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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)

**(1) DISCLOSEABLE TRANSACTION
FOR ACQUISITION OF 30% EQUITY INTEREST IN
YANTAI VAST CO., LTD.; AND
(2) CONNECTED TRANSACTION
FOR ACQUISITION OF 49% EQUITY INTEREST IN
BEIJING JINHENG SEGA AUTOMOTIVE SPARE PARTS LIMITED**

YANTAI ACQUISITION

On 27 September 2006, the Company entered into the following SP Agreements:

- (1) Tai Tong SP Agreement pursuant to which the Company has agreed to purchase and Mr. Li has agreed to sell approximately 33.33% equity interest of Tai Tong at a consideration of RMB9,000,000 (equivalent to approximately HK\$8,737,864);
- (2) Devon SP Agreement pursuant to which the Company has agreed to purchase and Ms. Wong has agreed to sell the entire issued share capital of Devon at a consideration of RMB8,820,000 (equivalent to approximately HK\$8,563,107); and
- (3) Jay SP Agreement pursuant to which the Company has agreed to purchase and Ms. Fu has agreed to sell the entire issued share capital of Jay at a consideration of RMB9,180,000 (equivalent to approximately HK\$8,912,621).

Tai Tong is an investment holding company and effectively owns 30% equity interests in YanTai through Harvest Full, its wholly-owned subsidiary.

Devon is an investment holding company and effectively owns 9.8% equity interests in YanTai through its 49% equity interests in Auto Full.

Jay is an investment holding company and effectively owns 10.2% equity interests in YanTai through its 51% equity interests in Auto Full.

The YanTai Acquisition constitutes a discloseable transaction on the part of the Company pursuant to Chapter 19 of the GEM Listing Rules.

SEGA ACQUISITION

On 27 September 2006, the Group also entered into the Sega SP Agreement pursuant to which the Group has agreed to acquire the remaining 49% equity interest of Beijing Sega at a consideration of RMB10,000,000 (equivalent to approximately HK\$9,708,738).

As Beijing Jin Chuang Li is a connected person of the Company under the GEM Listing Rules and the relevant percentage ratio as referred to in rule 19.04(9) of the GEM Listing Rules is more than 2.5% but less than 5% and the consideration is less than HK\$10,000,000, the Sega Acquisition therefore constitutes a connected transaction on the part of Company and is subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and is exempt from the independent Shareholders' approval requirement.

A circular containing, among other things, further information in respect of the YanTai Acquisition will be despatched to the Shareholders in accordance with the GEM Listing Rules.

INTRODUCTION

The Board wishes to announce that on 27 September 2006, the Company entered into the SP Agreements and the Sega SP Agreement. Further details of the YanTai Acquisition and the Sega Acquisition are set out below:

(A) YANTAI ACQUISITION

(1) TAI TONG SP AGREEMENT

Date : 27 September 2006

Parties : (1) Vendor : Mr. Li

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Li is an Independent Third Party.

(2) Purchaser : The Company

Assets to be acquired

Pursuant to the Tai Tong SP Agreement, the Company has conditionally agreed to acquire approximately 33.33% equity interests of Tai Tong. Tai Tong is an investment holding company and effectively owns 30% equity interests in YanTai through Harvest Full, its wholly-owned subsidiary.

Consideration

The consideration for the Tai Tong Acquisition is RMB9,000,000 (equivalent to approximately HK\$8,737,864) payable by the Company to Mr. Li in cash upon completion. It is expected that the consideration shall be satisfied by the internal resources of the Group.

The consideration was arrived at after arm's length negotiation between the parties to the Tai Tong SP Agreement with reference to the historical earnings of YanTai up to 31 August 2006. The consideration represents a price earning ratio of about 6.5 times based on the attributable annualised net profit before tax of YanTai for the eight months ended 31 August 2006 and represents about 1.7 times of the attributable net asset value of YanTai as at 31 August 2006.

