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FORM 8-K

Wonder Auto Technology, Inc - WATG

Filed: April 04, 2007 (period: April 04, 2007)

Report of unscheduled material events or corporate changes.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington D.C. 20549

**FORM 8-K
CURRENT REPORT**

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): April 4, 2007 (April 2, 2007)

Wonder Auto Technology, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State of Incorporation)

0-50883
(Commission File No.)

88-0495105
(IRS Employer ID No.)

**No. 56 Lingxi Street
Taihe District
Jinzhou City, Liaoning
People's Republic of China, 121013**
(Address of Principal Executive Offices)

(86) 0416-5186632
Registrant's Telephone Number, Including Area Code:

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

The information set forth in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference in its entirety.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On April 2, 2007, two subsidiaries of Wonder Auto Technology, Inc. (the “Company”) acquired an aggregate 79.592% ownership interest in Jinzhou Wanyou Mechanical Parts Co., Ltd. (“Wanyou”) in two separate and separately negotiated equity purchase transactions between the Company’s subsidiaries and two former equity owners of Wanyou.

In the first transaction, the Company’s wholly-owned subsidiary, Wonder Auto Limited, a British Virgin Islands corporation, acquired a 40.816% equity ownership interest in Wanyou from Hong Kong Friend Branches Limited, a Hong Kong corporation, for a total cash consideration of up to \$8.42 million pursuant to a Share Purchase Agreement dated April 2, 2007. Under the Share Purchase Agreement, the total cash consideration is scheduled to be paid by the Company in three installments as follows. The first installment payment of \$2.8 million will be made within three months after the execution of the Share Purchase Agreement. The second cash installment payment of \$1.41 million will be paid before December 31, 2007. The final cash installment payment of \$4.21 million will be paid if Wanyou achieves minimum net income of RMB 23 million (approximately \$2.95 million) for the period from April 2, 2007 to April 1, 2008. If Wanyou fails to achieve the minimum net income threshold, the remaining \$4.21 million payment will be proportionately reduced. Under the Share Purchase Agreement, no premium is payable by the Company if Wanyou exceeds the net income target threshold.

In the second transaction, the Company’s indirect, wholly-owned subsidiary, Jinzhou Halla Electrical Equipment Co., Ltd., a Chinese corporation, acquired a 38.776% equity ownership in Wanyou from Jinzhou Wonder Auto Suspension System Co., Ltd. for a total cash consideration of up to \$8.0 million pursuant to a Share Purchase Agreement dated April 2, 2007. Under the agreement with Jinzhou Wonder Auto Suspension System Co., Ltd., the total consideration will be paid in three installments. The first payment of \$3.0 million is due within three months after the execution of the Share Purchase Agreement. The second \$3.0 million cash installment will be paid if Wanyou achieves minimum net income of RMB 23 million (approximately \$2.95 million) for the period from April 2, 2007 to April 1, 2008. The remaining \$2 million cash payment will be paid if Wanyou attains minimum net income of RMB 29 million (approximately \$3.72 million) for the period from April 2, 2008 to April 1, 2009. In the case that Wanyou fails to achieve these net income thresholds, the corresponding payments will be proportionately reduced. Under the Share Purchase Agreement, no premium is payable by the Company if Wanyou exceeds the net income target threshold.

Prior to the equity acquisitions described above, the Company, through its subsidiary Jinzhou Halla Electrical Equipment Co., Ltd., owned 20.408% of Wanyou. As a result of the equity acquisitions, through its subsidiaries, the Company now has 100% indirect ownership of Wanyou. Neither Hong Kong Friend Branches Limited nor Jinzhou Wonder Auto Suspension System Co., Ltd. is an affiliate of the Company. Wanyou’s former directors resigned immediately upon the execution of each Share Purchases Agreements and Wanyou’s current directors have been designated by the Company.

Wanyou is a sino-foreign joint venture established under the laws of the People’s Republic of China and is principally engaged in the business of manufacturing, marketing and selling of piston rods, shock absorber rods, vibration dampers and rotary axes for motor vehicles.

