

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

MANDATORY UNCONDITIONAL CASH OFFER MADE BY THB AUTO ELECTRONICS LIMITED

– LOSS OF FREE FLOAT

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Auto Electronics Group Limited (the “**Company**”) refers to:

- (i) the offer document dated 8 November 2016 (the “**Offer Document**”) issued by Stirling Coleman, for and on behalf of the Offeror, in respect of the Offer;
- (ii) the offeree circular dated 22 November 2016 (the “**Offeree Circular**”) issued by the Company in connection with the Offer; and
- (iii) the announcement dated 12 December 2016 made by Stirling Coleman Capital Limited, for and on behalf of the Offeror, disclosing *inter alia* the dealings in Shares made by the Offeror on 12 December 2016 (the “**Dealings Disclosure Announcement**”).

All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Offeree Circular.

2. LOSS OF FREE FLOAT

As stated in the Dealings Disclosure Announcement, as at 5.00 p.m. (Singapore time) on 12 December 2016, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it as at the date of the Offer Announcement; (b) Shares acquired by the Offeror and parties acting in concert with it between the date of the Offer Announcement and the day preceding the date of the Dealings Disclosure Announcement (other than pursuant to valid acceptances of the Offer); (c) Shares acquired or agreed to be acquired by the Offeror on 12 December 2016 (other than pursuant to valid acceptances of the Offer); and (d) acceptances of the Offer as at 5.00 p.m. (Singapore time) on 12 December 2016, amount to an aggregate of 1,216,884,285 Shares, representing approximately 90.26% of the total number of issued Shares of the Company.

In view of the foregoing, the Board wishes to inform shareholders of the Company (“**Shareholders**”) that, as at 5.00 p.m. (Singapore time) on 12 December 2016, the percentage of the total number of Shares which are held in public hands is approximately 9.74%¹ and, accordingly, the Company no longer meets the free float requirement prescribed by Rule 723 of the Listing Manual.

¹ Unless stated otherwise, all references to percentage shareholding of the issued share capital of the Company are based on the total number of issued Shares being 1,348,266,667 Shares as at 12 December 2016.

3. SUSPENSION OF TRADING

Pursuant to Rule 1303(1) of the Listing Manual, in a take-over situation, where the Offeror succeeds in garnering acceptances exceeding 90% of the Company's total number of issued Shares (excluding treasury shares), thus causing the percentage of the Company's total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will suspend trading of the Shares only at the close of the take-over offer.

As the Company no longer meets the free float requirement prescribed by Rule 723 of the Listing Manual, Shareholders should note that the SGX-ST will suspend trading of the Shares at the close of the Offer pursuant to Rule 1303(1). Appropriate announcements will be made by the Company to update Shareholders in due course.

In the meantime, Shareholders are advised to exercise caution when dealing in their Shares. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this announcement (excluding those relating to the Offeror and parties acting in concert with it) are fair and accurate, and that no material facts have been omitted from this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, announcements made by or on behalf of the Offeror), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Sim Hong Boon
Lead Independent Director

12 December 2016