Conditions

The Tai Tong SP Agreement is conditional upon the following conditions having been fulfilled within 180 days from the date of the Tai Tong SP Agreement or such later date as may be agreed by the parties in writing:

- (i) Mr. Li and the Company having obtained all necessary consents and approvals in relation to the Tai Tong Acquisition and the transactions contemplated thereunder;
- (ii) no event having occurred which constitute material breach of the warranties given by Mr. Li under the Tai Tong SP Agreement; and
- (iii) the Company having satisfied with the results of the due diligence exercise to be carried out by it on Tai Tong and its group (including YanTai).

Completion

Completion is expected to take place on the fifth business day after the fulfillment of all the conditions of Tai Tong SP Agreement (or such later date as may be agreed by the parties to the Tai Tong SP Agreement in writing).

Upon completion of Tai Tong SP Agreement, the Company will hold approximately 10% of equity interests in YanTai.

Profit Guarantee

Mr. Li has guaranteed and warranted to the Company that the audited net profit of YanTai after taxation for the year ending 31 December 2006 (the "Net Profit") (prepared under PRC generally accepted accounting principles) shall not be less than RMB12,000,000 (the "Guaranteed Profit"). In the event the Guaranteed Profit is not achieved, Mr. Li will compensate the Company in cash in an amount equivalent to the shortfall which will be equal to the difference between the actual Net Profit and the Guaranteed Profit times 10%, which is the effective equity interests in YanTai that the Company owned after completion of the Tai Tong SP Agreement.

(2) DEVON SP AGREEMENT

Date : 27 September 2006

Parties : (1) Vendor : Ms. Wong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Wong is an Independent Third Party.

(2) Purchaser : The Company

Assets to be acquired

Pursuant to the Devon SP Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Devon. Devon is an investment holding company and effectively owns 9.8% equity interests in YanTai through its 49% equity interests in Auto Full.

Consideration

The consideration for the Devon Acquisition is RMB8,820,000 (equivalent to approximately HK\$8,563,107) payable by the Company to Ms. Wong in cash upon completion. It is expected that the consideration shall be satisfied by the internal resources of the Group.

The consideration was arrived at after arm's length negotiation between the parties to the Tai Tong SP Agreement with reference to the historical earnings of YanTai up to 31 August 2006. The consideration represents a price earning ratio of about 6.5 times based on the attributable annualised net profit before tax of YanTai for the eight months ended 31 August 2006 and represents about 1.7 times of the attributable net asset value of YanTai as at 31 August 2006.

Conditions

The Devon SP Agreement is conditional upon the following conditions having been fulfilled within 180 days from the date of the Devon SP Agreement or such later date as may be agreed by the parties in writing:

- (i) Ms. Wong and the Company having obtained all necessary consents and approvals in relation to the Devon Acquisition and the transactions contemplated thereunder;
- (ii) no event having occurred which constitute material breach of the warranties given by Ms. Wong under the Devon SP Agreement; and
- (iii) the Company having satisfied with the results of the due diligence exercise to be carried out by it on Devon and its group (including YanTai).

Completion

Completion is expected to take place on the fifth business day after the fulfillment of all the conditions of Devon SP Agreement (or such later date as may be agreed by the parties to the Devon SP Agreement in writing).

Profit Guarantee

Ms. Wong has guaranteed and warranted to the Company that the audited net profit of YanTai after taxation for the year ending 31 December 2006 (the "Net Profit") (prepared under PRC generally accepted accounting principles) shall not be less than RMB12,000,000 (the "Guaranteed Profit"). In the event the Guaranteed Profit is not achieved, Ms Wong will compensate the Company in cash in an amount equivalent to the shortfall which will be equal to the difference between the actual Net Profit and the Guaranteed Profit times 9.8%, which is the effective equity interests in YanTai that the Company owned after completion of the Devon SP Agreement.

(3) JAY SP AGREEMENT

Date : 27 September 2006

Parties : (1) Vendor : Ms. Fu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Fu is an Independent Third Party.

