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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)

PROPOSED CHANGE OF DIRECTOR

The board (“**Board**”) of directors (“**Directors**”) of Mudan Automobile Shares Company Limited (“**Company**”) announce that on 20 June 2011, the Board received a resignation letter Ms. PAN Li Chan, an executive Director, that she would resign from her office with effect from the conclusion of the extraordinary general meeting of the Company to be held on 17 August 2011 (“**EGM**”) due to her other business engagements.

Ms. PAN Li Chan confirmed that she had no disagreements with the Board and there were no matters necessary to be brought to the attention to the shareholders of the Company (“**Shareholders**”) in respect of her resignation as a Director.

The Board would like to take this opportunity to thank Ms. PAN Li Chan for her valuable contribution and services to the Company during her tenure of office.

The Board proposes that, subject to the Shareholders’ approval, the Company shall appoint Mr. CHEN Jianxin as a new Director in replacement. Personal details of Mr. CHEN Jianxin are set out below:

Proposed executive Director

Mr. CHEN Jianxin (“Mr. Chen”)

Mr. Chen, aged 47, graduated from Soochow University (蘇州大學) in Faculty of Finance (corporate finance) in 1983 and completed a course by correspondence in management in economics from Party School of the Central Committee of C.P.C. (中共中央黨校) in 2000. He has over 27 years of working experience and is currently a deputy director (副董事長) and general manager of 張家港市金茂投資發展有限公司 (unofficial English translation being Zhangjiagang City Jin Miao Investment & Development Co., Ltd) and the chairman of 張家港市金港投資擔保有限公司 (unofficial translation being Zhangjiagang City Jin Gang Investment & Guarantee Co., Ltd).

According to the articles of association of the Company, Mr. Chen will be appointed for a term of three years commencing from the date of the EGM.

The remuneration package of Mr. Chen will be determined after his appointment has 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 his remuneration package.

Save as disclosed above,

- (i) Mr. Chen did not hold any directorships in other listed company in the last three years and did not have any other major appointments and qualifications and hold any other position with the Company or other members of the Company's group;
- (ii) Mr. Chen does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders;
- (iii) Mr. Chen does not have any interests in the Shares within the meaning of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (iv) there is no other matters concerning Mr. Chen 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 GEM Listing Rules.

The EGM will be convened to consider and, where appropriate, approve the appointment of Mr. Chen as a director of the Company. A circular in relation thereto, together with the notice of the EGM, will be despatched to the shareholders of the Company as soon as practicable.

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

Shunde, Foshan City, Guangdong Province, the PRC
24 June 2011

As at the date hereof, 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. PAN Jin Rong and three (3) are independent non-executive directors, namely Mr. HUANG Chengye, Mr. LIANG Bo Qi and Mr. WU Bing Jian.

This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 in this announcement or this announcement misleading.

This notice 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>).

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