
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jinheng Automotive Safety Technology Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.



JINHENG AUTOMOTIVE SAFETY TECHNOLOGY HOLDINGS LIMITED
錦恆汽車安全技術控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8293)

GENERAL MANDATES TO REPURCHASE SHARES
AND
ISSUE NEW SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY;
AND
NOTICE OF ANNUAL GENERAL MEETING

The notice convening the annual general meeting of the Company to be held at 4th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong on Tuesday, 2nd May 2006 at 10:00 a.m. is set out on pages 15 to 20 of this circular.

A form of proxy for use at the annual general meeting is enclosed with this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from its date of its posting and on the website of the Company at www.jinhengairbag.com.

28th March 2006

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM/Annual General Meeting”	the annual general meeting of the Company to be convened on Tuesday, 2nd May 2006
“Applaud Group”	Applaud Group Limited, a company incorporated in the BVI with limited liability
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Jinheng Automotive Safety Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinheng (BVI)”	Jinheng (BVI) Limited, a company incorporated in the BVI with limited liability
“Jinheng HK”	Jinheng (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Jinzhou Jinheng Automotive”	Jinzhou Jinheng Automotive Safety System Co. Ltd., a company established in the PRC with limited liability

DEFINITIONS

“Latest Practicable Date”	24th March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau special administrative Region of the PRC and Taiwan
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 22nd November 2004
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Share Buy Back Rules”	the provisions in the GEM Listing Rules to regulate the repurchase by companies with primary listing on GEM of their own shares
“Share Option Scheme”	the share option scheme adopted by the Company on 22nd November 2004
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiyuan Aero”	Taiyuan Aero-Instruments Co., Ltd., a company established in the PRC with limited liabilities
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



JINHENG AUTOMOTIVE SAFETY TECHNOLOGY HOLDINGS LIMITED
錦恆汽車安全技術控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8293)

Board of Directors

Executive Directors

Mr. Li Feng (*Chairman*)
Mr. Xing Zhanwu
Mr. Zhao Qingjie
Mr. Yang Donglin
Mr. Foo Tin Chung, Victor

Non-executive Directors

Mr. Li Hong
Mr. Zeng Qingdong

Independent non-executive Directors

Mr. Chan Wai Dune
Mr. Huang Shilin
Mr. Zhu Tong

**Head office and principal place of
business in the PRC**

Bohai Avenue
Jinzhou Economic & Technical Development Zone
Jinzhou, Liaoning Province
PRC

Principal place of business in Hong Kong

Unit 1203
12th Floor
Crocodile House II
55 Connaught Road Central
Hong Kong

Registered office

Century Yard, Cricket Square
Hutchins Drive
P. O. Box 2681 GT
George Town, Grand Cayman
Cayman Islands, British West Indies

28th March 2006

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES
AND
ISSUE NEW SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY;
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to seek your approval of resolutions to enable the Directors to exercise the powers of the Company to repurchase the Company's fully paid up Shares representing up to a maximum of 10% of the existing issued share capital of the

LETTER FROM THE BOARD

Company at the date of passing the resolution, to grant a general mandate to the Directors to issue new shares up to a maximum of 20% of the issued share capital of the Company at the date of passing the resolution and to increase the number of shares which the Directors may issue under their general mandate by the number of shares repurchased. Resolutions will also be proposed to re-elect the Directors in accordance with the Articles of Association and to amend the Articles of Association. The resolutions will be proposed at the Annual General Meeting to be held on 2nd May 2006.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. GENERAL MANDATE FOR REPURCHASE OF SHARES

In accordance with the Share Buy Back Rules, this circular contains an explanatory statement in Appendix I to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against resolution set out as resolution no.6 in the notice convening the Annual General Meeting which will be proposed at the Annual General Meeting.

3. GENERAL MANDATE TO ISSUE SHARES

The resolution set out as resolution no.5 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting for the granting of the General Mandate to the Directors to allot, issue and deal with new Shares up to a maximum of 20% of the issued share capital of the Company at the date of passing the resolution; in addition, subject to a separate approval of Shareholders of the resolution set out as resolution no.7 in the notice of the Annual General Meeting, the number of Shares purchased by the Company under the Repurchase Mandate will also be added to the 20% General Mandate as mentioned above.

4. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director or either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

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Pursuant to Article 87(1) of the Articles of Association, one-third of the Directors (excluding the chairman of the board of Directors) for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation at every annual general meeting of the Company and shall then be eligible to offer themselves for re-election. Pursuant to Article 86(3) of the Articles of Association, any Director appointed by the Board to fill a causal vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Articles 86(3) and 87(1) of the Articles of Association, the following Directors, namely, Messrs. Xing Zhanwu, Foo Tin Chung, Victor and Huang Shilin will retire at the Annual General Meeting and, being eligible, would offer themselves for re-election.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

5. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has revised the GEM Listing Rules relating to the corporate governance practices and appendix 3 relating to articles of associations which took effect on 1st January 2005 and 1st March 2006 respectively. The Directors therefore propose to make certain amendments to the Articles of Association in compliance with the amended GEM Listing Rules. Accordingly, the Directors wish to seek approval of the Shareholders at the Annual General Meeting for the following amendments to the Articles of Association:

(A) Article 66

By inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “a show of hands unless” in the third sentence of the Article 66; and by deleting the full stop at the end of Article 66(d) and replacing it with a semi-colon and inserting the word “or” after the semi-colon.

Then by inserting the following new Article 66(e) after Article 66(d):

“66(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

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(B) Article 68

By deleting the second sentence of Article 68 in its entirety and substituting therefor the following:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

(C) Article 86(3)

By deleting Article 86(3) in its entirety and substituting therefor the following new Article 86(3):

“86(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.”

(D) Article 86(5)

By deleting the existing Article 86(5) in its entirety and substituting therefore the following new Article 86(5):

“86(5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”

(E) Article 87(1)

By deleting the existing Article 87(1) in its entirety and substituting therefore the following new Article 87(1):

“87(1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but

LETTER FROM THE BOARD

not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specified term or holding office as chairman of the Board and/or the managing director of the Company) shall be subject to retirement by rotation at least once every three years.”

6. PROXY ARRANGEMENT

A form of proxy for use at the Annual General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

7. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

LETTER FROM THE BOARD

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

8. RECOMMENDATION

The Directors consider that the proposed granting of the General Mandate, the Repurchase Mandate, the proposed re-election of retiring Directors and the amendments to the Articles of Association are in the best interests of the Company and its Shareholders and accordingly recommend that all Shareholders to vote in favour of the resolutions set out as resolutions nos.5 to 8 in the notice convening the Annual General Meeting to be proposed at the Annual General Meeting.

Yours faithfully,

On behalf of the Board of

Jinheng Automotive Safety Technology Holdings Limited

Li Feng

Chairman

The following is the explanatory statement which is required to be sent to the Shareholders under the Share Buy Back Rules in connection with the Repurchase Mandate.

(I) GEM LISTING RULES

The GEM Listing Rules permit companies with a primary listing on GEM to purchase their securities subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any repurchase will be made out of funds of the company legally permitted to be utilized in this connection, including out of the profits of the company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by its articles of association subject to the Companies Law of the Cayman Islands, out of capital. Any premium payable on a repurchase over the par value of the shares to be purchased must be provided for out of the profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law of the Cayman Islands, out of capital.

(II) THE REPURCHASE MANDATE

The resolution set out as resolution no.6 in the notice convening the Annual General Meeting which will be proposed at the Annual General Meeting relates to the granting of the Repurchase Mandate to the Directors to repurchase, on GEM or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong, Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing the resolution.

The Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company unless it is rescinded at such meeting or until revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting prior to the next annual general meeting of the Company, whichever occurs first.

(III) REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing the Shares, they believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

(IV) SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 381,000,000 Shares.

Subject to the passing of the Repurchase Mandate, the Company would be allowed to repurchase Shares up to a maximum of 38,100,000 Shares on the basis that no further Shares will be issued whether as a result of the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme adopted by the Company both on 22nd November 2004 as stated in its prospectus dated 30th November 2004 or otherwise repurchased prior to the date of the forthcoming Annual General Meeting.

(V) FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

It is presently proposed that any purchase of the Shares would be made out of profits of the Company or the proceeds of a fresh issue made for the purpose or out of capital provided that on the day immediately following the date of repurchase the Company is able to pay its debts as they fall due in the ordinary course of business.

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may enhance the Company's net asset value per Share and/or earnings per Share. The Directors consider the repurchase of Shares in full at any time during the proposed repurchase period may have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the published audited accounts for the year ended 31st December 2005 but the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital or gearing ratio of the Company.

(VI) SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Share prices	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2005		
March	1.04	0.90
April	1.10	1.03
May	1.15	1.01
June	1.07	0.97
July	1.10	1.00
August	1.03	1.02
September	1.05	0.95
October	0.99	0.95
November	0.96	0.93
December	0.94	0.81
2006		
January	0.90	0.80
February	1.00	0.90
March (Up to Latest Practicable Date)	0.90	0.75

(VII) TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code issued by the Securities and Futures Commission of Hong Kong. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Applaud Group, the controlling Shareholder, held 238,620,000 Shares representing approximately 62.63% of the issued share capital of the Company. If the Repurchase Mandate is exercised in full, the percentage shareholding of Applaud Group will increase to approximately 69.59%. Such increase would not give rise to any obligation for it to make a general offer for the Shares under Rule 26 of the Takeovers Code.

