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MUDAN AUTOMOBILE SHARES COMPANY LIMITED*

牡丹汽車股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8188)

CONTINUING CONNECTED TRANSACTIONS

Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement

During the Company's course of review of the business, the Board noted that the transactions entered into between the Group and Chengdu New Dadi under the Purchase Agreements for the period from 1 January 2009 to 31 December 2009 was RMB77,904,500. As the Directors expect that there will be rising demand in automobile in PRC in 2010 and 2011, the Board anticipates that the Company will purchase more vehicles and vehicle parts from Chengdu New Dadi and the aggregate value of such transactions to be entered into is expected to exceed the maximum amount previously stated in the Previous Announcement and Purchase Agreements, i.e. RMB91,000,000. In view of this, the Directors consider that it is necessary for the Group to enter into the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement to replace the Purchase Agreements.

Accordingly, the Company announces that on 10 February 2010, the Company entered into the Vehicle Purchase Framework Agreements and the Vehicle Parts Purchase Framework Agreement, in relation to the purchase of vehicles and vehicles parts from Chengdu New Dadi to replace the Purchase Agreements.

Pursuant to Rule 20.41 of the GEM Listing Rules, upon any variation or renewal of the Purchase Agreements, the Company must comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As Chengdu New Dadi is a substantial Shareholder, it is a connected person of the Company as defined under Rule 20.11 of the GEM Listing Rules. Accordingly, the transactions under the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

As the applicable percentage ratios in respect of the relevant percentage ratios for the annual caps of the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement are more than 2.5% and the annual consideration is expected to be more than HK\$10,000,000, the transactions contemplated under the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.45 to 20.48 of the GEM Listing Rules.

Chengdu New Dadi is owned as to 50% by Shunde Rixin, which is a company controlled by Mr. Li and Mrs. Li. By virtue of the relationships between the parties as described in the paragraph headed "Relationships between the parties" under section IV below, each of Chengdu New Dadi, Shunde Ganghua, Foshan Heli, Shunde Zhongyu, Cheerbond and their respective associates will abstain from voting at the EGM.

Sale Framework Agreement

The Board also announces that on 10 February 2010 the Company entered into the Sale Framework Agreement with Shunde Rixin pursuant to which Shunde Rixin agreed to purchase vehicles from the Group in an aggregate amount of RMB208,980,000.

As Shunde Rixin is interested in 50% of the voting rights of the Chengdu New Dadi and Mr. Li is the sole director of Shunde Rixin, Shunde Rixin is a connected person of the Company as defined under Rule 20.11 of the GEM Listing Rules. Accordingly, the transactions contemplated under the Sale Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

As the applicable percentage ratios in respect of the relevant percentage ratios for the annual caps of the Sale Framework Agreement are more than 2.5% and the annual consideration is expected to be more than HK\$10,000,000, the Sale Framework Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.45 to 20.48 of the GEM Listing Rules.

Chengdu New Dadi is owned as to 50% by Shunde Rixin, which is a company controlled by Mr. Li and Mrs. Li. By virtue of the relationship between the parties as described in the paragraph headed "Relationships between the parties" under section IV below, each of Chengdu New Dadi, Shunde Ganghua, Foshan Heli, Shunde Zhongyu, Cheerbond and their respective associates will abstain from voting at the EGM.

A circular containing information relating to the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement, a letter from the Independent Board Committee, a letter setting out the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the EGM to approve the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement and the respective annual caps thereunder will be issued to the Shareholders as soon as practicable.

Trading in the H Shares has been suspended since 2:30 p.m. of 29 March 2005 and will remain to be suspended until further notice.

I. Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement

Reference is made to the Previous Announcement.

During the Company's course of review of the business, the Board noted that the transactions entered into between the Group and Chengdu New Dadi under the Purchase Agreements for the period from 1 January 2009 to 31 December 2009 was RMB77,904,500. As the Directors expect that there will be rising demand for automobile in PRC in 2010 and 2011, the Board anticipates that the Company will purchase more vehicles and vehicle parts from Chengdu New Dadi and the aggregate value of such transactions to be entered into is expected to exceed the maximum amount previously stated in the Previous Announcement and Purchase Agreements, i.e. RMB91,000,000. In view of this, the Directors consider that it is necessary for the Group to enter into the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement to replace the Purchase Agreements.

