
MANDATORY UNCONDITIONAL CASH OFFER MADE BY THB AUTO ELECTRONICS LIMITED

– RESULTS OF APPLICATION FOR DELISTING AND WAIVER FROM RULE 1307 OF THE LISTING MANUAL OF THE SGX-ST

1. INTRODUCTION

Reference is made to the mandatory unconditional cash offer (“**Offer**”) made by Stirling Coleman, for and on behalf of THB Auto Electronics Limited (the “**Offeror**”), 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 closed on 20 December 2016 (the “**Closing Date**”).

The Board wishes to announce that an application was made to the SGX-ST for the delisting of the Company, and further to seek a waiver from compliance with Rule 1307 of the Listing Manual in conjunction thereof (the “**Application**”). The outcome of the Application is set out in paragraph 3 below.

*All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the circular dated 22 November 2016 (the “**Offeree Circular**”) despatched by the Company to Shareholders in relation to the Offer.*

2. REASONS FOR APPLICATION FOR WAIVER FROM LISTING RULE 1307

As stated in the announcement dated 20 December 2016 made by Stirling Coleman, for and on behalf of the Offeror (the “**Close of Offer Announcement**”), the Offeror had, on the Closing Date, received valid acceptances of the Offer and/or 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 as at the date of the Offer by the Offeror, its subsidiaries and their respective nominees, and excluding treasury shares). The Offeror will thus be in a position to unilaterally determine the outcome of a delisting resolution (the “**Delisting Resolution**”) if an extraordinary general meeting (“**EGM**”) is convened pursuant to Rule 1307 of the Listing Manual for the delisting of the Company¹.

The Offer Document states that the Offeror does not intend to preserve the listing status of the Company. The Close of Offer Announcement states that the Offeror has become entitled and will in due course exercise its right pursuant to section 102 of the Bermuda Companies Act, to compulsorily acquire the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholder**”) at the Offer Price and on the same terms as the Offer (the “**Compulsory Acquisition**”). In addition, Dissenting Shareholders also have the right to require the Offeror to acquire their Shares at the Offer Price. Accordingly, as stated in the announcement dated 27 December 2016 made by Stirling Coleman on behalf of the Offeror, the Offeror had on 27 December 2016 despatched the requisite notices, with a cover letter, to the Dissenting

¹ As stated in the Close of Offer Announcement, as at 5.30 p.m. (Singapore time) on the Closing Date, the Offeror and parties acting in concert with it, own, control or have agreed to acquire an aggregate of 1,269,830,785 Shares, representing approximately 94.18% of the total issued Shares.

Shareholders, in relation to its right of Compulsory Acquisition. Dissenting Shareholders therefore have an exit alternative in cash, as they will be receiving the Offer Price for each Share held by them pursuant to the Compulsory Acquisition.

In addition, as at the date of this announcement, Shareholders would have received the Offeree Circular containing *inter alia* the advice and recommendations of the IFA as to whether the terms of the Offer are fair and reasonable, as well as the recommendations of the Independent Directors in respect of the Offer. Shareholders would have therefore been apprised on whether the terms of the Offer, including the Offer Price, are reasonable.

In view of the above, the Company believes that it would neither be necessary nor meaningful to expend time and/or expenses to convene an EGM to approve the Delisting Resolution.

3. THE SGX-ST'S RESPONSE ON THE APPLICATION

On 19 January 2017, the SGX-ST advised that it has no objection to the delisting of the Company from the Official List of the SGX-ST (the "**Delisting**"), subject to completion of the Compulsory Acquisition by the Offeror.

The SGX-ST further advised that it has no objection to the Company's application for a waiver of the requirements under Rule 1307 of the Listing Manual in connection with the Delisting, subject to:

- (a) an announcement via SGXNET of the waiver granted, the reasons for seeking the waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

The SGX-ST's decision is not an indication of the merits of the Delisting.

The Company considers the condition described in sub-paragraph 3(a) above to be complied with by the making of this announcement and the disclosure of the reasons for the Application. The Company had submitted the written confirmation to the SGX-ST as required under sub-paragraph 3(b).

The Company will release further announcements as and when there are material updates on the above, including in relation to the date of the Delisting.

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

Zhang Jingtang
Executive Chairman

19 January 2017