any disposition of the company’s property and any transfer of shares or alteration in the status of the company’s members made after the commencement of the winding up is, unless the Court otherwise orders, void”.

The Board wishes to remind its shareholders and potential investors that after the Petition has been presented, the transfer of the shares of the Company (“**Shares**”) made thereafter may be void without a validation order from the court under the laws and regulations applicable to the Company. Pursuant to the circular dated 28 December 2016 issued by the Hong Kong Securities Clearing Company Limited (“**HKSCC**”), when the Petition is carried out and in view of these restrictions and the uncertainties that may arise from the transfer of Shares, for any participants who conduct Shares transfer through HKSCC (the “**Participants**”), HKSCC may at any time, and without notice, exercise its powers under the General Rules of Central Clearing and Settlement System (“**CCASS**”) to temporarily suspend any of its services in respect of Shares. This may include the suspension of acceptance of deposits of share certificates of the Company (the “**Share Certificates**”) into CCASS. The Share Certificates received by HKSCC but not yet re-registered in HKSCC Nominee Limited’s name will also be returned to the relevant Participant and HKSCC shall reserve the right to reverse any credit granted to such Participants by debiting the Company’s securities from its CCASS account accordingly. These measures would generally cease to apply from the date when the Petition has been struck-out, dismissed or permanently stayed, or the Company has obtained the necessary validation order from the relevant court(s).

The Company will make an application for a validation order in respect of the transfer of its Shares if so advised by its legal adviser.

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.

The Company will keep its shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

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

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

Shanghai, the People’s Republic of China, 16 August 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.