The description of the Share Purchase Agreements in this current report is a summary only and is qualified in its entirety by the terms of the Share Purchase Agreements. A copy of the share purchase agreements is attached hereto as exhibits 10.1 and 10.2 and is hereby incorporated by reference.

ITEM 8.01 OTHER EVENTS

On April 4, 2007, the Company issued a press release about the acquisition of Wanyou and the upward revision of its financial guidance for the year ended December 31, 2007. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENT AND EXHIBITS

(a) Financial Statements of Businesses Acquired.

The financial information that is required pursuant to this Item will be filed by amendment not later than 71 calendar days after the date that this initial report on Form 8-K is required to be filed.

(b) Pro-forma Financial Report.

The financial information that is required pursuant to this Item will be filed by amendment not later than 71 calendar days after the date that this initial report on Form 8-K is required to be filed.

(c) Exhibits

Exhibit Number	Description of Exhibit
10.1	Share Purchase Agreement, dated as of April 2, 2007, by and between Wonder auto Limited and Hong Kong Friend Branches Limited.
10.2	Share Purchase Agreement, dated as of April 2, 2007, by and between Jinzhou Halla Electrical Equipment Co., Ltd. and Jinzhou Wonder Auto Suspension System Co., Ltd.
99	Press Release, dated April 4, 2007.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Wonder Auto Technology, Inc.

Date: April 4, 2007

/s/ Qingjie Zhao

Chief Executive Officer and President

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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10.2	Share Purchase Agreement, dated as of April 2, 2007, by and between Jinzhou Halla Electrical Equipment Co., Ltd. and Jinzhou Wonder Auto Suspension System Co., Ltd.
99	Press Release, dated April 4, 2007.

Share Purchase Agreement

BETWEEN: Hong Kong Friend Branches Limited. , a corporation duly formed under the laws of Hong Kong with its legal address at 21/F,New World Tower,118 Queens RD Central HK, herein represented by Mr. Xiang Liu, its authorized representative (hereinafter referred to as the “Seller”);

AND: Wonder Auto Limited, a corporation duly formed under the laws of the British Virgin Islands with its legal address at P.O. Box 957,Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, herein represented by Mr. Qingjie Zhao, its authorized representative and board chairman (hereinafter referred herein to as the “Purchaser”, and together with the Seller, the “Parties”);

WHEREAS, the Seller is the 40.816% shareholder of Jinzhou Wanyou Mechanical Parts Co., Ltd. (“Wanyou”) which is in the business of manufacturing, marketing and distributing shafts of alternators and starter, shafts of auto shock absorbers and related products within the PRC;

WHEREAS, the Seller, the Purchaser and Jinzhou Wonder Auto Suspension System Co., Ltd. have executed the Articles of Association and other agreements necessary to give effect to Wanyou’s business objectives and business scope and other ancillary documents contemplated thereunder. All such documents are hereinafter collectively referred to as the “Wanyou Documents”;

WHEREAS, Wanyou has received all approvals necessary for its establishment and operation from the relevant governmental authorities of the PRC, including its business license;

WHEREAS, pursuant to Section 14 of the Wanyou Articles of Association, the board of directors (the “Board”) of Wanyou is the highest authority of Wanyou and has the authority and responsibility to determines all important issues regarding Wanyou;

WHEREAS, on April 2, 2007, the Board has unanimously adopted board resolutions which authorizes and approves the amendment of the Wanyou Documents and the sale by the Seller and the purchase by the Purchaser of 40.816% of the shares of Wanyou held by the Seller and any other interest held by the Seller in Wanyou (collectively, the “Seller Interest”), and the Board has authorized Wanyou to take all actions and to execute all documents as may be necessary and proper to give effect to such resolutions;

NOW, THEREFORE, the Parties, pursuant to the principle of equality and mutual benefit and through friendly consultations at Jinzhou city, Liaoning Province of PRC, hereby enter into this Agreement on the 2nd date of April, 2007 and reach the agreements as follows (the “Execution Date”):

Article 1 Transfer of the Seller Interest to the Purchaser

- 1.1 In accordance with this Agreement, the Seller hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the Seller the Seller Interest (the "Share Transfer").
- 1.2 For the purpose of clarification and without limiting the generality of the foregoing, the Purchaser hereby agrees to resume all of the obligations relating to the Seller Interest under the Joint Venture Documents.