Accordingly, the Company announces that on 10 February 2010, the Company entered into the Vehicle Purchase Framework Agreements and the Vehicle Parts Purchase Framework Agreement, in relation to the purchase of vehicles and vehicle parts from Chengdu New Dadi to replace the Purchase Agreements.

Pursuant to Rule 20.41 of the GEM Listing Rules, upon any variation or renewal of the Purchase Agreements, the Company must comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Vehicle Purchase Framework Agreements

The principal terms of the Vehicle Purchase Framework Agreement I and Vehicle Purchase Framework Agreement II are summarised as follows:

Vehicle Purchase Framework Agreement I

Date

10 February 2010

Parties

The Company (as purchaser) and Chengdu New Dadi (as vendor)

Term

Pursuant to the Vehicle Purchase Framework Agreement I, the Company agreed to purchase large-sized buses in an aggregate amount of the consideration of RMB183,600,000. The Vehicle Purchase Framework Agreement I is valid for a term commencing from 1 March 2010 until 31 August 2011.

Condition Precedent

The continuing connected transactions contemplated under the Vehicle Purchase Framework Agreement I are subject to the approval of the Independent Shareholders at the EGM.

Pricing

Pricing for the selling of large-sized buses of RMB408,000 per large-sized bus was determined principally after arm's length negotiation between the parties according to the principle of fairness and reasonableness with reference to the market price of the similar vehicles from time to time. Such transaction will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from independent third parties.

Payment Terms

- (i) An initial deposit of RMB1 million will be payable by the Company in seven days upon the signing of the Vehicle Purchase Framework Agreement I, which deposit will be applied towards against the payment of the purchase price for the delivery of vehicles in August 2011;

- (ii) 25 large-sized buses will be delivered to the Company before 30th day of each month during the term of the Vehicle Purchase Framework Agreement I, except those will be delivered to the Company before 28th day in February; and
- (iii) the payment is required to be made upon each delivery of the large-sized buses.

Historical Figures

The amount of transaction for the purchase of the large-sized buses from Chengdu New Dadi for the year ended 31 December 2009 was RMB77,560,000.

Maximum Annual Caps

The transactions contemplated by the Vehicle Purchase Framework Agreement I for each of the year ending 31 December 2010 and 2011 are subject to the annual caps set out below:

For the year ending 31 December 2010	RMB102,000,000
For the year ending 31 December 2011	RMB81,600,000

The above annual caps were determined with reference to (a) the prevailing market conditions relating to the demand for vehicles in the PRC; and (b) the business development plan of the Company relating to the trading of the vehicles in 2010 and 2011.

Vehicle Purchase Framework Agreement II

Date

10 February 2010

Parties

The Company (as purchaser) and Chengdu New Dadi (as vendor)

Terms

Pursuant to the Vehicle Purchase Framework Agreement II, the Company agreed to purchase two kinds of trucks, RX3110ZP and RX3161ZA, in an aggregate amount of the consideration of RMB601,470,000. The Vehicle Purchase Framework Agreement II is valid for a term commencing from 1 March 2010 until 31 August 2011.

Condition Precedent

The continuing connected transactions contemplated under the Vehicle Purchase Framework Agreement II are subject to the approval of the Independent Shareholders at the EGM.

Pricing

Pricing for the selling of the trucks (RX3110ZP at RMB83,000 each and RX3161ZA at RMB110,000 each) was determined principally after arm's length negotiation between the parties according to the principle of fairness and reasonableness with reference to the market price of the similar vehicles from time to time. Such transaction will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from independent third parties.

Payment Terms

- (i) An initial deposit of RMB1 million will be payable by the Company in seven days upon the signing of the Vehicle Purchase Framework Agreement II, which deposit will be applied towards against the payment of the purchase price for the delivery of trucks in August 2011;
- (ii) 225 trucks RX3110ZP and 134 trucks RX3161ZA will be delivered to the Company before 30th day of each month during the term of the Vehicle Purchase Framework Agreement II, except those will be delivered to the Company before 28th day in February; and
- (iii) the payment is required to be made upon each delivery of the trucks.

Historical Figures

The Company did not have similar transactions with Chengdu New Dadi for the year ended 31 December 2009.

Maximum Annual Caps

The transactions contemplated by the Vehicle Purchase Framework Agreement II for each of the year ending 31 December 2010 and 2011 are subject to the annual caps set out below:

For the year ending 31 December 2010	RMB334,150,000
For the year ending 31 December 2011	RMB267,320,000

The above annual caps were determined with reference to (a) the prevailing market conditions relating to the demand for vehicles in the PRC; and (b) the business development plan of the Company relating to the trading of the vehicles in 2010 and 2011.

