

CHINA AUTO ELECTRONICS GROUP LIMITED

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

(Bermuda Company Registration Number 34300)



THE BONDS ISSUE – IN-PRINCIPLE APPROVAL FROM THE SGX-ST

Reference is made to the announcement released by China Auto Electronics Group Limited (the “**Company**”) on 14 August 2015 in relation to the proposed 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 said announcement released on 14 August 2015.

The Board of Directors of the Company is pleased to announce that it has on 28 September 2015 received the in-principle approval of the SGX-ST for the listing and quotation of up to 666,666,667 new ordinary shares in the capital of the Company to be issued upon conversion of the Convertible Bonds.

The SGX-ST’s in-principle approval for the listing and quotation of the Conversion Shares was granted subject to the following conditions:

- (a) compliance with the listing requirements of the SGX-ST;
- (b) approval from the Shareholders being obtained for the Bonds Issue and the allotment and issuance of the Conversion Shares;
- (c) announcement by the Company of the conditions under which the Conversion Price may be adjusted and the conditions under which the Convertible Bonds may be redeemed;
- (d) submission of the following to the SGX-ST:
 - (i) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Bonds Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the annual report;
 - (ii) a written confirmation from the Company that it will comply with Rule 803 of the Listing Manual;
 - (iii) a written confirmation from the Company that it will not place the Convertible Bonds to persons prohibited under Rule 812(1) of the Listing Manual;
 - (iv) a written confirmation from the Company that the terms of the Bonds Issue and the Convertible Bonds comply with Rule 829(1) of the Listing Manual;

- (v) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and
- (vi) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual.

The in-principle approval given by the SGX-ST for the listing and quotation of the Conversion Shares is not to be taken as an indication of the merits of the Bonds Issue, the Convertible Bonds, the Conversion Shares, the Company, its subsidiaries and their securities.

A circular containing further details of the Convertible Bonds and the Conversion Shares, and enclosing a notice of special general meeting in connection therewith, will be despatched to shareholders in due course.

The Company will make further announcements as and when there are material updates on the foregoing.

BY ORDER OF THE BOARD

ZHANG JINGTANG
Executive Chairman
30 September 2015