Article 2 Purchase Price and Other Payments

- 2.1 The Seller hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Seller the Seller Interest, in exchange for a total cash consideration of Eight Million Four Hundred and Twenty Thousand U.S. Dollars (US\$8,420,000) (the "Purchase Price").
- 2.2 Within three (3) months after the Execution Date, the Purchaser shall pay the first payment in the amount of US\$2,800,000 in cash to the Seller's designated bank account. Fifty percent (50%) of the Purchase Price (USD\$4,210,000) shall be paid within the year of 2007 (for the sole purpose of clarification, such 50% shall include the US\$2,800,000 paid within 3 months after the Execution Date). The remaining US\$4,210,000 shall be paid to the Seller's designated bank account upon Wanyou's fulfillment of a net profit of RMB23,000,000 within twelve (12) months after the signing of the Agreement (from April 2, 2007 to April 1, 2008). In case that such targeted net profit is not fulfilled, the Seller hereby agrees that the last installment of the payment shall be reduced proportionally.
- 2.3 The Seller hereby agrees that upon the signing of this agreement, the Purchaser shall immediately be deemed as the legal owner of the Seller Interest and involved immediately in the running of Wanyou's business.
- 2.4 Within fifteen (15) business days after the Seller received the first payment from the Purchaser:
- (a) the Purchaser and the Seller shall prepare, execute and file with the relevant governmental authorities of the PRC all documents necessary or required for the governmental approval and registration of the Share Transfer hereunder; and
 - (b) the Seller shall provide the Purchaser with all necessary documents and assistances in order to realize the Purchaser's immediate involvement in Wanyou's business operation upon the signing of this Agreement.
- 2.5 the Seller shall not retain any of the Seller Interest including its original power and interest in Wanyou upon the signing of this Agreement.
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Article 3 Disposition of the Distributable Profit Accrued Before the Effective Date of this Agreement

After the Execution Date, the total distributable profit of Wanyou in fiscal year 2006 (the “Profit”) shall be disposed of as follows:

3.1 The Profit shall be distributed to all persons that are Wanyou shareholders immediately after the signing of this Agreement.

Article 4 Wanyou’s Liabilities

4.1 After the Effective Date, the Seller shall no longer be responsible for any liabilities arising from, related to or in connection with Wanyou whether arising before, on or after the consummation of the transactions contemplated by this Agreement. In case this Agreement is not effected, the Seller shall bear the relevant liabilities of Wanyou.

4.2 The Sellers and the Buyers shall be liable for their own tax liabilities arising from, related to or in connection with the Share Transfer contemplated by this Agreement within PRC or pursuant to the laws or regulations of the PRC.

Article 5 Board of Wanyou

5.1 Upon the signing of this Agreement, the directors designated by the Seller shall resign from the Board immediately and such resignation shall become effective automatically. The directors designated by the Purchaser shall be appointed and such appointment shall become effective immediately.

Article 6 Confirmation of fairness of the transaction

6.1 The Parties hereby confirm that the Purchase Price is arm’s-length price and represents fair market value of the Seller Interest.

Article 7 Parties’ Responsibilities

7.1 From the Execution Date, the Parties shall take appropriate commercial measures to minimize any adverse consequences of the Share Transfer on the employees and the customers of Wanyou. The Parties shall properly exercise their rights as shareholders of Wanyou in light of their pre-existing ownership, and each Party represents and warrants that its designated directors shall comply with the terms of this Agreement.

7.2 The Seller covenants that it will carry out no competitive businesses with Wanyou from the Execution Date.

7.3 The Purchaser hereby covenants and agrees the following:

7.3.1 It shall be fully responsible for, observe and perform all of the obligations relating to, in connection with the Seller Interest under the Wanyou Documents and it will take all actions that are necessary or required to give full force and effect to this Agreement.