(2) Purchaser : The Company

Assets to be acquired

Pursuant to the Jay SP Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Jay. Jay is an investment holding company and effectively owns 10.2% equity interests in YanTai through its 51% equity interests in Auto Full.

Consideration

The consideration for the Jay Acquisition is RMB9,180,000 (equivalent to approximately HK\$8,912,621) payable by the Company to Ms. Fu in cash upon completion. It is expected that the consideration shall be satisfied by the internal resources of the Group.

The consideration was arrived at after arm's length negotiation between the parties to the Jay SP Agreement with reference to the historical earnings of YanTai up to 31 August 2006. The consideration represents a price earning ratio of about 6.5 times based on the attributable annualised net profit before tax of YanTai for the eight months ended 31 August 2006 and represents about 1.7 times of the attributable net asset value of YanTai as at 31 August 2006.

Conditions

The Jay SP Agreement is conditional upon the following conditions having been fulfilled within 180 days from the date of the Jay SP Agreement or such later date as may be agreed by the parties in writing:

- (i) Ms. Fu and the Company having obtained all necessary consents and approvals in relation to the Jay Acquisition and the transactions contemplated thereunder;

- (ii) no event having occurred which constitute material breach of the warranties given by Ms. Wong under the Jay SP Agreement; and
- (iii) the Company having satisfied with the results of the due diligence exercise to be carried out by it on Jay and its group (including YanTai).

Completion

Completion is expected to take place on the fifth business day after the fulfillment of all the conditions of Jay SP Agreement (or such later date as may be agreed by the parties to the Jay SP Agreement in writing).

Profit Guarantee

Ms. Fu has guaranteed and warranted to the Company that the audited net profit of YanTai after taxation for the year ending 31 December 2006 (the “Net Profit”) (prepared under PRC generally accepted accounting principles) shall not be less than RMB12,000,000 (the “Guaranteed Profit”). In the event the Guaranteed Profit is not achieved, Ms Fu will compensate the Company in cash in an amount equivalent to the shortfall which will be equal to the difference between the actual Net Profit and the Guaranteed Profit times 10.2%, which is the effective equity interests in YanTai that the Company owned after completion of the Devon SP Agreement.

Upon completion of the SP Agreements, Devon, Jay and Auto Full will become subsidiaries of the Company while Tai Tong, Harvest Full and YanTai, which are owned as to approximately 33.33%, approximately 33.33% and 30% respectively by the Company, will become the associated companies of the Company which will be accounted for using equity method in the consolidated financial statements of the Group.

The Tai Tong SP Agreement, Devon SP Agreement and Jay SP Agreement are not inter-conditional to each other.

INFORMATION OF TAI TONG, DEVON, JAY, AUTOFULL, HARVEST FULL AND YANTAI

Tai Tong is a company incorporated in the British Virgin Islands on 8 July 2005 for investment holding purpose and effectively owned 30% equity interests in YanTai through its wholly-owned subsidiary. Other than its investment in Harvest Full, Tai Tong has no other major asset.

Devon is a company incorporated in the British Virgin Islands on 5 January 2005 for investment holding purpose and effectively owned 9.8% equity interests in YanTai through its 49% equity interests in Auto Full. Other than its investment in Auto Full, Devon has no other major asset.

Jay is a company incorporated in the British Virgin Islands on 5 January 2005 for investment holding purpose and effectively owned 10.2% equity interests in Yantai through its 51% equity interests in Auto Full. Other than its investment in Auto Full, Jay has no other major asset.

Auto Full is a company incorporated in Hong Kong on 14 February 2005 for investment holding purpose and is owned as to 49% and 51% by Devon and Jay respectively. Other than its investment in YanTai, Auto Full has no other major asset.

Harvest Full is a company incorporated in Hong Kong on 20 July 2005 for investment holding purpose and is wholly-owned by Tai Tong. Other than its investment in YanTai, Harvest Full has no other major asset.