Vehicle Parts Purchase Framework Agreement

The principal terms of the Vehicle Parts Purchase Framework Agreement are summarised as follows:

Date

10 February 2010

Parties

The Company (as purchaser) and Chengdu New Dadi (as vendor)

Term

Pursuant to the Vehicle Parts Purchase Framework Agreement, the Company agreed to purchase vehicle parts in an aggregate consideration of RMB40,800,000. The Vehicle Parts Purchase Framework Agreement is valid for a term commencing from 1 March 2010 until 28 February 2011.

Condition Precedent

The continuing connected transactions contemplated under the Vehicle Parts Purchase Framework Agreement are subject to the approval of the Independent Shareholders at the EGM.

Payment Term

Vehicle parts will be delivered to the Company before 30th day of each month during the term of the Vehicle Parts Purchase Framework Agreement, except those will be delivered to the Company before 28th day in February. The payment is required to be made upon each delivery of the vehicle parts.

Pricing

Pricing for the purchase of vehicle parts was determined principally after arm's length negotiation between the parties according to the principle of fairness and reasonableness with reference to the market price of the vehicle parts from time to time. Such transaction will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from independent third parties.

Historical Figures

The amount of transaction for the purchase of vehicle parts from Chengdu New Dadi for the year ended 31 December 2009 was RMB344,500.

Maximum Annual Caps

The transactions contemplated by the Vehicle Parts Purchase Framework Agreement for each of the year ending 31 December 2010 and 2011 are subject to the annual cap set out in the table below:

For the year ending 31 December 2010	RMB34,000,000
For the year ending 31 December 2011	RMB6,800,000

The above annual caps were determined with reference to (a) the prevailing market conditions relating to the demand for vehicle parts in the PRC; and (b) the business development plan of the Company relating to the manufacturing and sales of the vehicles in 2010 and 2011.

II. SALE FRAMEWORK AGREEMENT

Date

10 February 2010

Parties

The Company (as vendor) and Shunde Rixin (as purchaser)

Term

Pursuant to the Sale Framework Agreement, the Company agreed to sell large-sized buses to Shunde Rixin in an aggregate amount of RMB208,980,000. The Sale Framework Agreement is valid for a term commencing from 1 March 2010 until 31 August 2011.

Condition Precedent

The continuing connected transactions contemplated under the Sale Framework Agreement are subject to the approval of the Independent Shareholders at the EGM.

Payment Term

- (i) An initial deposit of RMB1 million will be payable to the Company by Shunde Rixin within one month after the signing of the Sale Framework Agreement, which deposit will be applied towards against the payment of the purchase price for the delivery of large-sized buses in August 2011;
- (ii) 27 large-sized buses will be delivered to Shunde Rixin before 30th day of each month during the term of the Sale Framework Agreement, except those will be delivered to Shunde Rixin before 28th day in February; and
- (iii) the payment is required to be made upon each delivery of the large-sized buses.

Pricing

Pricing for the selling of large-sized buses of RMB430,000 per large-size bus was determined principally after arm's length negotiation between the parties according to the principle of fairness and reasonableness with reference to the market price of the similar vehicles from time to time. Such transaction will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to independent third parties.

Historical Figures

The Company did not have similar transaction with Shunde Rixin for the year ended 31 December 2009.

Maximum Aggregate Annual Cap

The transactions contemplated by the Sale Framework Agreements for each of the year ending 31 December 2010 and 2011 are subject to the annual cap set out below:

For the year ending 31 December 2010	RMB116,100,000
For the year ending 31 December 2011	RMB92,880,000

The above annual caps were determined with reference to (a) the prevailing market conditions relating to the demand for vehicles in the PRC; and (b) the business development plan of the Company relating to the production, and sales level of the vehicles in 2010 and 2011.

III. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is principally engaged in manufacturing, sales and trading of automobiles.

The reasons for and the benefit to the Company in entering into the Vehicle Parts Purchase Framework Agreement are to, among other matters, purchase vehicle parts that are essential in the manufacturing of automobiles and maximise the benefits of economies of scale. The Company was able to increase in its sales level and market shares in the automobile market in PRC by entering into the Sale Framework Agreement.