7.3.2 It will carry on and conduct Wanyou's business in a proper and efficient manner so as to preserve and protect its properties, assets, business operations, incomes, rents and profit, and keep the major senior management, other than directors of Wanyou, remain unchanged during years 2007 and 2008.

Article 8 Amendment

8.1 This Agreement can be amended only by written agreement between the Parties.

Article 9 Termination

9.1 This Agreement may be terminated by written agreement between the Parties.

9.2 If one Party commits a breach or delays performance of any of its obligation under this Agreement and fails to remedy such breach or performance delay within thirty (30) business days upon receiving a written notice of such breach or delay from the non-breaching or non-delaying Party, the non-breaching or non-delaying Party may terminate this Agreement.

9.3 If one Party causes this Agreement impossible to perform, the other Party may terminate this Agreement.

Article 10 Remedies

10.1 If one Party commits a breach or does not perform its duties or obligations under this Agreement for any reasons, such breaching or non-performing Party shall be responsible for the breach or non-performance of its duties or obligations and shall compensate all losses suffered by the non-breaching Party as a result thereof.

10.2 In the event the Purchaser fails to perform its obligations set forth in Section 2.2 of this Agreement and such non-performance lasts up to fifteen (15) calendar days, the Seller may unilaterally terminate the Agreement. If this Agreement is so terminated by the Seller, the Purchaser shall pay to the Seller a liquidated damage in an amount equal to ten percent (10%) of the Purchase Price.

Article 11 Force Majeure

11.1 If performance of this Agreement in whole or in part is prevented, restricted or interfered with by reason of an earthquake, storm, flood, fire, war, strike or any other cause beyond the reasonable control of the Parties (each a "Force Majeure condition"), then the affected Party shall provide the other Party with a valid evidentiary document setting forth in detail the Force Majeure Condition within fifteen (15) days, its expected duration and the consequences thereof. The Parties shall thereafter consult with each other so as to avoid or minimize any adverse effect of any Force Majeure Condition on this Agreement or the transactions contemplated hereunder. However, if a Force Majeure condition lasts for more than three (3) months, the Parties shall try their best to avoid or reduce damages cause by negotiation. If the Parties cannot agree on a mutually satisfying solution within three (3) months of such negotiation, either Party may terminate this Agreement by giving the other Party a thirty (30) days written notice of such termination.

Article 12 Dispute Resolution

12.1 All disputes between the Parties arising out of or in connection with this Agreement shall be settled between the Parties through friendly negotiation. If an agreement cannot be reached between the Parties within thirty (30) days upon the receipt of the written notice by the disputing Party, either Party may submit the dispute to arbitration to the International Chamber of Commerce in Stockholm, Sweden for final resolution in accordance with its arbitration rules. The judgment of the arbitration panel shall be final and binding upon the Parties and both Parties hereby agree to abide by such judgment of the arbitration panel. The arbitration fees shall be borne by the losing Party.

Article 13 Waiver

13.1 Any act of non-performance or delay on the performance of any rights, damages for breach, termination and any other rights under this Agreement shall not be deemed an act of waiver. The exclusive or partial performance of any rights, damages for breach, termination and any other rights under this Agreement shall not affect the performance of these and other rights.

Article 14 Disclosure

14.1 The terms of this Agreement and any information disclosed to the non-disclosing Party by the disclosing Party in the course of executing this Agreement shall be deemed confidential, and each Party will refrain from disclosing the other Party's confidential information to any third party without the approval of the non-disclosing Party unless required by any governmental authority or administrative agency.

Article 15 Miscellaneous

15.1 This Agreement is written and executed in Chinese and English, and the two versions written in Chinese and in English with equal legal effect. In the event of any conflicts between the two versions of this Agreement and can not be settled by mutual discussion, either Party may submit the dispute to arbitration to the International Chamber of Commerce in Stockholm, Sweden for final resolution in accordance with its arbitration rules. The judgment of the arbitration panel shall be final and binding upon the Parties and both Parties agree to abide by such judgment of the arbitration panel. The arbitration fees shall be borne by the losing Party.

15.2 This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein and supersedes all prior negotiations, agreements and understandings.