YanTai is a company established in the PRC in March 1993 and is principally engaged in manufacturing and sale of cylinder liners and spare parts of automobile engines. Before the YanTai Acquisition, YanTai is owned as to 30% and 20% by Harvest Full and Auto Full respectively. The remaining 40%, 5.5% and 4.5% are owned by three Independent Third Parties respectively. After the YanTai Acquisition, the Company will effectively hold 20% of equity interest in YanTai through its wholly-owned subsidiaries Devon, Jay and Auto Full. Also the Company will indirectly hold another 10% effective interest of YanTai through holding 33.33% of equity interest in Tai Tong, which wholly-owned Harvest Full and Harvest Full own 30% of equity interest in YanTai. The remaining 40%, 5.5% and 4.5% of equity interest in YanTai are owned by three Independent Third Parties respectively. .

The following tables show the turnover, net profit before tax, net profit after tax, the net asset value and the total asset value of YanTai (prepared under PRC generally accepted accounting principles) based on its audited financial statements:

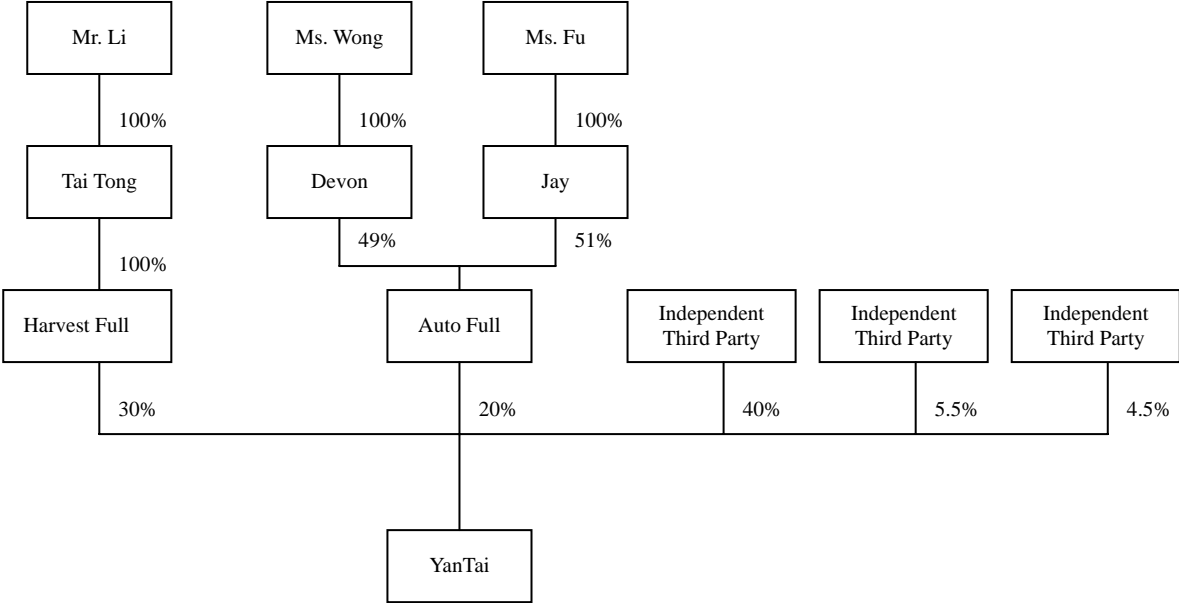
	For the year ended 31 December 2004			As at 31 December 2004	
	Turnover	Net profit before tax	Net profit after tax	Net asset value	Total asset value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
YanTai	81,475	7,446	7,446	11,699	156,396

	For the year ended 31 December 2005			As at 31 December 2005	
	Turnover	Net profit before tax	Net profit after tax	Net asset value	Total asset value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
YanTai	93,107	7,841	6,893	19,201	161,433

