

MANDATORY UNCONDITIONAL CASH OFFER

by



www.stirlingcoleman.com

STIRLING COLEMAN CAPITAL LIMITED
(Company Registration Number: 200105040N)
(Incorporated in the Republic of Singapore)

for and on behalf of

THB AUTO ELECTRONICS LIMITED
(Company Registration Number: 1909352)
(Incorporated in the British Virgin Islands)

to acquire all the issued and paid-up ordinary shares in the capital of

CHINA AUTO ELECTRONICS GROUP LIMITED
(Company Registration Number: 34300)
(Incorporated in Bermuda)

other than those already owned, controlled or agreed to be acquired by
THB Auto Electronics Limited

DESPATCH OF NOTICE OF COMPULSORY ACQUISITION AND OWNERSHIP NOTICE (PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT 1981 OF BERMUDA)

1. INTRODUCTION

Stirling Coleman Capital Limited ("**Stirling Coleman**") refers to the offer document dated 8 November 2016 (the "**Offer Document**") issued by Stirling Coleman, for and on behalf of THB Auto Electronics Limited (the "**Offeror**"), in relation to the mandatory unconditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of China Auto Electronics Group Limited (the "**Company**"), other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**"), the announcement made by Stirling Coleman, for and on behalf of the Offeror, on 24 October 2016 in relation to the Offer, and the announcement dated 20 December 2016 in relation to the close of the Offer ("**Close of Offer Announcement**").

2. COMPULSORY ACQUISITION UNDER THE BERMUDA COMPANIES ACT

Compulsory Acquisition

As set out in the Close of Offer Announcement, the Offeror has received valid acceptances of the Offer and acquired Offer Shares during the Offer period which in aggregate amount to not less than 90% of the total number of issued Shares (other than those already held, at the date of the Offer, by the Offeror, the Offeror's subsidiaries, and nominees of the Offeror or its subsidiaries, and excluding treasury shares). Accordingly, the Offeror is entitled, and intends, to exercise its right under Section 102 of the Bermuda Companies Act to compulsorily acquire all the Offer Shares of the dissenting Shareholders ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

Notices

In connection therewith, Stirling Coleman Capital Limited wishes to announce, for an on behalf of the Offeror, that the Offeror has today given notice ("**Notice**"), with a cover letter ("**Letter**"), to the Dissenting Shareholders, of its intention to exercise its right under section 102(1) of the Bermuda Companies Act to acquire the Shares held by the Dissenting Shareholders on the same terms and conditions as that set out in the Offer ("**Compulsory Acquisition**").

Pursuant to Section 102(2)(a) of the Bermuda Companies Act, the Offeror has also, in the said Notice, given notice (the "**Ownership Notice**") to the Dissenting Shareholders that as at 15 December 2016, the Offer Shares transferred to the Offeror or its nominees pursuant to the Offer, together with Shares already held by the Offeror and its nominees on 15 December 2016, comprise or include nine-tenths or more in value of all Shares. Once the Ownership Notice is given to the Dissenting Shareholders, any Dissenting Shareholder may, within three (3) months from the date of giving of this Notice, himself give notice in writing to the Offeror requiring the Offeror to acquire the Shares registered in that Dissenting Shareholder's name. Where a Dissenting Shareholder gives such notice, the Offeror shall be entitled and bound to acquire that Dissenting Shareholder's Shares on the terms of the Offer or on such other terms as may be agreed or as the Court, on the application of either a Dissenting Shareholder or the Offeror, thinks fit to order.

As the Offeror will be proceeding to compulsorily acquire all the remaining Offer Shares on the terms set out in the Notice and in Section 102 of the Bermuda Companies Act, the Dissenting Shareholders need not take any action in relation to their right to require the Offeror to acquire Shares registered in their respective names. Nevertheless, Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

Electronic copies of the Letter and the Notice are available on the website of the SGX-ST at www.sgx.com.

Completion Date

The Compulsory Acquisition is expected to be completed on or around 31 January 2017 (the "**Completion Date**") (if no application is made to the Court by a Dissenting Shareholder under Section 102(1) of the Bermuda Companies Act), subject to and on the terms set out in the Notice and the provisions of Section 102 of the Bermuda Companies Act.

Payment

In accordance with the provisions of the Bermuda Companies Act, where the Offeror has exercised its right of compulsory acquisition under Section 102(1) of the Bermuda Companies Act and the Court has not, on application made by the Dissenting Shareholder, ordered to the contrary, the Offeror shall, on the expiration of one (1) month from the date on which the Notice has been given, or, if an application to the Court by the Dissenting Shareholder is then pending, after that application has been disposed of, transmit a copy of the Notice to the Company together with an instrument of transfer executed on behalf of the Dissenting Shareholder by any person appointed by the Offeror and on its own behalf by the Offeror, and pay or transfer to the Company the amount or other consideration representing the price payable by the Offeror for the Shares of the Dissenting Shareholders which the Offeror is entitled to acquire by virtue of the said Section 102(1) (the "**Consideration**"). The Company shall thereupon register the Offeror as the holder of those Shares. The Consideration sums received by the Company shall be paid into a separate bank account, and shall be held by the Company on trust for the Dissenting Shareholders.

Subject to and in accordance with the provisions of the Bermuda Companies Act and the terms set out in the Notice, as soon as practicable after the Completion Date (if no application is made to the Court by a Dissenting Shareholder under Section 102(1) of the Bermuda Companies Act), the Company will arrange for the Consideration to be remitted to the Dissenting Shareholders in the manner as set out in the Notice.

3. DELISTING OF THE COMPANY

Following completion of the Compulsory Acquisition, the Company will become a wholly-owned subsidiary of the Offeror and will be delisted from the SGX-ST. The date and time of the delisting of the Company from the SGX-ST is expected to be announced by the Company in due course.

4. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading, and they jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by
Stirling Coleman Capital Limited
For and on behalf of
THB Auto Electronics Limited

27 December 2016

Any enquiries relating to this Announcement or the Offer should be directed during office hours to:

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