15.3 In case any one or more of the provisions of this Agreement is held invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions or the remaining applications shall not be affected or impaired.

15.4 The preamble forms an integral part of the present Agreement.

15.5 Any notices, requests, and communications required or provided for under this Agreement shall be in writing and shall be delivered via mail, facsimile or express mail.

15.6 This Agreement shall be executed in seven (7) copies. The Seller and the Purchaser shall each keep two (2) copies, and Wanyou shall keep one (1) copy. The Purchaser shall keep the remaining two (2) copies for purposes of the Share Transfer and any required governmental filings therefore.

Seller: **Hong Kong Friend Branches Limited**

Representative's Signature: /s/ Xiang Liu

Purchaser: **Wonder Auto Limited**

Representative's Signature: /s/ Qingjie Zhao

Share Purchase Agreement

BETWEEN: Jinzhou Wonder Auto Suspension System Co., Ltd. , a corporation duly formed under the laws of the People’s Republic of China with its legal address at Bohai Street, Jinzhou Economy and Technology Development Zone, Liaoning Province, China (“PRC”), herein represented by Mr. Yubin Xue, its authorized representative and president (hereinafter referred to as the “Seller”);

AND: Jinzhou Halla Electrical Equipment Co., Ltd., a corporation duly formed under the laws of the People’s Republic of China with its legal address at No. 16, Yulu Street, Jinzhou City, Liaoning Province, China (“PRC”), herein represented by Mr. Qingjie Zhao, its authorized representative and board chairman (hereinafter referred herein to as the “Purchaser,” and together with the Seller, the “Parties”);

WHEREAS, the Seller is the 38.776% shareholder of Jinzhou Wanyou Mechanical Parts Co., Ltd. (“Wanyou”) which is in the business of manufacturing, marketing and distributing shafts of alternators and starter, shafts of auto shock absorbers and related products within the PRC;

WHEREAS, the Purchaser is the 20.408% shareholder of Wanyou, a Sino-Foreign joint venture established under the PRC laws.

WHEREAS, the Seller, the Purchaser and Hong Kong Friend Branches Limited have executed the Articles of Association and other agreements necessary to give effect to Wanyou’s business objectives and business scope and other ancillary documents contemplated thereunder. All such documents are hereinafter collectively referred to as the “Wanyou Documents”;

WHEREAS, Wanyou has received all approvals necessary for its establishment and operation from the relevant governmental authorities of the PRC, including its business license;

WHEREAS, pursuant to Section 14 of Wanyou’s Articles of Association, the board of directors (the “Board”) of Wanyou is the highest authority of Wanyou and has the authority and responsibility to determines all important issues regarding Wanyou;

WHEREAS, on April 2, 2007, the Board has unanimously adopted board resolutions which authorizes and approves the amendment of the Wanyou Documents and the sale by the Seller and the purchase by the Purchaser of 38.776% of the shares of Wanyou held by the Seller and any other interest held by the Seller in Wanyou (collectively, the “Seller Interest”), and the Board has authorized Wanyou to take all actions and to execute all documents as may be necessary and proper to give effect to such resolutions;

NOW, THEREFORE, the Parties, pursuant to the principle of equality and mutual benefit and through friendly consultations at Jinzhou city, Liaoning Province of PRC, hereby enter into this Agreement on the 2nd date of April, 2007 and reach the agreements as follows (the “Execution Date”):

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- 1.2 For the purpose of clarification and without limiting the generality of the foregoing, the Purchaser hereby agrees to resume all of the obligations relating to the Seller Interest under the Joint Venture Documents.

Article 2 Purchase Price and Other Payments

2.1 The Seller hereby agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller the Seller Interest, for a total cash consideration of Eight Million U.S. Dollars (US\$8,000,000) (the "Purchase Price").

2.2 The Purchase Price shall be paid in three installments. Within three (3) months after the Execution Date, the Purchaser shall pay the first payment in the amount of US\$3,000,000 in cash to the Seller's designated bank account.

