

CHINA AUTO ELECTRONICS GROUP LIMITED

(Incorporated in Bermuda with limited liability on 8 October 2003)

(Bermuda Company Registration Number 34300)



China Auto Electronics Group Limited

BONDS ISSUE – RECEIPT OF CONVERSION NOTICES

Reference is made to the announcements released by China Auto Electronics Group Limited (the “**Company**”) on 14 August 2015, 30 September 2015, 19 October 2015, 3 November 2015 and 9 November 2015 in relation to the issue of S\$60 million in aggregate principal amount of unsecured convertible bonds due 2018 (the “**Bonds Issue**”). All capitalised terms used and not defined herein shall have the same meanings given to them in the circular despatched to shareholders in relation to the Bonds Issue dated 19 October 2015 (“**Circular**”).

The Company has received conversion notices (“**Conversion Notices**”) from the Bondholders requesting the conversion of all of the Convertible Bonds. Based on the Conversion Price of S\$0.090, the full conversion of the Convertible Bonds will result in the issue and allotment of 666,666,667 Conversion Shares, representing approximately 97.8% of the issued share capital of the Company as at the date hereof, and approximately 49.4% of the issued share capital of the Company on a fully diluted basis.

The number of Conversion Shares held by each Bondholder are expected to be as follows:

Bondholders	No. of Conversion Shares held by the relevant Bondholder	As a % of the issued share capital of the Company on a fully diluted basis (%)
Oriental Success	311,111,111	23.07
Brain International	355,555,556	26.37
Total	666,666,667	49.45*

* Figures do not add up due to rounding

Further information on the Bondholders, the Convertible Bonds and the Conversion Shares can be found in the Circular. Shareholders are advised to also refer to the announcement of even date made by Stirling Coleman Capital Limited acting for and on behalf of THB Auto Electronics Limited in respect of the mandatory unconditional cash offer made for shares of the Company (the “**Offer**”), wherein reference is made to the conversion of the Convertible Bonds by the Bondholders in connection with the Offer.

The Company will make further announcements as and when there are material updates to the above.

BY ORDER OF THE BOARD

Sim Hong Boon
Lead Independent Director

24 October 2016