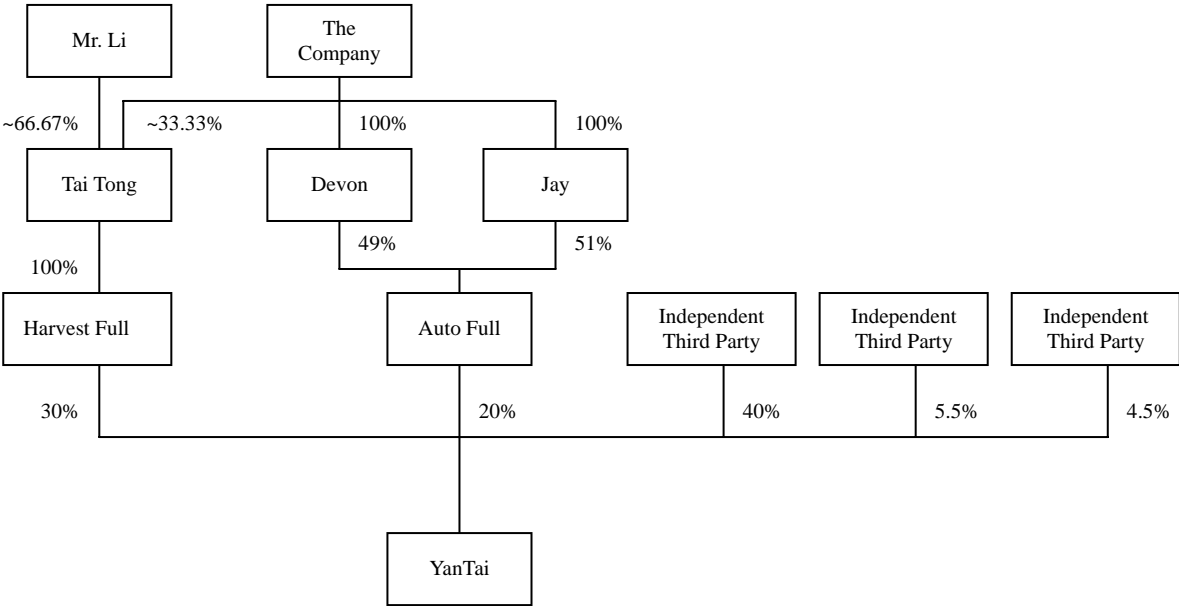
The following table shows the turnover, net profit before tax, net profit after tax, the net asset value and the total asset value of YanTai (prepared under PRC generally accepted accounting principles) based on its unaudited management accounts for the eight months up to 31 August 2006:

	For the eight months ended 31 August 2006			As at 31 August 2006	
	Turnover	Net profit before tax	Net profit after tax	Net asset value	Total asset value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
YanTai	71,538	9,122	8,028	52,584	183,802

The diagram below shows the shareholdings structure of the relevant entities immediately before completion of the YanTai Acquisition:



The diagram below shows the shareholdings structure of the relevant entities immediately after completion of the YanTai Acquisition:



REASONS FOR THE YANTAI ACQUISITION

In view of the Group's competitive advantages and the enormous opportunities brought by the rapid growth of the automobile industry in the PRC, the Yantai Acquisition is part of the Group's business strategies to expand its product range to capture the opportunities offered in the automobile market in the PRC. As YanTai is a well known company in automotive engine business with technical knowhow and existing established distribution and customers networks, the Board considers that the terms of the SP Agreements (including the consideration which represents a price earning ratio of about 6.5 times and a price to net asset value of about 1.7 times as mentioned above) are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios as referred to in rule 19.04(9) of the GEM Listing Rules are more than 5% but less than 25%, the YanTai Acquisition constitutes discloseable transaction on the part of Company under Chapter 19 of the GEM Listing Rules.

(B) SEGA ACQUISITION

SEGA SP AGREEMENT

Date : 27 September 2006

Parties : (1) Vendor : Beijing Jin Chuang Li
(2) Purchaser : Jinzhou Jinheng, an indirect wholly-owned subsidiary of the Company

To the best knowledge of the Directors, Beijing Jin Chuang Li has no relationship with Mr. Li, Ms. Wong and Ms. Fu.