Save as aforesaid and as at the Latest Practicable Date, the Directors were not aware of any consequence which the exercise in full of the Repurchase Mandate would have under the Takeovers Code.

(VIII) SHARE REPURCHASES BY THE COMPANY

The Company had not purchased any of the Shares during the previous six months immediately prior to the Latest Practicable Date.

(IX) GENERAL INFORMATION AND UNDERTAKINGS

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to the Company or any of its subsidiaries.
- (b) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Hong Kong and the Cayman Islands.
- (c) No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

Mr. Xing Zhanwu, aged 42, is the chief executive officer of the Company. He is also a director of Jinheng (BVI), Jinheng HK and Jinzhou Jinheng Automotive, which are the wholly-owned subsidiaries of the Company. He is also a director of the Shenyang Jinbei Jinheng Automotive Safety System Co. Limited, in which 50% is owned by the Group. Mr. Xing joined the Group in 1997 and is responsible for the Group's sales and marketing as well as the Group's overall business development. Mr. Xing graduated from Northwestern Polytechnical University with a bachelor's degree in machinery manufacture engineering in 1984. From July 1984 to August 1996, Mr. Xing had worked at Taiyuan Aero as engineer. In January 1997, Mr. Xing joined the Group as general manager and led the Group to succeed in two pioneering airbag system development projects with FAW Car Company Limited and Dongtong Peugeot Citroën. There is a service agreement between the Company and Mr. Xing pursuant to which the fixed emoluments payable to Mr. Xing is HK\$500,004 per annum. Mr. Xing's emoluments are determined based on his experience. Mr. Xing was appointed for a fixed term of 3 years commencing from 9th December 2004. Mr. Xing is the brother of Mr. Xing Zhanwen, the deputy general manager of Jinzhou Jinheng Automotive, the Group's principal operative subsidiary. As at the Latest Practicable Date, Mr. Xing holds 1,281 shares of Applaud Group, representing approximately 12.81% of the issued share capital of Applaud Group. Mr. Xing is therefore deemed to be interested in 8.02% of the issued capital of the Company. As at the Latest Practicable Date, Mr. Xing is entitled to 2,000,000 share options of the Company pursuant to the Pre-IPO Share Option Scheme. Same as above, as at the Latest Practicable Date, Mr. Xing does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Mr. Foo Tin Chung, Victor, aged 37, has over ten years' experience in the finance and accounting fields. Mr. Foo is the financial controller, qualified accountant, company secretary and compliance officer of the Company. Mr. Foo holds a bachelor's degree in accounting and information system in the University of New South Wales in Australia. He is a member of the Australia Society of Certified Practising Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is primarily responsible for the development of the Group's financial strategies, accounting and financial reporting and internal control procedures. He held management position at subsidiaries of listed companies in Hong Kong and was an auditor of an international audit firm. He joined the Group in July 2004 as the full time qualified accountant. There is a service agreement between the Company and Mr. Foo pursuant to which the fixed emoluments payable to Mr. Foo is HK\$624,000 per annum. Mr. Foo's emoluments are determined based on his experience. Mr. Foo was appointed for a fixed term of 3 years commencing from 9th December 2004. Mr. Foo does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. Mr. Foo is currently an independent non-executive director of Shandong Luoxin Pharmacy Stock Company Limited. As at the Latest Practicable Date, Mr. Foo is entitled to 800,000 share options of the Company pursuant to the Pre-IPO Share Option Scheme. Same as above, as at the Latest Practicable Date, Mr. Foo does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Mr. Huang Shilin, aged 72, graduated from 莫斯科汽車機械學院 (Moscow State Academy of Automobile Engineering) in 1957 and obtained an associate doctoral degree in 1959. Mr. Huang started working in the department of automobile engineering of Tsing Hua University, PRC in 1960. In 1987, he became a professor and doctoral tutor, deputy head of 汽車研究所 (Automobile Research Center) at Tsing Hua University, as well as the supervisor of 汽車碰撞實驗室 (Vehicle Collision Laboratory) of National Laboratory in Automotive Safety and Energy. He is currently the honorary supervisor of the 汽車安全技術分會 (Chapter of Automobile Safety Technology) of The Society of Automotive Engineers of China. Mr. Huang was appointed as an independent non-executive Director in November 2005. There is no service agreement between the Company and Mr. Huang. The fixed emoluments payable to Mr. Huang is HK\$80,004 per annum, which are determined based on the estimated time to be spent by Mr. Huang. Mr. Huang was not appointed for a fixed term. Mr. Huang does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders and he did not hold any directorship in any listed companies in the past three years. Same as above, as at the Latest Practicable Date, Mr. Huang does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Pursuant to article 86(3) and 87(1) of the Articles of Association, Messrs. Xing Zhanwu, Foo Tin Chung, Victor and Huang Shilin will retire and being eligible, offer themselves for re-election at the AGM.