The second payment in the amount of US\$3,000,000 shall be paid to the Seller's designated bank account upon Wanyou's fulfillment of a net profit of RMB23,000,000 within twelve (12) months after the signing of the Agreement (from April 2, 2007 to April 1, 2008). In case that such targeted net profit is not fulfilled, the Seller hereby agrees that the second installment of the payment shall be reduced proportionally.

The third payment of US\$2,000,000 shall be paid to the Seller's designated bank account upon Wanyou's fulfillment of a net profit of RMB29,000,000 for the twelve (12) months from April 2, 2008 to April 1, 2009. In case that such targeted net profit is not fulfilled, the Seller hereby agrees that the third installment of the payment shall be reduced proportionally.

2.3 The Seller hereby agrees that upon the signing of this agreement, the Purchaser shall immediately be deemed as the legal owner of the Seller Interest (the Purchaser becomes 59.184% shareholder of Wanyou, together the 20.408% interest of Wanyou already owned by the Purchaser) and involved immediately in the running of Wanyou's business.

2.4 Within fifteen (15) business days after the Seller received the first payment from the Purchaser:

(a) the Purchaser and the Seller shall prepare, execute and file with the relevant governmental authorities of the PRC all documents necessary or required for the governmental approval and registration of the Share Transfer hereunder; and

(b) the Seller shall provide the Purchaser with all necessary documents and assistances in order to realize the Purchaser's immediate involvement in Wanyou's business operation upon the signing of this Agreement.

2.5 the Seller shall not retain any of the Seller Interest including its original power and interest in Wanyou upon the signing of this Agreement.

Article 3 Disposition of the Distributable Profit Accrued Before the Effective Date of this Agreement

After the Execution Date, the total distributable profit of Wanyou in fiscal year 2006 (the "Profit") shall be disposed of as follows:

3.1 The Profit shall be distributed to all persons that are Wanyou shareholders immediately after the signing of this Agreement.

Article 4 Wanyou's Liabilities

4.1 After the Effective Date, the Seller shall no longer be responsible for any liabilities arising from, related to or in connection with Wanyou whether arising before, on or after the consummation of the transactions contemplated by this Agreement. In case this Agreement is not effected, the Seller shall bear the relevant liabilities of Wanyou.

4.2 The Sellers and the Buyers shall be liable for their own tax liabilities arising from, related to or in connection with the Share Transfer contemplated by this Agreement within PRC or pursuant to the laws or regulations of the PRC.

Article 5 Board of Wanyou

5.1 Upon the signing of this Agreement, the directors designated by the Seller shall resign from the Board immediately and such resignation shall become effective automatically. The directors designated by the Purchaser shall be appointed and such appointment shall become effective immediately.

Article 6 Confirmation of fairness of the transaction

6.1 The Parties hereby confirm that the Purchase Price is arm's-length price and represents fair market value of the Seller Interest.

Article 7 Parties' Responsibilities

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7.2 The Seller covenants that it will carry out no competitive businesses with Wanyou from the Execution Date.

7.3 The Purchaser hereby covenants and agrees the following:

7.3.1 It shall be fully responsible for, observe and perform all of the obligations relating to, in connection with the Seller Interest under the Wanyou Documents and it will take all actions that are necessary or required to give full force and effect to this Agreement.

7.3.2 It will carry on and conduct Wanyou's business in a proper and efficient manner so as to preserve and protect its properties, assets, business operations, incomes, rents and profit, and keep the major senior management, other than directors of Wanyou, remain unchanged during years 2007 and 2008.

Article 8 Amendment

8.1 This Agreement can be amended only by written agreement between the Parties.

Article 9 Termination

9.1 This Agreement may be terminated by written agreement between the Parties.

9.2 If one Party commits a breach or delays performance of any of its obligation under this Agreement and fails to remedy such breach or performance delay within thirty (30) business days upon receiving a written notice of such breach or delay from the non-breaching or non-delaying Party, the non-breaching or non-delaying Party may terminate this Agreement.

9.3 If one Party causes this Agreement impossible to perform, the other Party may terminate this Agreement.

Article 10 Remedies

10.1 If one Party commits a beach or does not perform its duties or obligations under this Agreement for any reasons, such breaching or non-performing Party shall be responsible for the breach or non-performance of its duties or obligations and shall compensate all losses suffered by the non-breaching Party as a result thereof.

