

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CHANGE OF COMPOSITION OF THE BOARD AND PROPOSED AMENDMENT TO THE ARTICLES

CHANGE OF COMPOSITION OF THE BOARD

The board (“**Board**”) of directors (“**Directors**”) of Mudan Automobile Shares Company Limited (“**Company**”) announces that the Board received a resignation letter from each of:

1. Mr. GUO Hong, an independent non-executive Director, on 1 March 2010 that Mr. GUO Hong resigned from his office with effect from 3 March 2010 due to his other business engagements which require more of his dedication;
2. Mr. WANG Ruihua, an independent non-executive Director, on 6 March 2010 that Mr. WANG Ruihua would resign from his office with effect from the conclusion of the extraordinary general meeting of the Company to be held on 29 April 2010 (“**EGM**”) due to his personal and other business engagements which require more of his dedication; and
3. Mr. CHAN Man, an non-executive Director, on 10 March 2010 that Mr. CHAN Man would resign from his office with effect from the conclusion of the EGM due to his personal and other business engagements which require more of his dedication.

Each of Mr. CHAN Man, Mr. GUO Hong and Mr. WANG Ruihua has confirmed that he has no disagreements with the Board and there are no matters necessary to be brought to the attention to the shareholders of the Company (“**Shareholders**”) in respect of their resignations as a Director.

The Board would like to take this opportunity to thank Mr. CHAN Man, Mr. GUO Hong and Mr. WANG Ruihua for their valuable contribution and services to the Company during their tenures of office.

The Board proposed that, subject to the Shareholders’ approval, the Company shall appoint the following candidates as new Directors:

Proposed non-executive Director

Mr. PAN Jin Rong (“Mr. Pan”)

Mr. Pan, aged 38, graduated from Shunde Normal School in 1990. Mr. Pan is the brother of Ms. PAN Li Chan, an executive Director, and the brother-in-law of Mr. LI Zi Hao, the chairman of the Company and an executive Director. He has over 20 years of working experience and is currently an executive director of Zhangjiagang City Rixin Tong Yun Logistics Equipment Limited* (張家港日新通運物流裝備有限公司) and Chengdu Yu Zhong Composite Materials Technology Limited* (成都裕眾複合材料科技有限公司). Mr. Pan is the sole executive director and holds 90% interests of Foshan Heli Car Trading Company Limited (佛山市合力汽車貿易公司), which was a Shareholder holding 300,000 domestic shares of the Company as at the date of this announcement.

Proposed independent non-executive Directors

Mr. LIANG Bo Qi (“Mr. Liang”)

Mr. Liang, aged 44, is a certified public tax collector and a non-practiced registered accountant in the People’s Republic of China (“PRC”), qualified as an industry accountant (intermediate level)* (工業會計師(中級)). Mr. Liang holds a bachelor’s degree in modern economic management* (現代經濟管理). Mr. Liang has extensive working experience in economic and financial fields.

Mr. WU Bing Jian (“Mr. Wu”)

Mr. Wu, aged 49, is qualified as an economist and completed his study in finance through internet learning from the Southwestern University of Finance and Economics in 2007. Mr. Wu has over 30 years of working experience in the banking industry.

General disclosures

According to the articles of association of the Company (“Articles”), Mr. Pan, Mr. Liang and Mr. Wu will each be appointed for a term of three years commencing from the date of the EGM.

The remuneration package of each of Mr. Pan, Mr. Liang and Mr. Wu will be determined after their appointments have been approved by the Shareholders at the EGM. The Company will take into account the duties and responsibilities, the remuneration benchmark in the industry and the prevailing market conditions to determine their remuneration package.

Save as disclosed above,

- (i) each of Mr. Pan, Mr. Liang and Mr. Wu did not hold any directorships in other listed company in the last three years and did not have any other major appointments and qualifications nor hold any other position with the Company or other members of the Company or its subsidiaries;
- (ii) each of Mr. Pan, Mr. Liang and Mr. Wu does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders;

- (iii) each of Mr. Pan, Mr. Liang and Mr. Wu does not have any interests in the shares of the Company within the meaning of Part XV of the SFO; and
- (iv) there is no other matters concerning Mr. Pan, Mr. Liang and Mr. Wu that need to be brought to the attention of the Shareholders in relation to the Proposed Appointment and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 17.50(2)(h) to (v) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”).

NON-COMPLIANCE WITH MINIMUM NUMBER REQUIREMENT FOR INDEPENDENT NON-EXECUTIVE DIRECTORS

Upon the resignation of Mr. GUO Hong with effect from 3 March 2010, the Company has only two independent non-executive Directors and two members of audit committee commencing from 3 March 2010. The Company will in accordance with Rule 5.06 and Rule 5.33 of the GEM Listing Rules and subject to the approval of Shareholders, appoint one additional independent non-executive Director to meet the minimum number required under Rule 5.05(1) of the GEM Listing Rules and the minimum number of member of audit committee required under Rule 5.28 of the GEM Listing Rules within three months after failing to meet such requirement.

Details of the proposed independent non-executive Directors are set out in the paragraph headed “Change of composition of the Board” above.

PROPOSED AMENDMENT TO THE ARTICLES

Article no. 14 of the Articles provides that the scope of business of the Company shall be manufacturing of vehicles, production and sales of vehicle parts.

In view of the expansion of the scope of business of the Company to include sales of vehicles (excluding sedan), the Board would like to propose amendment to the Articles.

As confirmed by the legal advisers of the Company as to the PRC laws, the proposed amendment to the Articles comply with the PRC Company Law and 到境外上市公司章程必備條款 (the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC) promulgated on 27 August 1994 by the Securities Commission of the State Council and 中國國家經濟體制改革委員會 (the State Commission for Restructuring the Economic System of the PRC) in force.

Details of the amendment of the Articles are set out in the circular of the Company to be despatched to its Shareholders.

On behalf of the Board
Mudan Automobile Shares Company Limited
LI Zi Hao
Chairman

Shunde, Foshan City, Guangdong Province, the PRC
11 March 2010

As at the date of this announcement, the Board comprises five (5) 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 two (2) are independent non-executive Directors, namely Mr. HUANG Chengye 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*