Save as disclosed above, all Directors and the Company are not aware of any other matters in relation to Mr. Xing Zhanwu, Mr. Foo Tin Chung, Victor and Mr. Huang Shilin, that are required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules or any other matter that need to be brought to the attention of holders of securities of the Company pursuant to the GEM Listing Rules.



JINHENG AUTOMOTIVE SAFETY TECHNOLOGY HOLDINGS LIMITED
錦恆汽車安全技術控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8293)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Annual General Meeting”) of the shareholders of Jinheng Automotive Safety Technology Holdings Limited (the “Company”) will be held at 4th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong on Tuesday, 2nd May 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries together with the reports of the directors of the Company (“Directors”) and the auditors of the Company (“Auditors”) thereon for the year ended 31st December 2005;
2. To declare a final dividend of HK\$0.033 per share, for the year ended 31st December 2005;
3. To re-elect the retiring Directors and to authorise the Board of Directors to fix their remuneration;
4. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration; and

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. **“THAT:**
 - (a) subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and the same is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than by way of (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of or the grant of any option under any share option scheme of the Company or similar arrangement for the time being adopted for the issue or grant to officers and/or employees of the Company and/or any of its subsidiaries of shares or options to subscribe for or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval be limited accordingly; and
- (d) for the purpose of this Resolution:
 - (aa) “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.
 - (bb) “Rights Issue” means an offer of shares in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for shares in the share capital of the Company open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or

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delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period as defined in Resolution 5(d)(aa) of all powers of the Company to repurchase issued shares in the share capital of the Company on the Growth Enterprise Market of the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “Securities and Futures Commission”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of issued shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” shall have the same meaning as in Resolution 5(d)(aa).”

7. **“THAT:**

conditional upon Resolutions No. 5 and 6 above being passed, the general mandate granted to the Directors of the Company to allot, issue or otherwise deal with additional shares pursuant to Resolution No. 5 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to Resolution No. 6.”

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As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution of the Company:

8. “**THAT** the articles of association of the Company (the “**Articles**”) be and are hereby amended in the following manner:

(A) Article 66

By inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “a show of hands unless” in the third sentence of the Article 66; and by deleting the full stop at the end of Article 66(d) and replacing it with a semi-colon and inserting the word “or” after the semi-colon.

Then by inserting the following new Article 66(e) after Article 66(d):

“66(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

(B) Article 68

By deleting the second sentence of Article 68 in its entirety and substituting therefor the following:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

(C) Article 86(3)

By deleting Article 86(3) in its entirety and substituting therefor the following new Article 86(3):

“86(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.”

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(D) Article 86(5)

By deleting the existing Article 86(5) in its entirety and substituting therefore the following new Article 86(5):

“86(5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”

(E) Article 87(1)

By deleting the existing Article 87(1) in its entirety and substituting therefore the following new Article 87(1):

“87(1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specified term or holding office as chairman of the Board and/or the managing director of the Company) shall be subject to retirement by rotation at least once every three years.”

By Order of the Board
Li Feng
Chairman

Hong Kong, 28th March 2006

Notes:

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. The register of members will be closed from 26th April 2006 to 28th April 2006, both days inclusive, during which period no transfer of shares can be registered. In order to qualify the proposed final dividend to be approved at the Annual General Meeting and attending the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:00 p.m. on 25th April 2006.

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3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the Annual General Meeting (or any adjournment thereof).
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holders may vote either in person or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Annual General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
6. In relation to proposed resolution no. 3 above, Messrs. Xing Zhanwu, Foo Tin Chung, Victor and Huang Shilin will retire from their offices of Director at the above meeting pursuant to articles 86(3) and 87(1) of the articles of association of the Company and, being eligible, offer themselves for re-election.
7. The articles of association of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of proposed resolution no. 8 above on amendments of the articles of association is purely a translation only. Should there be any discrepancy, the English version shall prevail.
8. An explanatory statement containing further details regarding the proposed Resolutions nos. 5 to 7 set out in the above notice will be dispatched to shareholders together with the 2005 Annual Report of the Company.

As at the date of this notice, the Board comprises 5 executive Directors, namely Messrs. Li Feng, Xing Zhanwu, Zhao Qingjie, Yang Donglin and Foo Tin Chung, Victor; 2 non-executive Directors, namely Messrs. Li Hong and Zeng Qingdong; and 3 independent non-executive Directors, namely Messrs. Chan Wai Dune, Huang Shilin and Zhu Tong.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.