10.2 In the event the Purchaser fails to perform its obligations set forth in Section 2.2 of this Agreement and such non-performance lasts up to fifteen (15) calendar days, the Seller may unilaterally terminate the Agreement. If this Agreement is so terminated by the Seller, the Purchaser shall pay to the Seller a liquidated damage in an amount equal to ten percent (10%) of the Purchase Price.

Article 11 Force Majeure

11.1 If performance of this Agreement in whole or in part is prevented, restricted or interfered with by reason of an earthquake, storm, flood, fire, war, strike or any other cause beyond the reasonable control of the Parties (each a “Force Majeure condition”), then the affected Party shall provide the other Party with a valid evidentiary document setting forth in detail the Force Majeure Condition within fifteen (15) days, its expected duration and the consequences thereof. The Parties shall thereafter consult with each other so as to avoid or minimize any adverse effect of any Force Majeure Condition on this Agreement or the transactions contemplated hereunder. However, if a Force Majeure condition lasts for more than three (3) months, the Parties shall try their best to avoid or reduce damages cause by negotiation. If the Parties cannot agree on a mutually satisfying solution within three (3) months of such negotiation, either Party may terminate this Agreement by giving the other Party a thirty (30) days written notice of such termination.

Article 12 Dispute Resolution

12.1 All disputes between the Parties arising out of or in connection with this Agreement shall be settled between the Parties through friendly negotiation. If an agreement cannot be reached between the Parties within thirty (30) days upon the receipt of the written notice by the disputing Party, either Party may submit the dispute to arbitration to the International Chamber of Commerce in Stockholm, Sweden for final resolution in accordance with its arbitration rules. The judgment of the arbitration panel shall be final and binding upon the Parties and both Parties hereby agree to abide by such judgment of the arbitration panel. The arbitration fees shall be borne by the losing Party.

Article 13 Waiver

13.1 Any act of non-performance or delay on the performance of any rights, damages for breach, termination and any other rights under this Agreement shall not be deemed an act of waiver. The exclusive or partial performance of any rights, damages for breach, termination and any other rights under this Agreement shall not affect the performance of these and other rights.

Article 14 Disclosure

14.1 The terms of this Agreement and any information disclosed to the non-disclosing Party by the disclosing Party in the course of executing this Agreement shall be deemed confidential, and each Party will refrain from disclosing the other Party's confidential information to any third party without the approval of the non-disclosing Party unless required by any governmental authority or administrative agency.

Article 15 Miscellaneous

15.1 This Agreement is written and executed in Chinese and English, and the two versions written in Chinese and in English with equal legal effect. In the event of any conflicts between the two versions of this Agreement and can not be settled by mutual discussion, either Party may submit the dispute to arbitration to the International Chamber of Commerce in Stockholm, Sweden for final resolution in accordance with its arbitration rules. The judgment of the arbitration panel shall be final and binding upon the Parties and both Parties agree to abide by such judgment of the arbitration panel. The arbitration fees shall be borne by the losing Party.

15.2 This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein and supersedes all prior negotiations, agreements and understandings.

15.3 In case any one or more of the provisions of this Agreement is held invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions or the remaining applications shall not be affected or impaired.

15.4 The preamble forms an integral part of the present Agreement.

15.5 Any notices, requests, and communications required or provided for under this Agreement shall be in writing and shall be delivered via mail, facsimile or express mail.

15.6 This Agreement shall be executed in seven (7) copies. The Seller and the Purchaser shall each keep two (2) copies, and Wanyou shall keep one (1) copy. The Purchaser shall keep the remaining two (2) copies for purposes of the Share Transfer and any required governmental filings therefore.

