

**MUDAN AUTOMOBILE SHARES COMPANY LTD:
NAUGHTY ! NAUGHTY !**

**Did This Company Utter Falsehoods To Minority Shareholders?
Have There Been Frauds, Perpetrated On Minorities ?**

A company, listed on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd and being controlled by an entity of the Government of the People's Republic of China (PRC), is in serious trouble, by the look of things.

The company is Mudan Automobile Shares Company Ltd () (Code: 8188).

The Ultimate Holding Company of Mudan Automobile is Zhangjiagang Municipal Public Assets Management Company Ltd (), a PRC-Government, owned-and-controlled corporation.

Trading in the shares of Mudan Automobile has been suspended since March 29, 2005, following the discovery by The Stock Exchange of Hongkong Ltd of certain anomalies, specifically, certain continuing connected transactions between the company and a number of connected persons.

Those connected transactions had not been disclosed in the past and, in accordance with The Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, such a situation is, without question, a breach of the Rules.

In fact, in some jurisdictions, the Authorities would have entered this company on making such a discovery as has The Stock Exchange of Hongkong Ltd in order to ascertain, exactly, what has been taking place and whether or not criminality is involved.

Even if no criminal element is in evidence at Mudan Automobile, what has been discovered must be considered a fraud on minorities – and that suggestion must be under the microscope of The Stock Exchange of Hongkong Ltd, today.

While few entities have, thus far, been interested in taking this company to task for alleged non-payment of past bills, recently, Strategic Financial Relations (China) Ltd (()) has determined that it will be among the first company to brave the might of the PRC Government.

To this end, Strategic Financial Relations has served notice on Mudan Automobile that it would like to get paid for work, carried out on behalf of the company, going back as far as November 2002!

In the District Court of the Hongkong Special Administrative Region (HKSAR) of the PRC, Strategic Financial Relations has filed Action Number 952.

In the Statement of Claim, attached to this company's Writ of Summons, it is stated, inter alia, that the Plaintiff (Strategic Financial Relations) is owed \$HK76,269.00 in respect of work, carried out on behalf of the Defendant (Mudan Automobile), at its request between November 2002 and December 2003.

Of the total amount of demands for payment, contained in the 9 invoices which have been sent to Mudan Automobile, Strategic Financial Relations claims that it only received payment in the amount of \$HK8,866.00 – and that payment was received on February 25, 2003.

The Statement of Claim, at Paragraph 3, alleges:

‘Despite repeated requests and demands made by the Plaintiff including a demand letter issued by the Plaintiff’s Solicitors to the Defendant dated 2nd February 2005, the Defendant has failed and/or refused to pay the said sum of HK\$76,269.00 or any part thereof to the Plaintiff.’

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