Assets to be acquired

Pursuant to the Sega SP Agreement, Jinzhou Jinheng has conditionally agreed to acquire the remaining 49% equity interest of Beijing Sega.

Consideration

The consideration for the Sega Acquisition is RMB10,000,000 (equivalent to approximately HK\$9,708,738) payable by the Group in cash within 30 working days after the approval from the PRC regulatory (i.e. Beijing Industry and Commerce of the PRC) has been obtained. It is expected that the consideration shall be satisfied by the internal resources of the Group.

The consideration was arrived at after arm's length negotiation between the parties to the Sega SP Agreement with reference to the registered capital of Beijing Sega of RMB9,800,000 (equivalent to approximately HK\$9,514,563) contributed by Beijing Jin Chuang Li.

Completion

Completion of the Sega SP Agreement will take place when the approval from the PRC regulatory (i.e. Beijing Industry and Commerce of the PRC) has been obtained.

Upon completion of the Sega SP Agreement, Beijing Sega will become a wholly-owned subsidiary of the Company.

INFORMATION OF BEIJING SEGA

Reference is made to the announcement of the Company dated 17 August 2005 in relation to the discloseable transaction for the formation of Beijing Sega.

Beijing Sega is a joint venture company established in the PRC in October, 2005 and is owned as to 51% by Jinzhou Jinheng and as to 49% by Beijing Jin Chuang Li. Beijing Sega is principally engaged in the sale and production of automotive steering wheel in the PRC, which forms part of automotive safety systems to be used mainly in the production of the Group's products. At the time of the formation of Beijing Sega, the Group did not contemplate the Sega Acquisition. As at the date of this announcement, the registered capital of Beijing Sega of RMB20 million has been fully paid up, contributed as to RMB10,200,000 (equivalent to approximately HK\$9,902,913) by the Group and as to RMB9,800,000 (equivalent to approximately HK\$9,514,563) by Beijing Jin Chuang Li.

The following tables show the turnover, net profit before tax, net profit after tax, the net asset value and the total asset value of Beijing Sega (prepared under PRC generally accepted accounting principles) based on its audited financial statements:

	From the date of establishment up to 31 December 2005			As at 31 December 2005	
	Turnover	Net profit before tax	Net profit after tax	Net asset value	Total asset value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Beijing Sega	3,514	64	38	20,038	28,627

REASONS FOR THE SEGA ACQUISITION

In view of the Group's large demand of steeling wheels in its ordinary course of business, and there is a substantial cost saving from the procurement from Beijing Sega, the Directors believe that the Sega Acquisition may consolidate the control of the Group over the sale and production of automotive steering wheel in the PRC while reducing the business risk of the Group. It is envisaged by the Directors that given the strong demand of steeling wheels by the Group, Beijing Sega will contribute to the Group's profitability in the future which in turn will further increase the Shareholders' value.

The Sega Acquisition is not related to the YanTai Acquisition.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Beijing Jin Chuang Li is a substantial shareholder of Beijing Sega which is a subsidiary of the Company, Beijing Jin Chuang Li is a connected person of the Company under the GEM Listing Rules. The Sega Acquisition therefore is a connected transaction on the part of the Company. As the relevant percentage ratio as referred to in rule 19.04(9) of the GEM Listing Rules is more than 2.5% but less than 5% and the consideration is less than HK\$10,000,000, the Sega Acquisition therefore constitutes a connected transaction on the part of Company and is subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and is exempt from the independent Shareholders' approval requirement.

(C) INFORMATION ON THE GROUP

The Group is principally engaged in the design, research and development, manufacture and sale of automotive safety systems. The Group's major product includes safety airbag systems used in automobiles.