Seller: Jinzhou Wonder Auto Suspension System Co., Ltd

Representative's Signature: /s/ Yubing Xue

Purchaser: Jinzhou Halla Electrical Equipment Co., Ltd

Representative's Signature: /s/ Qingjie Zhao

**Wonder Auto Announces Acquisition of Remaining 80% Stake
in Wanyou, Increases Guidance**

Wednesday April 4, 7:30 am ET

JINZHOU CITY, China, April 4 /Xinhua-PRNewswire-FirstCall/ -- Wonder Auto Technology, Inc., (OTC Bulletin Board: WATG - News; "Wonder Auto" or "the Company"), a China-based manufacturer of automotive electrical parts, specifically starters and alternators, announced today that it has completed the acquisition of approximately 80% of the shares in Jinzhou Wanyou Mechanical Parts Co., Ltd. ("Wanyou"). The shares were purchased from two separate parties for a total cost of \$16.42 million. Together with the approximately 20% already owned by Wonder Auto's subsidiary Jinzhou Halla Electrical Equipment Co., Ltd., Wonder and its subsidiaries now own 100% of Wanyou. Terms of the acquisition require Wonder to pay the sellers \$7.21 million in 2007, \$7.21 million in 2008 and \$2 million in 2009. The 2008 and 2009 payments are subject to Wanyou meeting certain conditions, including minimum net income targets of RMB 23 million (approximately \$2.99 million) for the twelve months from April 1, 2007 to March 31, 2008, and RMB 29 million (approximately \$3.87 million) for the twelve months from April 1, 2008 to March 31, 2009. If these targets are not met, these payments will be reduced proportionately. Wonder Auto will finance the acquisition from drawings under its existing credit lines.

Located in Jinzhou City, Liaoning Province, China, Wanyou is a manufacturer and distributor of piston rods, vibration dampers, shock absorber rods and rotary axes for motor vehicles. The company sells its products to a wide range of manufacturers and has substantial exports from China. Wanyou has 178 employees and its revenues for its fiscal year ending March 31, 2008 are expected to be approximately \$12.5 million. Less than 20% of revenue is currently generated from sales to Wonder Auto.

"This acquisition will be immediately accretive for Wonder Auto. In acquiring Wanyou, we gain their significant expertise and network in the export markets, and also a very strong management team that we expect to be instrumental in deepening the overall Wonder Auto management talent pool and thereby supporting the growth of the whole Wonder Auto organization," said Qingjie Zhao, Wonder Auto's Chairman and CEO.

Wonder Auto also announced today that it is revising upward its financial guidance for the year ending December 31, 2007, to reflect the completion of its acquisition of Wanyou. Net income is now expected to be approximately \$13.5 million, compared to previous guidance of \$12.8 million. The increase reflects the inclusion of the results of 100% of Wanyou as a consolidated entity from April 2, 2007 through the year end, and also reflects the interest cost of the borrowings necessary to finance the acquisition, and the expenses associated with integrating Wanyou into the Wonder Auto organization including restructuring Wanyou's reporting procedures in order to reach SOX compliance.

About Wonder Auto Technology, Inc.

Wonder Auto Technology, Inc., through its subsidiary, Jinzhou Halla Electrical Equipment Co., Ltd., designs, develops, manufactures and sells automotive electrical parts and is the second largest seller of automotive alternators and starters in China. The Company's products are suitable for various types of automobile. Most of its products are used in cars in the sedan category, especially cars with smaller engines with displacements below 1.6 liters. The Company's customers include Beijing Hyundai Motor Co., Dongfeng Yueda Kia Motors, SAIC GM WuLing, Chery, Geely, Tianjin XiaLi Automobile Co. and Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. Wonder Auto is a Nevada corporation with its manufacturing subsidiary Halla and its corporate headquarters located in Jinzhou City, Liaoning, China. For more information go to <http://www.wonderautotech.com> .

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are based upon the current beliefs and expectations of the Company's management and are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: need to obtain approval for the NASDAQ listing, business conditions in China, changing interpretations of generally accepted accounting principles; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which the Company is engaged; fluctuations in customer demand; management of rapid growth; intensity of competition from other providers of auto components; timing approval and market acceptance of new product introduction; general economic conditions; geopolitical events and regulatory changes, as well as other relevant risks not included herein. The information set forth herein should be read in light of such risks. The Company does not assume any obligation to update the information contained in this press release. For further information, please refer to the Company's filings with the Securities and Exchange Commission.

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