The reason for and the benefit to the Company in entering into the Vehicle Purchase Framework Agreements is to enable the Group to source certain models of vehicles which the Group does not manufacture for re-sale purpose.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of an independent financial adviser) consider that the transactions entered into under the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement are on normal commercial terms, in the ordinary and

usual course of business of the Company, and that the proposed caps in respect of the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IV. IMPLICATIONS OF THE GEM LISTING RULES

Relationships between the parties

Cheng Du New Dadi

Chengdu New Dadi is a limited liability company incorporated in the PRC. Each of Mr. Li and Mrs. Li is a Director of Chengdu New Dadi.

Chengdu New Dadi is owned as to 50% by 中汽聯汽車技術(成都)有限責任公司 (China Auto Union (Chengdu) Company Limited) and 50% by Shunde Rixin.

Shunde Rixin

Shunde Rixin is a limited liability company incorporated in the PRC and is owned as to 80% by Mr. Li and 20% by Mrs. Li. Mr. Li is also the sole director of Shunde Rixin.

Shunde Ganghua

Shunde Ganghua is a limited liability company incorporated in the PRC and is wholly and beneficially owned by Mrs. Li, who is also the sole director of Shunde Ganghua.

Foshan Heli

Foshan Heli is a limited liability company incorporated in the PRC and is beneficially owned as to 90% by Mr. PAN Jin Rong, the brother of Mrs. Li, who is also the sole director of Foshan Heli, and 10% by Ms. LIANG You Fu, the mother of Mr. PAN Jin Rong.

Shunde Zhongyu

Shunde Zhongyu is a limited liability company incorporated in the PRC and is wholly and beneficially owned by Ms. WU Shu Yun, who is the wife of Mr. PAN Jin Rong, the brother of Mrs. Li. Ms. WU Shu Yun is also the sole director of Shunde Zhongyu.

Cheerbond

Cheerbond is an investment holding company incorporated in Hong Kong which is wholly and beneficially owned by Mr. Li who is also the sole director of Cheerbond.

Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement

As Chengdu New Dadi is a substantial Shareholder interested in 100,340,000 Domestic Shares, representing approximately 35.23% of the voting rights of the Company, it is a connected person of the Company as defined under Rule 20.11 of the GEM Listing Rules. Accordingly, the transactions under the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules. In addition, pursuant to Rule 20.41 of the GEM Listing Rules, where any variation or renewal of the Purchase Agreements, the Company must comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of GEM Listing Rules.

As the applicable percentage ratios in respect of the relevant percentage ratios for the annual caps of the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement are more than 2.5% and the annual consideration is expected to be more than HK\$10,000,000, the transactions contemplated under the Vehicle Purchase Framework Agreements and Vehicle Parts Purchase Framework Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.45 to 20.48 of the GEM Listing Rules.

For the relationships between the parties as described above, Chengdu New Dadi, Shunde Ganghua, Foshan Heli, Shunde Zhongyu, Cheerbond and their respective associates will abstain from voting at the EGM.

Sale Framework Agreement

As Shunde Rixin is interested in 50% of the voting rights of the Chengdu New Dadi and Mr. Li Zi Hao, chairman and Director of the Company, is the sole director of Shunde Rixin, Shunde Rixin is a connected person of the Company as defined under Rule 20.11 of the GEM Listing Rules. Accordingly, the transactions contemplated under the Sale Framework Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

As the applicable percentage ratios in respect of the relevant percentage ratios for the annual caps of the Sale Framework Agreement are more than 2.5% and the annual considerations is expected to be more than HK\$10,000,000, the Sale Framework Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.45 to 20.48 of the GEM Listing Rules.

For the relationships between the parties as described above, Chengdu New Dadi, Shunde Ganghua, Foshan Heli, Shunde Zhongyu, Cheerbond and their respective associates will abstain from voting at the EGM.

As at the date of this announcement, Chengdu New Dadi, Shunde Ganghua, Foshan Heli, Shunde Zhongyu and Cheerbond and their associates are together interested in 196,250,000 Domestic Shares and 10,080,824 H Shares, representing 72.45% of the voting rights of the Company.

A circular containing information relating to the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement, a letter from the Independent Board Committee, a letter setting out the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the EGM to approve the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreement and Sale Framework Agreement and the respective annual caps thereunder will be issued to the Shareholders as soon as practicable.