(D) GENERAL INFORMATION

The Directors (including the independent non-executive Directors) consider that the Tai Tong SP Agreement, the Devon SP Agreement, the Jay SP Agreement and the Sega SP Agreement are entered into upon normal commercial terms following arm's length negotiations between the parties to the Tai Tong SP Agreement, the Devon SP Agreement, the Jay SP Agreement and the Sega SP Agreement respectively and that the terms of the Tai Tong SP Agreement, the Devon SP Agreement, the Jay SP Agreement and the Sega SP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

A circular containing, among other things, further details of the YanTai Acquisition will be despatched to the Shareholders in accordance with the GEM Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Auto Full”	Auto Full International Limited, a company incorporated in Hong Kong and is owned as to 49% by Devon and 51% by Jay
“Beijing Jin Chuang Li”	北京今創立科貿有限責任公司(Beijing Jin Chuang Li Technology Limited), a limited company established in the PRC principally engaged in the production of automotive steering wheel and spareparts

“Beijing Segal”	北京錦恆世嘉汽車零部件有限責任公司(Beijing Jinheng Segal Automotive Spare Parts Limited), a joint venture company established in the PRC
“Company”	Jinheng Automotive Safety Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Devon”	Devon Fair Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Wong
“Devon Acquisition”	the acquisition by the Company of the entire equity interest in Devon from Ms. Wong subject to and upon the terms and conditions of the Devon SP Agreement
“Devon SP Agreement”	a conditional agreement dated 27 September 2006 and entered into between Ms. Wong and the Company in respect of the Devon Acquisition
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Harvest Full”	Harvest Full International Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Tai Tong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial Shareholders of the Company and its subsidiaries or any of their respective associate
“Jay”	Jay Trump Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Fu
“Jay Acquisition”	the acquisition by the Company of the entire equity interest in Jay from Ms. Fu subject to and upon the terms and conditions of the Jay SP Agreement

“Jay SP Agreement”	a conditional agreement dated 27 September 2006 and entered into between Ms. Fu and the Company in respect of the Jay Acquisition
“Jinzhou Jinheng”	錦州錦恆汽車安全系統有限公司(Jinzhou Jinheng Automotive Safety System Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Mr. Li”	Mr. Li Sai-keung
“Ms. Wong”	Ms. Wong Man Yee
“Ms. Fu”	Ms. Fu Ying
“PRC”	the People’s Republic of China, and for the purposes for this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sega Acquisition”	the acquisition by the Group of the remaining 49% equity interest in Beijing Sega from Beijing Jin Chuang Li subject to and upon the terms and conditions of the Sega SP Agreement
“Sega SP Agreement”	an agreement dated 27 September 2006 and entered into between Jinzhou Jinheng and Beijing Jin Chuang Li in respect of the Sega Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SP Agreements”	Tai Tong SP Agreement, Devon SP Agreement and Jay SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Tong”	Tai Tong Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Li
“Tai Tong Acquisition”	the acquisition by the Company of approximately 33.33% equity interest in Tai Tong from Mr. Li subject to and upon the terms and conditions of the Tai Tong SP Agreement

“Tai Tong SP Agreement”	a conditional agreement dated 27 September 2006 and entered into between Mr. Li and the Company in respect of the Tai Tong Acquisition
“YanTai”	YanTai Vast Co., Ltd., a company established in the PRC with limited liability
“YanTai Acquisition”	the acquisition of an indirect 30% equity interest in YanTai contemplated under the Tai Tong Acquisition, Devon Acquisition and Jay Acquisition
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

By order of the Board
**JINHENG AUTOMOTIVE SAFETY
TECHNOLOGY HOLDINGS LIMITED**
Li Feng
Chairman

Hong Kong, 27 September 2006

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB1.03. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

As at the date of this announcement, the Board comprises Mr. Li Feng, Mr. Xing Zhanwu, Mr. Zhao Qingjie, Mr. Yang Dongli, Mr. Foo Tin Chung, Victor who are executive Directors, Mr. Li Hong and Mr. Zeng Qingdong who are non-executive Directors and Mr. Chan Wai Dune, Mr. Huang Shilin and Mr. Zhu Tong who are independent non-executive Directors.

This announcement, 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 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.

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