V. GENERAL INFORMATION

Chengdu New Dadi is principally engaged in manufacturing and sales of vehicles and accessories of vehicles.

Shunde Rixin is principally engaged in trading of vehicles and accessories of vehicles.

Trading in the H Shares has been suspended since 2:30 p.m. of 29 March 2005 and will remain to be suspended until further notice.

DEFINITIONS

“associates”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Chengdu New Dadi”	成都新大地汽車有限責任公司 (Chengdu New Dadi Motor Company Limited), a limited company incorporated in the PRC
“Cheerbond”	Cheerbond Investment International Limited, a company incorporated in Hong Kong with limited liability solely and beneficially owned by Mr. Li
“Company”	牡丹汽車股份有限公司 (Mudan Automobile Shares Company Limited), a company incorporated in the PRC with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Directors”	directors of the Company
“Domestic Shares”	domestic shares of RMB1.00 each issued by the Company which, are not freely tradable in any of the stock exchanges in the PRC and Hong Kong
“EGM”	the extraordinary general meeting of the Company to be convened
“Foshan Heli”	佛山市合力汽車貿易有限公司 (Foshan Heli Car Trading Company Limited*), a company incorporated in the PRC

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“H Shares”	H Shares of RMB1.00 each issued by the Company which, if not suspended, are freely tradable on the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars
“Independent Shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Independent Board Committee”	the independent board committee of the Company to be formed, to consider and give recommendation to the Independent Shareholders regarding, the terms of the Vehicle Purchase Framework Agreements, Vehicle Parts Purchase Framework Agreements and the Sale Framework Agreement, together with the respective transactions contemplated thereunder
“Mr. Li”	Mr. LI Zi Hao, the chairman and an executive Director
“Mrs. Li”	Madam PAN Li Chan, an executive Director and the wife of Mr. Li
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Announcement”	announcement of the Company dated 15 December 2009 in relation to the details of the Purchase Agreements
“Purchase Agreements”	the sale and purchase agreements dated 6 January 2009 entered into between the Company as purchaser and Chengdu New Dadi as vendor in relation to the purchase of vehicles and vehicle parts. Details of which were set out in the Previous Announcement.
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Framework Agreement”	the sale framework agreement entered into on 10 February 2010 between the Shunde Rixin as purchaser and the Company as vendor in relation to the sales of vehicles

“Share(s)”	share(s) of RMB1.0 each in the share capital of the Company, which compose of the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Shunde Rixin”	佛山市順德日新發展有限公司 (Foshan City Shunde Rixin Development Company Limited*), a company incorporated in the RPC
“Shunde Ganghua”	佛山市順德港華實業有限公司 (Foshan City Shunde Ganghua Shiye Company Limited*), a company incorporated in the PRC
“Shunde Zhongyu”	佛山市順德眾裕汽車貿易有限公司 (Foshan Shunde Zhongyu Car Trading Company Limited), a company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vehicle Purchase Framework Agreements”	Vehicle Purchase Framework Agreement I and Vehicle Purchase Framework Agreement II
“Vehicle Purchase Framework Agreement I”	the vehicle purchase framework agreement entered into on 10 February 2010 between the Company as purchaser and Chengdu New Dadi as vendor in relation to the purchase of large-sized buses
“Vehicle Purchase Framework Agreement II”	the vehicle purchase framework agreement entered into on 10 February 2010 between the Company as purchaser and Chengdu New Dadi as vendor in relation to the purchase of trucks
“Vehicle Parts Purchase Framework Agreement”	the vehicle parts purchase framework agreement entered into on 10 February 2010 between the Company as purchaser and Chengdu New Dadi as vendor in relation to the purchase of vehicle parts
“%”	per cent.

By Order of the Board
Mudan Automobile Shares Company Limited
LI Zi Hao
Chairman

Shunde, Foshan City, Guangdong Province, the PRC
12 February 2010

As at the date of this announcement, the Board comprises six (6) Directors, of which two (2) are executive Directors, namely Mr. LI Zi Hao (Chairman of the Board) and Ms. PAN Li Chan; one (1) is non-executive Director, namely Mr. CHAN Man and three (3) are independent non-executive Directors, namely Mr. HUANG Chengye, Mr. GUO Hong and Mr. WANG Ruihua.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The announcement will remain on the website of the Growth Enterprise Market at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the website of the Company (<http://www.mudanauto.com>).

** For identification purpose only*